

BDOHP Biographical Details and Interview Index

BAYNE, Sir Nicholas Peter (born 15 February 1937)

KCMG 1992 (CMG 1984)

Career (with, on right, relevant pages in interview)

<i>Contents</i>	<i>Page</i>
Introduction: why and how I joined the Diplomatic Service	3
United Nations Department, 1961-1963	
UNGA 1961, in New York: launching the UN Development Decade	3-5
London, briefing for UNGA 1962; brush with Ted Heath	7-9
Manila, 1963-1966	
Politics: the Philippine claim to North Borneo (Sabah)	9-13
Culture: Shakespeare and the Beatles	13-17
Economics: the Colombo Plan at work	17-18
Information Research Department, 1967-1969	
How IRD worked	19-23
Spoiling the Soviets' 50 th Anniversary (1967); the Prague Spring (1968)	20-21
Bonn, 1969-1972	
The work of the Bonn Group: 'Berlin and Germany as a whole'	23-25
Brandt's <i>Ostpolitik</i> and the four-power Berlin negotiations	25-37
Planning Staff, 1972-1974	
Preparing for entry into the EC	37-39
The Treasury and Paris, 1974-1979	
Getting inside the Treasury	39-41
The Treasury's man in Paris	41-42
The Rambouillet economic summit	42-44
Denis Healey, the G5 and the OECD	45-47
Nicko Henderson's valedictory despatch	48
Head of Economic Relations Department, 1979-82	
Creating a joint FCO-ODA department	49-50

FCO input into economic summitry, OECD and IMF	50-54
Brandt Commission Report, Cancun summit and UN ‘global negotiations’	54-57
Renewing the International Tin Agreement	57-59
Falklands Crisis	59-60
FCO Fellow at Chatham House, 1982-83	
Writing and clearing <i>Hanging Together: the Seven-Power Summits</i>	60-63
Ambassador to Kinshasa, Brazzaville, Kigali and Bujumbura, 1983-84	
The non-resident posts: Congo, Rwanda and Burundi	63-64
How Mobutu ruled Zaire	64-67
British aid for development, public and private	68-69
Civil Service Selection Board (CSSB) and UK Rep to OECD, 1985-1988	
Selecting new diplomats at CSSB	70-71
British ministers at OECD	71-72
The OECD and economic policy, trade and summitry	72-74
Economic Director, FCO, 1988-1992	
Concentric responsibilities (FCO, Whitehall, overseas)	74-6, 79-80
Summit process: Paris 1989, Houston 1990 and London 1991	76-86
Ending the Cold War: Eastern Europe; German re-unification; Russia	77-86
Trade policy and Pacific outreach (Japan, Australia, Hong Kong, China etc.)	86-93
Environment; debt relief	93-96
High Commissioner to Ottawa, 1992-96	
The nature of the post	97-100
Constitutional issues I: Mulroney’s downfall	100-102
Bosnia and defence matters	102-104
EU-Canada issues; the fisheries crisis	104-108
The Halifax economic summit	108-109
Constitutional issues II; the Quebec referendum	109-111
Liberalisation of Trade in Services Committee, British Invisibles, 1996-2000	
The WTO financial services agreement	111-115

RECOLLECTIONS OF SIR NICHOLAS BAYNE KCMG**RECORDED AND TRANSCRIBED BY ABBEY WRIGHT**

AW: It is 2nd March 2016 and Sir Nicholas Bayne is in conversation with Abbey Wright who is recording his recollections of his diplomatic career. The first question Nicholas: why did you join the Diplomatic Service? What led you to do that?

NB: It wasn't a carefully thought out plan. When I was at school I became fascinated by archaeology, I used to go on digs and when I was at Oxford I took the Classics course which had a special subject called Homeric Archaeology, which really appealed to me. I intended to make archaeology my profession and after I took my first degree I started work on a doctoral thesis on Homeric Archaeology but even as I started that I began to have doubts. I wondered if I really wanted to spend my entire life wrestling with the problems of the remote past. After I'd begun work on my thesis, I found that doing that sort of research was actually a very solitary occupation and I thought I would probably be happier surrounded by cooperative colleagues.

There was a strong public service tradition in my family. My grandfather had been in the Indian Civil Service and my father was a naval officer and a much loved uncle who had died young had started brilliantly in the Treasury. When I started to show interest in the Diplomatic Service I got a lot of family encouragement. When I was a year and a bit into my research I took the Foreign Office exam and to my surprise passed it. The Foreign Office allowed me to continue with my research for another year but then they said I must begin. I started having very little idea of what it would be like but thought that I would enjoy it.

United Nations Department, 1961-63

AW: Did they send you off to the United Nations straight away or did you have a little time in London?

NB: I started in United Nations Department in June 1961 from where I went to become a member of the delegation to the General Assembly in September. I didn't have much time to do more than learn my way around before going off to New York; especially because a week before going to New York I got married to Diana who I had met at Oxford in the

Archaeological Society. I don't remember having any form of preparation in the Foreign Office; I went straight into the department. I shared a room with Patrick Attlee, a nephew of the Prime Minister, and he explained to me what to do. I had just learned enough before I went off to New York.

AW: How did you find New York in 1961? It must have been a very buzzy place?

NB: In 1960 they had had a visit by Khrushchev who had beaten on the desk with his shoe, so I think there was a good deal of nervousness about what would happen. But in fact a week before the General Assembly was due to start, the Secretary General Dag Hammarskjold was killed in an air crash and so it was, in fact, much more subdued.

But nonetheless we were at the height of the Cold War and the conditions were unfavourable for the United Kingdom; not only because we were battling with the Russians all the time – we could deal with that, we had the Americans and the rest of the Western countries on our side – but it was in the height of the decolonisation period. We tended to get attacked from all sides because although we had started to free up our colonies, a lot of the African ones were not free and the ones who had recently become free tended to attack us. The French had got rid of all of theirs, they were rather smug and prodded us and the Americans, of course, were against colonies on principle. So we found very few allies in that area and I think that the then Conservative Government, for that and other reasons, was not well disposed to the United Nations.

But the economic work, which is what I did, was mercifully largely isolated from the colonial struggles for although our ex-colonies wished to assert themselves they didn't want to cut themselves off from sources of aid and development.

AW: You were doing economic work, so this is the beginning of your economic career?

NB: I didn't know it then and it was very much on the fringes of the economic work I did later.

AW: And who were you working with?

NB: Sir Patrick Dean was the Ambassador and Diana worked for Lady Dean as her social secretary which was a great asset and an extremely good preparation for later diplomatic posts. The Economic Minister at the Mission was Barbara Salt who was by far the senior woman in the Service. She was about to be named as Ambassador to Israel and if she'd

taken up her post she would have been the first woman British Ambassador by a very wide margin. But sadly she got thrombosis in both legs and had to have them amputated and could never take up her post. She was an admirable mentor for me because I could see her diplomatic technique at work with which I was very struck. She made all the use of her femininity, a bit like, although it's an unfair comparison, Margaret Thatcher. Barbara could be extremely charming but she could also be rude to people in ways which would never have been tolerated from a man, but she could get away with it.

AW: She was also the author of that wonderful etiquette guide for the Office?

NB: Yes, she was. That was what they gave her to do when she wasn't able to go to Israel. She updated the original work by Sir Marcus Cheke.

She had two very able First Secretaries working for her at the UN, Bill Bentley who I think ended his career as High Commissioner in Malaysia and Michael Errock who sadly died not much later. I used to support them. I started by supporting Bill Bentley in the Social Committee but most of the time I was with Michael Errock and sometimes Barbara Salt in the Economic Committee. I remember the Social Committee particularly because they were discussing a UN declaration on conditions of marriage: age of marriage, whether witnesses were allowed, etc. The newly dependent francophone African countries, Senegal and Ivory Coast, had sent along some extremely dashing women delegates, very attractive, elegant black women. But the Nigerians didn't do that. Instead they sent in their Foreign Minister, it was their first year I think at the UN, Minister Jaja Wachuku who spent a full hour, as I recall, explaining the advantages of polygamy. When he had finished all the other African ladies struggled to contradict what he had said. He had reduced them to speechlessness.

Most of the work I did in the Economic Committee. The main achievement of that year's General Assembly was a resolution declaring the 1960s to be the UN Decade of Development. It laid down a number of objectives for developing countries, guidelines for the policies they should follow and objectives they should have. The Delegation had some very precise instructions worked out with departments back at home and they were constantly seeking instructions by telegram. There were two points in this resolution, which was in fact an American inspired move, which worried the departments, particularly the Treasury and the Board of Trade. One was that there should be a target of annual growth throughout the decade of five percent and the other was that the United Nations should create a new institution for trade and development for the developing countries. The Treasury didn't like

the five percent target because they said that the countries would never reach it and that we would take the blame; and the Department of Trade said that we had the General Agreement on Tariffs and Trade (GATT) and we didn't want another institution.

Michael Errock who was a shrewd operator and prepared to go beyond his instructions, decided that there was no way in which they could get rid of the five percent target and whether we hit it or not it would do us no harm. On the other hand, he did see some arguments for preventing the founding of a new institution. So he decided to defy his instructions and actively advocate the five percent growth target hoping that in return he'd be able to water down the call for a UN Conference on Trade and Development. He did that and it worked and he got away with it. Needless to say the UN Development Decade met its five percent target handsomely so we wouldn't have done well to obstruct that. As for the UN Conference on Trade and Development, it wasn't adopted in 1961 but it was adopted the following year, so that too was largely wasted effort.

The other main event that I recall on the economic side was a prolonged inconclusive debate about whether the UN should encourage development aid for population policies, ie birth control. This was bitterly opposed by all the Catholic countries and promoted by others including ourselves and the Americans. I think that took up an extremely large amount of time before the end of the session.

AW: Did the countries who were against it get very difficult?

NB: I remember them being very obstructive and resorting to various procedural devices - but procedural devices were quite widespread already at that time.

So that was my introduction to economic diplomacy. It wasn't terribly satisfactory because what was happening was, at just about this time in 1961, the developing countries realised that they were in a majority in the United Nations and that therefore they could vote through anything they wanted. Since a lot of them had recently emerged from colonial rule, and had to struggle to do so, they approached economic relations in the spirit of struggle, with winners and losers, rather than cooperative approaches which bring benefit to everybody. I think that that spirit from then on rather undermined the value of the United Nations as an instrument of economic cooperation.

AW: And what was living in New York like then?

NB: Oh I enjoyed living there; it was like a three month honeymoon. I have to record that the UN Mission couldn't have treated us better. There was an admirable woman called Betty Wallis who was in charge of accommodation and she persuaded one of the Mission's Secretaries to move out of her flat so that Diana and I could be there. So we had a flat of our own just down the road from the Metropolitan Museum. She also steered Diana towards the post as Patricia Dean's social secretary, so we had a marvellous time. We weren't out of pocket. I'd had to pay Diana's fare but the pay she got for being social secretary covered all of that, plus some very good shopping in Bloomingdales and such like places; and we went to all those wonderful museums in New York. It was another twenty years before I got back there again.

AW: And back to London, still in the UN Department?

NB: Yes for the next fifteen months from 1962 and the early months of 1963. The UN Department was in the main Foreign Office building on the second floor, the floor above the Secretary of State's Office, looking out to Downing Street. I must say that I thought the Foreign Office building was in a scruffy condition in those days. The passages were all full of cupboards that had overflowed the offices and there was a network of tubes by which telegrams were sent around the building. There were coal fires in a number of rooms and the technology was extremely primitive. No direct dial telephones, except within the building, we had to go through the operator. No photocopiers, if you wanted lots of copies of a document you had to type out a stencil and get that run off, which of course was very much part of the process when preparing briefs for UN meetings which was my main activity. That is essentially what I did through that period.

The UN Economic and Social Council met in New York in March and I was involved in preparing and coordinating the briefs on that and then it met in Geneva in July and I went to that, which was Barbara Salt's farewell. Then there was the General Assembly from September onwards so the briefing cycle was more or less continuous. It involved me in a lot of interdepartmental contacts and I got to know how interdepartmental consultation worked. By and large with the Colonial Office and the Commonwealth Relations Office it worked very well because essentially they were pointing in the same direction as the Foreign Office but since most of the economic work that the United Nations was doing was concerned with developing countries they often had more of an interest in the substance than the Foreign Office did. I should mention that in addition to the Colonial Office and the CRO, there was

the newly formed Department for Technical Cooperation, the body which became the ODM and then the ODA and now is DFID, but they were just getting started then. They too were a helpful bunch. But the Treasury and the Department of Trade were not helpful. As far as they were concerned, the less serious economic work the United Nations did the better. What with agitation from the developing countries in the United Nations on the one hand and lack of enthusiasm from the major economic departments in London on the other hand it wasn't a terribly productive activity. So I learnt how it worked but I didn't find it very rewarding.

AW: Did you have an interesting Department Head?

NB: The Department Head, yes, that's something that contrasts with what the Foreign Office had become when I left, and probably even more now. It was very hierarchical then. There were the Under Secretaries, whom I never saw, and I don't think I would have recognised them had I passed them in the passage. Then there was the Head of the Department and I knew who he was, his name was John Tahourdin, a very shy man. He kept very much to himself in his office on the other side of the corridor and I had very little contact with him. My immediate boss, who I saw a lot of, was the Assistant, one of two in the Department, whose name was Alan Horn and he was very good and went off to be Ambassador in Madagascar. Patrick Attlee and various other people came and filled up the Third Room that I was in.

AW: You mentioned that during this period you had a brush with Ted Heath?

NB: Yes. Not only was the Office hierarchical but subjects seemed to be, as I remember it, kept in separate compartments. While it was very easy to find out what was going on in the world at large from the distributions of telegrams coming through three times a day (and the UN Department tended to get a lot of telegrams from everywhere) within the Office there wasn't a great deal of effort made to ensure that one part of the Office knew what the other was doing. While I knew that negotiations were going on for our entry to the European Community, and there was a department called European Economic Organisations Department to look after it, I really didn't know what they were doing.

During the early days of the 1962 General Assembly there was a successor resolution to the one the previous year that launched the Development Decade. It was a follow up and they were looking at what various objectives should be for developing countries as they improved their growth etc. One of the clauses of the new draft resolution said that there should be

remunerative prices for agricultural products. A telegram came to me and someone had written in red ink in the margin "This won't do!". I thought "I don't know what that is". I think I had been told when I joined that Ministers always wrote in red ink, unlike everybody else, but I hadn't seen such red ink annotations before and I'd completely forgotten, so I ignored it. I think I sent off a telegram back to New York with various comments, not mentioning this at all. So it was quite a shock when Alan Horn and I were summoned to Ted Heath's office to explain ourselves. I remember Ted Heath as being very angry that this had not been picked up and I understood with some difficulty that he was in the depths of extremely stressful negotiations on our entry to the European Community which were coming to their first climax, as it were, late in 1962. To find that the United Kingdom had endorsed in some other context remunerative commodity prices for agricultural products would completely undermine the case he was making in the context of the Common Agricultural Policy of the European Community. I still remember the interview; it was not a happy experience. Fortunately we managed to find some formula which satisfied him which we then on second attempt got into the UN Resolution and that was that. But it did give me a sense that even though I was dealing with economic matters in the United Nations I was only seeing a very small part of the picture and it wasn't long after that I was told I was being posted as Third Secretary to the Embassy in the Philippines.

Third Secretary, Manila, 1963-1966

AW: Did you have any choice about this posting?

NB: I had no choice. I was expecting an overseas posting but I had no idea where it would be and indeed when I was told I was going to Manila I wasn't at all sure that I knew where it was but I soon found out. During the early part of 1963 I was engaged in preparations for going. There, I have to say, in contrast to my arrival in the Foreign Office, those going on first postings were well treated. We went on a "Going Abroad" course at which was chaired by Sir John Guthrie Ward who had just come back from Argentina and was about to go and be Ambassador in Rome. Diana also went to the course with me and we got, what seemed to us, very generous allowances.

I should have said that living as a new entrant to the Foreign Office wasn't easy. My salary was £790 a year and although a pound went a good deal further then, with £790 to house yourself in Central London, we didn't have much to spare; whereas it looked as though in Manila we would be well taken care of. In fact I'll mention that having been there a year or

so I got promoted to Second Secretary with a very substantial increase in salary. I looked at my first payslip after the promotion and said to myself "I know I got a pay rise but it can't be as much as that". I wrote to the Foreign Office and said "Are you sure you haven't paid me too much?" There was dead silence for about six months and then they came back saying "We're terribly sorry we have paid you too much, will you please pay it all back again"!

AW: So you prepared yourself for Manila ...

NB: Yes and by that time our eldest son was born, Tom, but late in the preparation process Diana learnt that her mother was diagnosed with terminal cancer so she stayed behind and I went on my own. This was early 1963 and I was going to an Embassy which I'm sure was larger than it is now. The Ambassador, John Pilcher, actually left by the time I arrived, although I had met him, and there was a Chargé d'Affaires, Theo Peters who later went to China, in charge. Not long after the new Ambassador arrived and stayed there throughout our time and he was John Addis who was a great Sinophile and became our first Ambassador to China in the early 1970s. He was an excellent boss and a marvellous diplomat. He was very precise and insisted on strict punctuality from his staff. He also made it exactly clear what he expected and he was always looking for opportunities for his junior staff and he was particularly enlightened as far as Diana was concerned even though he was unmarried. He allowed her to teach at the Jesuit University and lecture at a couple of other universities and to be paid for it. That greatly enhanced the quality of life in Manila.

As far as the rest of the Embassy, there was Theo Peters followed by Leslie Minford and then there were two Secretaries in Chancery so when I arrived it was me and Martin Berthoud, an Information Officer, Derek Partridge. There were Commercial and Consular sections and all the necessary supporting staff. It was quite a large team and we occupied the upper floors of a modern building on the waterfront on the edge of central Manila looking out at Manila Bay. The Ambassador's Residence was a splendid old style building also on the waterfront a bit further out of town with mango trees in the garden. Most of the senior staff lived in new gated compounds with air conditioning throughout the houses but Martin Berthoud and I and also the Consul we each had a house in an old style ungated compound, wooden houses in the Spanish style, with tall high ceilings and ceiling fans, air conditioning in the bedrooms and a garden. We lived there in greater style than Diana and I enjoyed until I became an Ambassador! We had a cook and laundress and the cook, Anna, also looked after Tom our

eldest but when our second son Charlie arrived we acquired a nanny, so there were three indoor staff and also a gardener.

AW: What was the work like that you were being asked to do? The Philippines had their claim to North Borneo at that time?

NB: That's right. The division was essentially that Martin Berthoud and then his successor Michael Geoghegan, looked after domestic politics and I looked after foreign policy. In foreign policy the Philippines, in contrast to almost all the other countries of the region, Malaysia, Indonesia and China, all of these were in turmoil, but the Philippines was not in turmoil and pretty well under the thumb of the United States, having been a US colony up until 1946 and having a very large number of American companies and receiving quantities of aid and support from the United States. They were also members of the South East Asia Treaty Organisation (SEATO) which met in Manila in my first year, and they lined up with the Americans on almost everything.

The one exception which was in progress when I arrived was that the Philippines had decided to lay claim on North Borneo or Sabah as the native name was. In the south west corner of the Philippines the islands are largely occupied by a Muslim population who had been in possession when the Spanish colonists arrived in 1570 and had managed to keep the Spanish at bay over the centuries. The principal potentate in this area was the Sultan of Sulu whose base was in the Sulu Archipelago and whose dominion extended over the adjacent corner of the island of Borneo called Sabah. But in the late 19th century the then Sultan of Sulu realised that the Spanish had become too strong and that they had modern weapons. So he disposed of his territories in Sabah to the British North Borneo Company, which was a body analogous on a much smaller scale to the East India Company, a private enterprise, and they paid handsomely for this piece of territory. Not long after in 1878 it became a British Crown Colony, so along the north coast of Borneo you had British North Borneo and then Sarawak further down and the Sultan of Brunei under British protection tucked in between. When the Americans took over the Philippines from 1898 twenty years later they didn't disturb this arrangement but they managed to subdue the warlike Muslims in the south west and unify the Philippines in a way that the Spanish had never managed. But they left the Sultan of Sulu there as a titular ruler and when the last Sultan of Sulu died without legitimate offspring in 1936 he bequeathed his territories to the Philippine Government who by this time had internal autonomy although they weren't fully independent.

In 1962, the year before I arrived, there was a change of government in the Philippines. Since Independence the ruling party had been the Nationalistas who corresponded roughly with the Republicans in the United States. But for the first time the Liberals, who might be regarded as the Democrats, took over and they wished to assert a rather more independent line in foreign policy. The heirs of the Sultan of Sulu had never given up the idea of getting back the ancestral patrimony and were led by a spirited lady called Princess Tarhata. The new Philippine Government under President Macapagal was contemplating making a claim to the entire territory of the Sultans of Sulu including North Borneo. But the matter was precipitated by the decision of the British Government to amalgamate the Federation of Malaya, which was already independent, with Singapore, which was also just independent, and the colonies of Sabah and Sarawak into the Federation of Malaysia. So Macapagal and his colleagues realised that if they were going to stake their claim to North Borneo, they had better do it promptly.

They staked their claim and I remember the then Philippine Foreign Minister coming to London for talks with Sir Alec Douglas-Home on Anglo Philippine relations, even before I got to Manila, and I sat in the back of the room. We were very keen to have these talks cover as wide a range as possible whereas the Philippines only wanted to talk about their claim. We fended them off and said that we had no doubt to our title to our territory that we were handing over to the Malaysians. In fact the Filipinos were outflanked by the Indonesians under President Sukarno, because when Malaysia was formed he decided that he would lay claim to all the territory on the island of Borneo which wasn't already part of Indonesia and furthermore to support his claim by making armed raids across the border in what was known as "confrontation". So this is what kept me busy when I first arrived and because of the tensions stirred up by Indonesia there was a great deal of telegrams flowing back and forth. President Macapagal invited Sukarno and the Malaysian Prime Minister Tunku Abdul Rahman, to come to a meeting in Manila with the idea of advancing their claims but it was quite inconclusive and the Tunku really didn't give any ground. While what the Philippines were doing was uncomfortable for us, and of course the Americans were not likely to give us explicit support given their views on colonies, nonetheless the Vietnam War was beginning to look very ugly and they had no intention of allowing the Filipinos to get involved in another type of hostility. So the Americans quietly throttled them back.

One good thing for me was that John Addis decided to send me on a mission down to the Muslim areas in Sulu to see what the people really thought about this claim. The objective

of my visit was not meant to look explicit so in order to make it appear that I was just there on a general information and cultural tour, Diana was allowed to come with me. So we visited this extremely picturesque corner of the Philippines where there were lots of villages built on stilts over the sea. It soon became clear to us that whatever the government in Manila might think, and whatever Princess Tarhata and her cousins might want, the local inhabitants of Sulu had no interest in seeing the status of North Borneo changed, because the prosperity of the region depended on cigarette smuggling. Virtually all the cigarettes that were sold in the Philippines did not have the pink and green seal which showed they had been cleared through customs, but were known as "blue seals" which meant that they originated across the water in North Borneo. There was a very well developed traffic which started from the port of Sandakan which was only about fifteen minutes by fast boat across the water to the nearest part of Sulu and a lot of local smugglers had enriched themselves and built themselves splendid houses which towered above the palm leaf huts of the locals and everybody benefited. So I came back and reported that we were not liable to produce waves of anti-British feeling. It was a thoroughly lawless corner of the Philippines. We travelled by a local flight in an old DC3, Dakota, and I'm sure I remember as we got onto one of these flights that the air hostess said "Please fasten your seatbelts and do not use your transistor radios or your firearms during the flight".

Once the Philippine claim to North Borneo disappeared into the undergrowth there was very little to be done on the foreign policy side, so my activities were more on culture and economic matters.

AW: Your first love in any event!?

NB: Yes! The Philippine claim was an interesting diplomatic puzzle but the most rewarding activities we had which brought us into closest contact with the Philippine population were the cultural activities and running the British Technical Assistance Programme.

I'll start with the culture. There was no British Council Office in the Philippines. We got occasional visits by the British Council representative in Japan who came through about every six months, otherwise the Embassy took charge and that was my principal responsibility. The Philippine British Centre was a small building in downtown Manila in the area of private universities. This had a library on the ground floor and a useful lecture room on the top floor. We had a regular supply of excellent books and although the

Americans had a much larger library their rules only allowed them to have American books. We had no such restraint and as well as British books we had books from a wide variety of places. We organised our own events. Play reading was particularly popular and we called upon members of the Embassy and the British community and there were lots of Filipinos who were very happy to take part because one of the legacies of the American colonisation was a well-established educational system in which all education at secondary level and above was conducted in English. One of the agreeable traits of the Filipinos is that they are very creative as musicians and have a strong dramatic sense and like taking part. We also had a regular stream of visiting speakers and lecturers, some of whom were quite distinguished. We had Anthony Powell the novelist and Robert McKenzie a Canadian elections expert and a well known Shakespearean expert called Muriel Bradbrook and others. They drew in very wide audiences.

In 1964, this is my second year with politics being on the wane, it was in the middle of celebrations for the 400th Anniversary of the birth of Shakespeare. First of all the British Council sent us a film of Macbeth, a very fine film, which we showed in the Philippine British Centre and the Foreign Minister came to watch it. We showed it so often that the soundtrack ran out and the final act of Macbeth was incomprehensible!

Then we were told that we would get a visit, again sponsored by the British Council, of a British theatre company. It was called the New Shakespeare Company and it normally performed in the open air theatre in Regents Park. It brought *The Taming of the Shrew* and *The Tempest*. This amazingly appeared to be the first time that a visiting theatre company had ever come to perform in Manila and created tremendous excitement.

They came with quite elaborate scenery and we had a problem to know where they could be staged. Fortunately one of the universities, the Far Eastern University, which in most respects had no reputation at all, had a very good drama department with an old fashioned and capacious stage. I got together with the Head of Drama, Sarah Joaquin, who was a splendid lady, and her students provided the stage hands and backstage staff and we put on these plays.

The auditorium was rather shabby and the local British business community, (there were not many of them), said they wanted to contribute and we had a meeting to talk about it. At one point the Welshman who was running the local Unilever subsidiary put his hand up and said "We are running a campaign for Palmolive soap which involves distributing a pink plastic

rose with each bar of soap and I've got a warehouse full of roses". So we took these roses, 50,000 of them and handed them over to the best florist in Manila, and they managed to transform this shabby-looking auditorium into a Garden of Eden. It looked gorgeous. The problem was that a lot of people who came to the performances went away with a pink plastic rose and although it wasn't immediately apparent by the time we got to the final week there were 15,000 missing. In the end I had to compensate the Unilever man for these missing roses and I cooked the books of the accounts, I put it down to advertising expenses.

But the plays were a tremendous success and I think the visiting players enjoyed themselves, it was their last stop.

AW: They'd been on a South East Asian tour?

NB: Yes, that's right they'd been all round South East Asia and I think we had had to plead with London to get them to come but they added us on to the end of the tour. The result was that because it was a success the British Council began to send us a series of theatrical visitors, none of whom fortunately required such complicated staging and could be put on in a modern concert hall in the most fashionable part of Manila. We had the Nottingham Playhouse bringing *As You Like it* and *A Man for All Seasons* with Edgar Wreford who was very moving and after three Shakespeare plays it was good for the Filipinos to see a modern play, even though the subject was historical. It was a terrific success. We found a very helpful impresario to look after things after the first visit.

All these successes I have to set against the disaster which accompanied the visit of The Beatles!

AW: This is awful! What happened? How could it go so wrong?

NB: We learnt that The Beatles were coming on an Asian Tour and that they would be in Tokyo and were being brought to the Philippines by a local impresario. I'm afraid we thought that the Filipinos were looking after it and we might get some reflected glory but we didn't have to intervene. I'm afraid we had all been out of England too long and we hadn't realised what a tremendous stir The Beatles would cause. We kept getting excited telegrams from Tokyo who thought that as we were their next port of call they ought to keep us informed. But we weren't worried until the morning after The Beatles were meant to have arrived when I was the Embassy Duty Officer. As practice was I went in to the Embassy, it was actually a public holiday and I went in very informally dressed to make sure everything

was alright. While I was there I got a telephone call from the private secretary to Imelda Marcos the wife of President Marcos who by that time had succeeded Macapagal. It was about eleven o'clock and she asked where were The Beatles because they were expected to perform at the palace. I said "Oh dear, haven't they come" and I would try and find out what was happening. With the help of other members of the Embassy I had to try and find out what was going on.

I eventually tracked them down at the Manila Hotel, which was the largest and grandest hotel. They hadn't meant to be going there because they had planned to stay on a private yacht in the middle of Manila Bay, to keep away the press. But in fact it had the opposite effect because the owner of the yacht had invited all his friends to come and meet The Beatles. They weren't getting any sleep, so they just took off in the middle of the night and established themselves in the Manila Hotel. When we managed to make contact with Brian Epstein their manager, he said that they knew nothing about an invitation to the palace and if there was an invitation The Beatles were exhausted and were not doing anything until the public performance later that afternoon. Nothing we could do could get them to change their minds but what was worse was that Epstein wouldn't even telephone the palace to say they were sorry and it was all a misunderstanding and to please excuse them.

We thought this was bad but in a sense it rebounded upon him. They gave their public performance which was not a great success because it was in a very large open air arena and the amplification wasn't very efficient. At that point nobody knew what had gone wrong but later in the day the word got out that The Beatles had declined to go and perform for the President, who'd only been in for about a year and was still very popular. So the following morning the newspapers were full of condemnation of the behaviour of The Beatles in which unfortunately we got caught up as they'd been made MBE in the last New Year Honours and were regarded as British knights representing Her Majesty and it was terrible.

AW: So instead of the reflected glory, you got the reflected trouble?

NB: Exactly. No sooner had we absorbed the papers than the Chargé d'Affaires (John Addis was on leave) Leslie Minford, began to get calls from the Philippine tax authorities to say that something was not quite right with the taxation arrangements for the concert of The Beatles and they wouldn't be able to leave the country unless it was sorted. Fortunately we were able to shift that to their local impresario and The Beatles did get away. But the manager of the Philippine International Airport in order to gain favour with the Marcoses,

who in fact were perfectly philosophical about it, had decided he would make difficult for The Beatles as they left. They turned off the escalators and removed all the porters and The Beatles had to get their entire luggage up the stairs to the Departure Lounge. An ugly mob didn't attack The Beatles but they did rough up Brian Epstein quite considerably. We felt he had it coming to him.

Many years later I was told by a friend that in Liverpool there is a Beatles museum and there is a section which deals with their overseas travels and which contains a brief reference to the fact that they did have a hard time in the Philippines but the British Embassy did their best to look after them.

AW: And so the other principal work which you did was the economics?

NB: We did very little trade with the Philippines and business relations were pretty slender. Two British banks were there, Hong Kong and Shanghai Bank and Chartered Bank and a few import export houses but the US had the Philippine market pretty well sewed up.

Economic relations focussed on the British Technical Assistance which was run under the auspices of the Colombo Plan which was mainly for Commonwealth countries but did include some non-Commonwealth countries, the Philippines being one. It mainly consisted of offers of one-year diploma courses, sometimes two years, in London and there was also a British Council scholarship, similarly for one year. My responsibility was for processing the applications in consultation with the Philippine Foreign Office and their civil service department and then briefing the people going on the courses before they left and welcoming them back when they returned. It was a well-run programme and almost all came back full of enthusiasm having had a really good time and learned a lot. Some of these Colombo Plan scholars went on to get really responsible positions in the Government.

The most memorable part of it from Diana's and my point of view was that following previous practice, introduced I think by my predecessor Derek Thomas with whom I kept in contact, we used to give a great party every year after the scholars got back at the end of the academic year and hand out their diplomas. I remember John Addis coming and doing that and making a speech to the assembled scholars from the balcony of our house with about hundred scholars milling around in the garden. The Philippines was such a good place to give a party in. All we had to do was ring up the San Miguel Brewery Company which was the largest commercial enterprise in the country, and tell them we were giving a party for so

many people. They would send round a truck which would contain the beer and the tonic and the soft drink, a number of collapsible bars, one bar per 50 guests, all the paper napkins, ice and glasses and they would take everything away afterwards. They would supply barmen, who were extremely efficient, and all that we had to do was to pay for the drink consumed, to tip the barmen, and to provide the food and the gin and whisky. We also arranged to fumigate the garden to keep the mosquitoes at bay, and that was it. The Filipinos really liked parties; they very seldom told you whether they were coming or not but they almost always came and had a good time.

I ought perhaps also to add that as well as looking after the British Technical Assistance Programme I looked after the New Zealand Technical Assistance Programme because New Zealand didn't have a mission there and we looked after their interests. I don't remember them offering scholarships but they sent an extremely efficient agricultural expert to advise on the dairy industry. In my time we sent a chemistry teacher who lived the life of a don at the university whereas the New Zealander was going out into the sticks visiting the stock breeding enterprise.

AW: Before we leave Manila, you mentioned that you did a little bit of travelling while you were posted there and you mentioned you had been to Burma?

NB: Yes, over the three years I made one trip to Saigon, as it then was, just as the Vietnam War was beginning to look very uncomfortable and also I broke a journey at the end of a home leave to go to Burma. This was in 1965. In fact we went to Burma twice. Once with the family when we stayed in Rangoon and once when I went on my own and went up country to Pagan. I was able to go there because I had a friend in the Embassy, Joanna Smith, who was godmother to our second son Charlie. It was in the early days of the regime of Ne Win. Burma had become very difficult to access and it was only because I had an Embassy sponsor that I could go there. I had to go into the back streets of Hong Kong to get a visa. I knew that my father had been born there and that my grandfather had spent his Indian Civil Service career in Burma and indeed there were still some relics of British colonial administration. But the main impression I got was of a very self-contained country, very detached and not very interested in foreigners. In the Philippines if we went to a new place all the children would come streaming after us and quite a few of the adults too to see what we were doing, but the Burmese took us completely for granted. Even though the isolation hadn't been on for long it was clear that the country was generally gently sinking

backwards. Traditional ways were much better preserved but it wasn't getting any richer. We travelled in the train which had clearly been installed under British administration, back in the thirties I guess, and it was still the same rolling stock.

AW: And so back to the UK?

NB: Yes, we returned from Manila at the end of 1966 and I went immediately to do an economics course which was laid on at what was called the Treasury Centre for Administrative Studies, which was the precursor to the Civil Service College. This was a six month course, very intensive, and it was generally thought that in six months they could teach us the equivalent of an economics degree. Although I didn't have the opportunity to make any use of the economics I learnt for several years it did provide me with a very useful foundation when I came to be much more involved in economic diplomacy.

First Secretary, Information Research Department, 1967-69

After that, on promotion to First Secretary, I went to become Head of the East European and Soviet Section in Information Research Department which didn't live in the main Foreign Office building but in a rather handsome modern building just at the end of the Vauxhall Bridge, not far from Tate Britain. IRD as it was called was an unusual department which was part of the FCO's response to the Cold War. It was evident that the Russians and East Europeans had an extremely efficient propaganda machine pouring out inaccurate information. IRD set out to try and counter that by telling the true story about what was really going on in Russia and Eastern Europe and also in China and other parts of the world under communist or near communist regimes. I was put in charge of the Soviet and East European section, which was the largest and which dealt with Eastern Europe generally and also Germany and we also interested ourselves in the Sino-Soviet dispute.

The department was headed by Nigel Clive and the Under Secretary John Peck was an FCO person. It had a mixed composition. I had a team of 35, the largest team I had until much later in my career. The operational members of that were experts in Russia, the Sino-Soviet dispute and East European countries; some of them were British academics, some of them were native Russians and Czechs and Poles who were emigres living in England. These were the people who did the research and extracted the true stories that we used. There was also the editorial section and they took the stories which our researchers had discovered and written up and they converted them into what they considered to be publishable form. IRD

had a number of publications which they spread around to people they thought would be interested. Essentially they were trying to reach media outlets, the press and others. The principle on which they worked was twofold. First, all their material was anonymous; there was nothing on it which showed it had come from a British Government source, indeed nothing on it at all to show where it had come from. The other principle was that all the information provided should come from open published sources. Although we knew from confidential reports from our posts in Eastern Europe and Russia what was actually going on, we couldn't use this classified material to put into the stories which we were disseminating. So we had winkle out what was going on from what was available in the public domain.

AW: Difficult?

NB: Yes it sounds difficult and the process was imperfect but it's surprising how far we could get. One technique which I was taught by the Reuters correspondent in East Berlin was called the "however technique". That was that in any communist announcement there will be dozens and dozens of paragraphs saying how wonderful everything was and how everything had come out successfully but that just at the end, when you had lost interest, there would be a passage beginning "However" which revealed that one or two things didn't actually go according to plan. You focussed on that.

Another approach was that the main instruments like Pravda and Izvestiya would give the straight party line and you wouldn't expect to get anything out of them but there was a whole host of lower level publications or technical publications where you could get clues. Particularly there might be lots of regional feuds and rivalries going on and if you could get hold of the regional publications you would know when they were complaining about the behaviour of their neighbours. Also you looked for inconsistencies about what was happening in one communist country and another and special treatment which was allowed.

There was no shortage of stuff to be found. In my first year in 1967 it was the fiftieth anniversary of the communist revolution and the Soviet authorities were very keen to show off the tremendous achievements of communism and so we particularly looked for points of weakness. One great advantage we had was that Stalin's daughter chose that year to defect. Although she eventually settled in the United States she did pass through London to arrange the publication of her memoirs. That made uncomfortable reading for the Russians.

Khrushchev had gone; Brezhnev and Kosygin were in charge. Under Khrushchev there had been quite a liberal regime of publication, so quite a lot of material got published which was critical of the communist system and Khrushchev was happy to live with this. But Brezhnev and Kosygin weren't and there was a crackdown. The authors were busy writing their stuff and trying to get it published outside the Soviet regulations so we provided outlets for dissident Soviet authors.

It was a particularly tense period in the Sino Soviet Dispute with battles between Russian and Chinese troops across the border. I think that the Cultural Revolution was in full swing and at one point Red Guards burnt down the Soviet Mission so there was plenty of material.

In the following year, 1968, it was the year of the Prague Spring when Dubcek became Party Leader in Czechoslovakia and tried to introduce what he called "Communism with a human face" which involved extensive liberalisation both in economics and in information policy and even tolerance of political opposition. This of course was splendid news for IRD and we didn't have to work at all to get the Prague Spring into the press, everyone wanted to know about it. But what worried us was that we could see that the Russians were very unhappy about what Dubcek had unleashed and they were preparing to stamp down upon it.

Particularly they began to hold military exercises in adjacent countries, particularly in Poland where there were large numbers of Soviet troops. We did our best to ensure that people knew this was happening. We managed to provide material for a series of articles which the Economist was running and we hoped that having their intentions broadcast to the world might have some deterrent effect on the Russians. But as you know it didn't and the tanks rolled in in August. Then of course we had lots to do to make sure that the world realised what this meant for Soviet policy and we formulated what was called the Brezhnev Doctrine which meant that Russia clearly couldn't tolerate any form of opposition.

It was an active period that I spent in IRD although I became sceptical about the efficacy of the methods which were used because I felt that any journalist of any quality would have suspicions about any material that was entirely anonymous and he couldn't tell where it came from. We did have a small circle of people who got our stuff and knew where it was coming from. Chief among those was the heads of the relevant external services of the BBC, the Russian Service, the East European Service and the German Service, who all knew where their stuff was coming from and we had an excellent contact in the Economist and one or two

others. I felt that they were the most effective weapons but with the others we were always nervous that someone would let the cat out of the bag about what we were doing.

AW: Did the IRD go on long after that?

NB: It went on into the 1980s, not far in I think. By the time the Cold War ended in 1989 it was already out of business.

AW: What was the relationship with the main body of the FCO?

NB: I had a slightly uneasy relationship with the departments in the main body of the FCO. Northern Department, as it was in those days, was always worried that while they were trying to get close to Russian and East European governments we would be creating friction and difficulties. Of course we relied on them to make sure that what we were putting out wasn't completely blind and that we hadn't picked up the wrong end of the stick. I managed to retain reasonable relations and I learned quite a lot about the countries we were writing about but I couldn't visit them and the impression that I got of them didn't really make us want to appeal for postings there.

There was an exception with regards to Germany. We covered East Germany although it wasn't a very fruitful field of endeavour because by and large conditions in East Germany were economically a good deal better than they were elsewhere and the regime seemed firmly in control. Nonetheless we had good sources and I had one visit to East Berlin. The British Military Government in East Berlin had a section whose responsibility was to try and find out what was going on in East Germany and had good contacts in the Eastern Sector of Berlin and with journalists although they couldn't really travel in East Germany itself. I made this one visit which was like going back in time. East Germany seemed to be a good ten years behind West Germany.

AW: Getting into the Tardis?

NB: That's right! I also used to go to what were called Anglo German Economic Talks which were organised by the Embassy, which was then headed by Sir Frank Roberts, and a team led by a permanent secretary equivalent of the Information Department in the Federal Government. I went to this meeting in a small schloss near Dusseldorf and I had briefed myself to talk about what was going on in East Germany and particularly the weaknesses of the East German regime and its soft spots. My session was the last one of the day so I

waited until my turn came. I had a very good brief prepared by my team back home and as I went through it it seemed to me that the Germans were paying more attention than I expected. I concluded that they weren't doing the sort of research that we were doing and we were able to tell them things that they hadn't realised were going on in the GDR. I've never been entirely sure but I think that Sir Frank Roberts had also taken note of what I could deliver and he said to the Office that he would quite like to have Bayne as a member of his team in Bonn and that was how not long after that I got told that I was being posted to Bonn. It's a story which has got lodged in my mind and may not be true at all and Sir Frank had left by the time I got to Bonn which was in the late spring of 1969.

Bonn, 1969-72

AW: I think Sir Frank had the reputation of being quite an active talent spotter. In some other recordings the fact that he had a view of who he wanted has been said before.

NB: Well it is possible, because the post that I was sent to do was the post in Chancery which looked after Germany's relations further east, the Ostpolitik as it was called. There were two of us in the Chancery in charge of foreign policy. There was Robert O'Neill who dealt with the policy looking West and me dealing with Ostpolitik and there were a couple of junior officers Tony Ford and Sophia Lambert although Sophia left quite soon and went back to London.

The Head of Chancery when I arrived was Richard Hanbury-Tenison who I liked very much, both he and his wife were very friendly. But he was disconcerting to have as a boss; he left the Service quite soon after that to go and manage his family's estates. You would go into his office and find him on the telephone having a complicated discussion about agriculture. I think it could be that his heart wasn't in it and I began to feel quite ill at ease. He was succeeded by Christopher Audland and he was a quite different character. He was a very forthright character who made up his mind firmly, he knew exactly what he wanted to do and how to do it and I found him a very good boss.

Almost my entire activity in the Embassy in Bonn was covered by the formula "Berlin and Germany as a whole" and this was a subject which was organised by a body called the Bonn Group which consisted of the representatives of the United States, the United Kingdom, France and the Federal Republic. We looked after aspects of West German external policy which was still not the responsibility of the West German Government but of the three Allied

Powers. At the top level it consisted of the Ambassadors of the western powers but the regular meetings which happened every week, at least once sometimes twice, took place at Counsellor level. For most of my time this was Christopher Audland who was running it with me as his deputy and I got to know his three counterparts extremely well, Jock Dean the American, Rene Lustig, a splendid Alsatian, for France, and Gunther Van Well an extremely intelligent, urbane German who later became their Ambassador to Washington. Each Counsellor had his own sidekick so to say, so I supported Christopher, Mike Boerner supported the American, Francois Plaisant the French and he too had a distinguished career. The Germans had quite a large team but particularly there was a delightful man called Hanno Brautigam who after the reunification of Germany went into politics. I met him many years later.

To deal with Germany as a whole really meant relations with East Germany. The Federal German Government at the time followed what was known as the Hallstein doctrine which was not to recognise the existence of the German Democratic Republic. They referred to it as “the so-called GDR” or the “former Soviet zone of Germany”. Indeed one of the Germans even called it the “so-called former Soviet zone of Germany”. That meant that, very much like the Peoples Republic of China and Taiwan, the West Germans waged a continuous campaign to prevent other countries recognising the GDR and we of course were bound to support them. But most of the action on this subject took place elsewhere at the United Nations, and a subset of this subject was “flags and anthems” which was preventing countries from flying the East German flag or playing its anthem.

The serious matter was making sure that West Berlin was able to thrive and that essentially meant keeping the access routes between West Germany and Berlin in good order. There were three types of access. There was a military train which ran from Brunswick in the former British Zone all the way across East Germany non-stop into Berlin. That was very safe but slow and I think there was only one train a day. Then there was access by road and there were three recognised routes, one from the north out of the former French Sector, one from the centre from the former British Sector and one coming up from the south west from Frankfurt, out of the former American Zone. West Germans with appropriate papers could drive up and down but the road access had quite a strict speed limit and the East German police patrolled it quite strictly and there were constant road blockages and troubles and although in some respects it was simpler, it was less reliable.

The method which the Berliners really preferred was by air. There were three air corridors, one going north west operated by Air France, a central one operated by BEA and a southern one to Frankfurt operated by Pan am. The East Germans had no control over these flights. Flight control was operated by a body called Berlin Air Services Centre which sat in Berlin and was managed by flight controllers from the UK, US, France and Russia. Because this was the really vital link, people remembered the Air Lift of the 1940s, we were very insistent there should be no interruption of this route. The East Germans couldn't touch it but the Russians occasionally tried to and there was one occasion when they announced very late in the day that they were closing the corridors overnight because they wished to conduct missile flight tests near the flight paths. Although there were no flights in the air corridors at night nonetheless we thought that we could not tolerate unilateral closure of the corridors by the Russians. So we lined up our respective air forces to fly test flights down the corridors in the middle of the night and we told the Russians that was what we were going to do so that they shouldn't have their missile tests. This was an extremely complicated arrangement. We had to line up the air forces and then get clearance at the highest level which for the Americans meant from the President in person. He was not in Washington as it happened, he was visiting an aircraft carrier in the Mediterranean and by the time he had been tracked down and given his say so and the word had got back to Washington and Germany it was very late and these flights were well behind schedule. Although the RAF and the US Air Force flew, the French air crew got tired of waiting and disappeared in one of the local bars and never got found. So the French never flew.

Likewise the East Germans tried to interfere not only with German traffic on the road routes but they also tried their luck with movements of Allied military vehicles. One morning Allied trucks leaving Berlin, after they had been given clearance by the Soviet forces, found an East German policeman thrusting a bit of paper into their hands which reported to be a movement chitty. We were not prepared to allow any pieces of paper so again each Allied country separately mustered convoys going in each direction down the routes that waved away any form of chitties from the East Germans.

That was how matters stood when I arrived but there was already talk about trying for a deal with the Russians to improve conditions of access to West Berlin. This became very active from the autumn of 1969 when the government changed and Willy Brandt came to power as the first Social Democrat Chancellor of Germany, part of a coalition with the Free Democrats headed by Walter Scheel. He immediately declared his intention of completely

transforming West Germany's Ostpolitik and developing much closer relations with the communist East Germans, the argument being that if East Germany was isolated the division of Germany would be bound to persist whereas if West Germany became friends with the East that was the best chance of breaking down the barriers and ensuring that Germany was eventually reunited. Brandt had a close adviser, Egon Bahr, his Minister for Inner German Affairs, who was a real missionary of Ostpolitik and was itching for the opportunity to sit down with his East German counterpart and work out new arrangements for bringing the two halves of Germany together.

Part of the Ostpolitik involved reconciliation between West Germany and the Soviet Union and the other East European countries, particularly those that had suffered from Nazi depredations in the Second World War, such as Poland. The three Allied powers in the Bonn Group were committed since way back to the principle of reunification, but we were a bit startled by this change of front by the West German Government. We couldn't object to it, we could only applaud it, but we were definitely worried about what that would mean to Berlin, and the Berliners were also worried. The West German opposition, the Christian Democrats who had been continuously in power before, were also worried. While the Social Democrats had a majority with the FDP in the Bundestag, they didn't have a majority in the Bundestrat, the Upper House, and the CDU made it clear that without safeguards for Berlin they would never allow inner German treaties to be ratified. It was clear that not only among the Allies but also among German opinion there was a lot of pressure for some really watertight arrangement to make it clear that Ostpolitik would not happen at the expense of West Berliners. Even within the German Government Scheel the FDP Leader was perfectly aware of that. Brandt himself had a different attitude because he had been Mayor of West Berlin and he had a rather uneasy relationship with the Allied powers at that time. He rather hated the authority they had over him and the constraints on his independence so he wasn't instinctively in favour of them. But he could see that he had no option. The German Foreign Office was given the green light.

AW: So it was a very exciting time to be there?

NB: Yes it was, particularly because as it worked out the three Allied Embassies got much more responsibility to carry out international negotiations than normally comes the way of Embassies. Normally these things are done either by the capital or separate permanent delegations, as in New York. But in this case the agreements concluded at the end of the

War gave the authority to negotiate to the Ambassadors. Sir Roger Jackling was the Ambassador while I was there and although a very mild-mannered man, underneath his mild manner he was very determined. He was going to maintain his rights and of course Christopher Audland was not going to lose the opportunity.

The first move was that we made a proposal to the Russians that there should be Four Power talks on Berlin, in the context of the German Ostpolitik which in its early stages was focussed much more on Russia and Poland and which had not really got very far in dealing with East Germany. So the first move was a meeting of the Ambassadors at a site in West Berlin. This meant Roger Jackling; Ken Rush, the American who was a businessman with no diplomatic experience but with a direct line to the President and also to Kissinger who was running things from Washington; and Jean Sauvagnargues, the Frenchman a very experienced Germanologist who was later briefly Foreign Minister. This trio flew up to Berlin in Ken Rush's aircraft and had an initial encounter with the Russian Ambassador Piotr Abrasimov who was a Soviet diplomat of the old school. We met in an old-fashioned public building which was originally built as law courts and had been the headquarters of the first Allied Authority after the end of the Second World War. We had this meeting, made speeches to each other, I remember drafting the speech for Sir Roger, and afterwards the four Ambassadors went off and had lunch together. There was no meeting of minds but we did agree to meet again. Everyone came back to Bonn and we had a meeting of the Bonn Group to take stock and it was just before Easter, it took place on Good Friday. The Embassy was closed. The Chairmanship of the Bonn Group rotated and I happened to be in the chair, so they met in our house. Our boiler had gone out and it was a very cold April day and as it was a public holiday the boiler man wasn't there and so there was Diana down in the basement cursing away trying to get the boiler to start.

These meetings continued at monthly intervals. Nothing much really happened. Christopher Audland arrived and took over and then the Germans managed to conclude treaties to regularise their relations with Poland and the Soviet Union and particularly to state that none of their existing borders would be changed unilaterally, which meant that the borders of Poland were secure and that the Germans would be barred from upsetting any of the post War arrangements. The Russians began to become a bit more flexible and so we suggested that perhaps as well as the Ambassadors meetings Counsellors should also meet and start thinking about drawing up an agreement between the four powers which would regularise the position of Berlin once the two halves of Germany had given each other diplomatic recognition.

Meetings began with Audland and Lustig and Dean meeting with Yuri Kvitsinski who came from Moscow from the Ministry there, a very brilliant and gifted negotiator. He would take the most extraordinary risks in adopting adventurous positions and he subsequently became quite famous in the disarmament negotiations later on. We were very fortunate in having him as our negotiating partner. He had his position back in Moscow so he didn't really depend on the say so of Abrasimov.

However, initially the exchanges didn't go well because we wanted to have cast iron assurances that the arrangements for access between Federal Germany and West Berlin should remain once the two halves of Germany were beginning to come closer together. We didn't want to find that West Berlin was left as an unprotected island in the middle of a communist state which could turn nasty at any moment. The Russian stance was that they couldn't do anything about that as they had delegated all of their responsibilities to the East German authorities. But we were sure, and we knew from other sources, that relations between the Russians and the East Germans weren't all that harmonious and they really were looking for opportunities to make the East Germans understand that they, the Russians, were in charge. We pressed on and there was quite a long period when we talked about the principles which should underlie such an agreement. This exchange was all conducted in German in which everyone was meant to be fluent, including the Russians. I was not that fluent. I had been learning it hard but I did find that the general discussions about the agreement were very hard work.

I was very relieved when a decision was taken to begin to look at the language of an agreement. Since this was to be an agreement between the four powers, it was ridiculous to have the language in German. We decided that since the Russians knew a bit of English we would do the drafting in English and that was very good for me. But the Russians were very reluctant to have anything put down on paper so Christopher Audland had the brilliant idea at one of the meetings to have a blackboard in the room. He was talking about various formulae that might be used, the Russians were commenting, and then Christopher said "Let's write it on the board and see how it looks". He wrote some uncontroversial words on the board and said to the Russians "How do you think that looks?" The Russians said "What about saying something different?" So he rubbed it out and wrote again and there was a long period when we did the drafting on the board. When we thought that the Russians were comfortable working with language that you could read, then we produced a draft. We had earlier produced and exchanged drafts between each other but our two drafts were so far apart

that neither of them was a basis for discussion. When we started putting the text on paper we knew a lot of it wouldn't be agreed by the Russians, they would want things that we wouldn't agree. So what we did was that we would put down phrases to which nobody could object and then in between we would leave a blank full of dots in which things could be put in.

At this point I think I should explain the structure of the agreement because that was part of the way we got the Russians to depart from their attitude about the Germans. The Berlin Agreement, as a whole, would consist of three parts. The first part was concluded between the four powers and would lay down general principles and objectives. The second part would be negotiated between the two halves of Germany and would produce the detailed arrangements. And then there would be a third part concluded between the four powers again which would bless what the two Germanys had done. We soon decided that part one, the main Allied agreement would have an introductory section of general principles setting down the rights and responsibilities of the powers. Then there would be a chapter on access, a chapter on movement between West and East Berlin and between Berlin and the rest of the GDR and then there would be a third chapter which would be about the relationship between West Germany and West Berlin, where the Russians wanted very specific restrictions on what the West Germans could and couldn't do. At the last moment the West Germans asked for a fourth chapter to be added which was about West Berlin's relationships with the outside world. So we knew what was to be in the chapters and what we wanted to put in it, things about road and rail transport and goods and passengers and so on. We would write harmless sentences on each of these subjects and leave a gap in the middle which was to contain the meat and where we would just put dots. We completed an entire agreement with dots.

At that point on the Western side, we all felt that we needed blessing from our sponsoring governments before we went any further. We took the agreement back to Bonn, where we always kept the West Germans informed on what we were doing through the Bonn Group, and there was a parallel link to the Berlin authorities through our people in Berlin. We had a team come out from London including John Drinkall, Head of Western European Department and David Bendall the responsible under-secretary. They came out, saw what we were doing and gave it their blessing which was very important for us because the desk officers in West European Department, David Gladstone and Maureen MacGlashan, particularly Maureen who was a feisty woman, were full of foreboding about what we were doing. They thought we would never achieve what we were setting out to do. But nonetheless we got the approval from higher up the Office and Bendall and Drinkall went and talked it through with

the German Foreign Ministry and they were content. They weren't sure we could do it, but they were content. Similarly the Americans and the French got clearance from their authorities. This became stage-by-stage a regular process. We had to get approval in Bonn collectively with the Germans and we had to get clearance from London, Washington and Paris. I must say that London behaved really well and they very seldom queried any of our recommendations to the extent that we were always asking them to get the Embassies in Washington and Paris to intervene with the State Department and the Quai d'Orsay because the Pompidou government in Paris and Henry Kissinger in Washington had their own ideas and it wasn't easy to bring them along.

From the dotted text we moved on to competing formulae in brackets. We would fill in the passage with language we wanted and the Russians would fill it in with a version which they could accept in the case of access. In the case of relations between Berlin and the rest of Germany the Russians would put in what they wanted and we would put in what we could accept and so it went on. The process started with the Counsellors in the autumn of 1970 and by the summer of 1971 we were well on into the process I've described. We'd gone through the stage of dots, we'd filled in virtually all the agreement with competing bracketed passages and had made quite a lot of progress in removing the brackets. Remarkably the movement between East and West Berlin proved quite easy. At the end of July all the negotiators were beginning to feel quite exhausted and both Christopher Audland and I were hoping for some summer leave. Then the US Ambassador said that he had got firm instructions from Washington that we must continue working through August. It seemed fairly clear afterwards that Kissinger was using his own link with Gromyko in Moscow, while the new Soviet Ambassador in Bonn was somehow contributing to this link, on this network Kissinger concluded that this would be a good moment to try and force the pace. Roger Jackling decreed that Christopher Audland who had really been burning the candle at both ends should take his leave but I should not. He would rely on me and Teddy Jackson the Counsellor in Berlin for this final stage.

Off we went to Berlin and the first meeting when I was on my own didn't last very long and wasn't very controversial and the four Ambassadors disappeared off to lunch. On this occasion Abrasimov had invited them into East Berlin. It was the middle of August. We were all due to return to Bonn in the US Ambassador's aircraft later that afternoon. I went back to the Mission and dictated lots of reports on what had happened. I left it a bit too late and I realised as I got in the car to drive to Templehof Airport that there was a very strong

chance I would actually be too late and the plane would have taken off. As we were flying in a US Government aircraft the car was able to drive right onto the tarmac but the propellers were turning and the aircraft was moving across towards the runway. I leapt out of the car and waved at the aircraft and fortunately it stopped, the door opened, the stairs came down and the British party scrambled aboard shamefacedly. I went to the back of the plane where Ken Rush was sitting. Sir Roger was not returning that day; he was staying on in Berlin. I made my apologies and Rush waved them away and said "Don't worry, I'm only too happy to do the British a good turn because after lunch with Abrasimov I came out to find that my chauffeur had exhausted the battery in my Cadillac, it was completely flat, he'd been listening to the radio and so I would have been stuck except Sir Roger rescued me in his Daimler".

One of the things decided at that four power meeting was that we would come back later in the month to go through the entire agreement and do our best to complete it. So back we came, we started first thing on a Monday and worked our way clause by clause through the agreement. The first part of the agreement restated the responsibilities which the four powers had taken on at the end of the War and the Russians were prepared to do that which was a great asset. The one thing which they weren't prepared to do was to mention East Berlin, which implied that the agreement would have legal force in East Berlin. We didn't require it to do that but we did require the Russians to reaffirm their responsibilities for Berlin as a whole. All we could do was to refer to Berlin as a whole as "the relevant area". That perhaps is the main blemish on this agreement but otherwise that part of the agreement was very satisfactory and we cleared it on that basis.

Then we came to the access passage and there the main sticking point was that we wanted access by road between West Germany and Berlin to be unimpeded and to have priority. The Russians for a long time offered weaker expressions and it looked as if Rush and Sauvagnargues might be tempted. But Sir Roger, without any prompting from me, said very firmly "No, it has to be unimpeded" and that it was what had been discussed. The Russians acquiesced and we went through a very satisfactory set of provisions on access. Unimpeded road transport, good rail transport, goods in sealed containers, everything that we wanted.

On movement between West and East Berlin that too had some very useful improvements for the West Berliners which proved the most popular provisions in the short term. The Berliners

felt that this agreement had improved their lives. There was one thing we couldn't get. We couldn't get the reopening of a canal. It was discarded.

On relations between West Berlin and West Germany the Russians really wanted the commitment that West Germany could not incorporate West Berlin into the Federal Republic. It had to remain separate and they couldn't conduct political activities in the Western Sectors. Although the West Germans balked about this, they recognised that this was the price they had to pay for getting the access. They realised as long as East Germany remained a communist country the best protection for West Berlin was to maintain its special status.

Quite late on, I think only since the beginning of August, the West Germans decided that they wanted to have a chapter which would regulate West Berlin's relations with the outside world. In the first two chapters the commitments had been taken by the Russians on access of different kinds, in the third chapter the commitments had been taken by the three Western Powers, for the fourth chapter there were two parts. The Russians undertook that West Berlin could be represented overseas by West Germany and that West Berliners could travel on West German passports provided these passports were stamped saying "Issued in accord with the Quadripartite Agreement". In return the Western Powers said that Russia could set up a consulate and a trade office in West Berlin.

That was the complete agreement and we reached final agreement on the fourth section late in the evening of Wednesday, so we'd been at it non-stop for three days. The practice was that a West German delegation and a delegation from the Berlin Senate would lurk in the basement of the building where the negotiations took place, well out of sight of the Russians. I went down and briefed them on the outcome and they were really delighted. They hadn't believed that we could have brought about so good an agreement as this but they were extremely content so we all felt that it was a job well done. It was me who gave the briefing because it so happened that the UK was in the rotating chair of the Bonn Group.

On Thursday I wrote up the result and drafted lots of telegrams and on Friday at Roger Jackling's suggestion I was to go back to London to explain to the Foreign Office what we had done and to get their blessing. I was accompanied by David Anderson, who was the Embassy Legal Adviser in Bonn. I've failed to mention the other members of the British team other than Christopher Audland and myself but David Anderson was an indispensable member. He didn't take part in the negotiations but he drafted most of the agreement. He had a very ingenious lawyer's mind and he could see his way round all sorts of problems

which the layman thought were quite impossible. In the Chancery team there was a member of the locally engaged staff called Alex Mineeff, who was a great man for digging out stuff and Nigel Broomfield who joined the Foreign Service at that point and was also part of the team. He came into the Service from the Army where he had been part of an outfit which was another legacy of the Second World War, a unit which had the right to patrol in East Germany. He thus knew East Germany and his German was excellent, far better than mine, and he was a very great asset. Another member of the team, who came in because of his knowledge of Russian, was Tony Bishop. He was a Russian expert who had been expelled from Moscow because this was the moment when the British Government decided to expel 109 members of the Soviet Embassy in London for being spies and the Russians retaliated by expelling a lot of our people and he was one of that group. He couldn't go back to Moscow so he became a regular Russian interpreter.

David Anderson and I caught an early morning plane out of Berlin back to London. He prudently had his passport with him but I had flown up from Bonn to Berlin, I think by commercial means, but didn't need a passport to fly into Tempelhof from Bonn, so I hadn't brought mine with me. The Foreign Office did what was necessary and I was told to present myself at immigration as usual and the immigration officer just turned away and I walked though. He hadn't seen me!

We spent the morning with Western European Department and reasonably enough the desk officers and the Department generally gave us a hard time so by the end of the morning I was feeling quite weary. But fortunately Brian Unwin who was the Assistant took us out to lunch in the Albert pub half way up Victoria Street and we had steak and kidney pudding which restored me considerably and he also produced a new passport for me which was a weight off my mind.

After lunch I went to talk to Sir Tom Brimelow who was the Deputy Under Secretary in charge of relations with the Soviet Union and he had extreme expertise, very extensive expertise in dealing with the Russians and I was really quite nervous. I felt that I could hold my own with the Department but I wasn't sure I would be able to resist him if he showed himself to be hostile. But while he was very insistent and clearly felt that the West Germans were going to have an uphill struggle with the East Germans, he gave his blessing and sent me on to the Private Office to get the Secretary of State's blessing, the final OK. It was late on the Friday by that time and Sir Alec Douglas-Home was in his constituency and Johnny

Graham, the Principal Private Secretary, was in charge and I reported to him with David Anderson with me. We told him the results of our endeavours and that it had been given clearance by Sir Tom Brimelow. He had obviously read the agreement and there was one point in the section that dealt with restrictions on political activity in Berlin which he felt he ought to run past the Foreign Secretary although he himself thought it was alright. So he rang up the Foreign Secretary, they had a brief conversation and he told him about the restrictions on political parties in West Berlin, but it was alright and Sir Alec gave the nod and that was it. I got away in time to catch a late train into the Cotswolds and I was reunited with Diana and the family who had preceded me on leave.

After that I stayed on in Bonn for another six months or more until March. By then it was only following what the West Germans were doing with their negotiations with the East Germans. In the end that was hard slogging as far as they were concerned. Our agreement had been so well received, particularly in Berlin, that the West Germans felt rather on their mettle. While we thought that Egon Bahr was all too inclined to give away points to the East Germans this, as it were, strengthened his hand and he felt less tempted to do so. I'd left in March before they finally got everything tied up and before they concluded the third stage of bringing the Agreement into force but it went through the German parliamentary system without any difficulty.

The only other thing that happened in Bonn was that the Political Minister Brookes Richards, who had been a tower of strength throughout the Berlin negotiations, left and was replaced by Reg Hibbert who was a notoriously argumentative member of the Diplomatic Service and with whom I had quantities of arguments. I can't recall that I won any of them although I did manage to hold him to a draw on one or two and when I was told I was going back to London to be on the Planning Staff, I wasn't so sorry to leave.

Before I finish the story about Bonn, I think I have to recite to you the Bonn Group ditty. Every Christmas in Bonn the Embassy gave a staged review which was shown widely in the Embassy and to all our friends around the diplomatic community, including the German diplomatic community. The various British Bonn Group members that I have mentioned wrote a sketch on the Berlin negotiations to which I contributed a poem, based on a poem by AA Milne which starts "James, James, Morrison, Morrison, Weatherby George Dupree". The Bonn Group poem:

Rush, Rush,

Sauvagnargues, Sauvagnargues,
Jackling, KCMG,
Took great
Care of the Chancellor,
Though they were only three.
Rush, Rush,
Jackling and Sauvagnargues
Said to Herr Brandt: “Don’t fuss;
But you’ll never get far
With the GDR
Without consulting us.”

Brandt, Brandt,
Federal Chancellor,
Needed a pact on Berlin,
Rush, Rush,
Jackling and Sauvagnargues
Hardly knew where to begin.
Rush, Rush,
Jackling and Sauvagnargues
Said to the Bonn group: “You
must leave your wives
And devote your lives
To telling us what to do”.

Dean, Dean,
Lustig and Audland,
And van Well of the MFA,
Went and
Told the Ambassadors
All that they had to say.
Rush, Rush,
Jackling and Sauvagnargues
Weren’t in the least impressed

They said “You next
Must produce a text
And then we’ll tackle the rest”.

Dean, Dean,
Lustig and Audland,
Sat with the Russians all night.
They wrote
A Berlin agreement
But couldn’t get everything right.
Dean, Dean,
Lustig and Audland,
Showed their Ambassadors: “See!
We just put in lots
Of convenient dots
Whenever we couldn’t agree.”

Rush, Rush,
Jackling and Sauvagnargues
Thought it was time for the crunch.
Rush, Rush,
Jackling and Sauvagnargues
Wanted to finish by lunch.
Rush, Rush,
Jackling and Sauvagnargues
Whispered to Abrasimov:
“Just get the word go
From old Gromyko
And we’ll soon polish this off.”

Rush, Rush,
Jackling and Sauvagnargues
Settled with Abrasimov.
Then they

Said to the Chancellor:

“Now you can talk to Herr Stoph.

You may

Think our agreement

Hardly deserves all the fuss

But you’ll never get far

With the GDR

Without consulting us”.

AW: Bravo! That’s lovely, thank you.

Planning Staff, FCO, 1972-74

AW: This is 8th March and Nicholas Bayne is resuming his recollections of his diplomatic career. It’s 1972 and goodbye to Bonn and you are returning to London to join the Planning Staff? What did the Planning Staff do at that time?

NB: It was a small outfit; there were only four of us, James Cable was the head and then Leslie Fielding and John Goulden - Leslie went on to the Commission and John ended up as our man at NATO - and me. Our bread and butter was to produce a series of planning papers circulated around the Office and distributed overseas which was trying to give the rest of the Office a sense of the broad sweep of policy and where it was going. It wasn’t trying to forecast, but it suggested what the targets were. As planners we were meant to be adventurous and forward looking and we also tried to keep up with academic thinking on foreign affairs. As well as the planning papers we used to stick our noses into anything which interested us and sit in on meetings and make stimulating provocative comments. We had some contact with planners in other foreign ministries, the Germans, the Americans and such like.

I really looked forward to this, I thought it was just up my street but in fact I was completely wrong. I really contributed less to diplomatic history in my eighteen months in the Planning Staff than at any other time in my career.

AW: Why do you think it was like that for you?

NB: As you mentioned earlier, I had come back to the Office just as our negotiations to join the European Community had succeeded and we were in the year between ending the negotiations and actually joining. James Cable decided that the planners should set the scene for our membership. I was tasked to draft three magisterial planning papers on Britain's foreign policy as a member of the Community and the impact that would have. We would deal with relations with the Western countries, the Communist countries and with the rest of world.

I thought that wrestling with intellectually challenging issues was something I could do, but in fact my previous career hadn't really given me the background in European matters that was needed and I also hadn't had the experience of looking at the broad sweep of foreign policy. I'd always been on the detailed aspects. The line departments were much better experienced and equipped than I. I found that the drafts I produced were very laborious and pedestrian.

The other problem was with James Cable, the Head of the Planning Staff. We got on very well together but on substance our views were quite opposed. I felt that as we had joined the European Community we should make the most of what the Community could offer in our foreign policy but James Cable was a Eurosceptic, even in those early days, and he thought it was going to damage our foreign policy, particularly our relations with the Americans and that the planning paper should point this out. We spent a long time going back and forth and in the end he put all my drafts aside and wrote the planning papers himself.

So that was not a very good start. Then 1973 was declared by Henry Kissinger to be "the year of Europe" and so relations between the US and Europe were very much at the top of the agenda that year. I had a brief success at a moment when James was out of the office when Henry Kissinger made a rather patronising speech about the European Community saying that it was a regional power in contrast to the United States which was a world power. Sir Alec Douglas-Home, the Foreign Secretary, sent word that he wished to make a speech, almost immediately, countering what Kissinger had said. John Goulden and I were told at 5pm that we had to produce a speech by midday the following day and we buckled to. We produced a speech; the Foreign Secretary liked it, and delivered it in his constituency to a small audience of bewildered Scots and it got quite good coverage.

As the year progressed I began to put together what I hoped would be a major contribution to how we could get the Europeans to cooperate with the United States in international affairs

more widely and I was still working on this in September when Israel and Egypt went to war. The edifice that I had constructed so carefully crumbled apart. The Americans and the Europeans fell out seriously so I was really quite glad when in late 1973 I was asked to go to Personnel Department to talk about my future. James Cable must have given me a good report because otherwise I wouldn't have got the plum post that I was then offered. But it wasn't a happy episode.

Secondment to the Treasury and Financial Counsellor, Paris, 1974-79

I went to Personnel Department and they said "How would you like to be Financial Counsellor in Paris?" I was amazed and I pointed out that I hadn't really had a proper European post and I didn't speak French. They waved that away and said "Don't forget you took the Economics Course and you will have over a year to prepare yourself in the course of which you can bring your French up to scratch". This I did thanks to the admirable language laboratory just opposite the Houses of Parliament. The preparation process involved a 15-month secondment to the Treasury to learn what the Financial Counsellor in Paris should do. The first Financial Counsellor had been created by Harold Wilson and General de Gaulle during our second abortive negotiations for entry into the Community and it was meant to be someone from the Treasury. But nobody in the Treasury wanted to volunteer for the post so Derek Thomas from the Foreign Office was trained up to do it and he performed so well that the Treasury asked for another FCO person and that was what I did.

For fifteen months I worked in the Treasury in the department responsible for our policy on European monetary affairs. It was the only time in my career that I was directly responsible for an aspect of Community business. I had thought that the Treasury would be a rather forbidding Stalinist institution where everybody said the same thing. But it wasn't like that at all. Compared with the Foreign Office it was much smaller. I was in the Finance Branch and in the time that I was there I got to know everybody and also all the people in the Ministers' private offices, including the Chancellor. It wasn't at all hierarchical. I worked very closely with the senior people in the Finance Branch, led by Sir Derek Mitchell the Second Permanent Secretary and Geoffrey Littler with whom I remained in touch a long time after. Instead of being Stalinist and regimented, inside the Treasury there was a ferment of good ideas and all sorts of arguments, whether sterling should float or join the European snake and whether we should do it now or wait, because I joined the Treasury at a moment when the Government changed. The Wilson Government came in and Denis Healey became

Chancellor. It was a time of monetary upheaval because the system where everybody tied their currencies to the dollar and the dollar was linked to gold had broken down and increasingly countries were allowing their currencies to float. The members of the European Community were reluctant to see their currencies float and they had linked them together in a system known as the snake which was that no European currency value should fluctuate more than 2.5% in relation to the other countries although this collection of currencies could move up and down together. Now that we had joined the European Community there was a lot of pressure on Britain to join the snake. In June 1973 we had given in to pressure and fixed a value for sterling which up till then had been floating. The financial markets didn't think it was a good idea and sterling only stayed in the snake for a week before being forced out again. By the time I got to the Treasury we were determinedly floating even though there were a number of people in the Treasury who thought that fixing the value of sterling was a good thing. But it meant that as the person responsible for Britain's policy for monetary affairs in the Community I was defending what we were doing and resisting pressure to join the snake.

I got the chance to travel so I went and saw how the system operated in Brussels. I did some negotiating in Luxemburg at the European Investment Bank and I went to Paris once on business and was also released by the Treasury for six weeks to go on a course at the Ecole Nationale d'Administration to learn all about France and how the French Government worked. The most demanding thing that I did in the Treasury came right at the end when Denis Healey decided to invite all his fellow European Finance Ministers to a conference in London. He wanted to have this conference right at the beginning of January and he put me in charge of organising it. It was uphill work because even in those days the European Community took a long holiday over Christmas and the New Year and he wanted us to meet on 7th January. The logistics were really hard work but the Foreign Office's admirable Conference Department were a tower of strength.

The reason for the conference was that although Healey was not very sympathetic to European monetary cooperation, he was a great supporter of the International Monetary Fund and he wanted the IMF to do more to help countries which were having difficulty in paying their debts. This conference, in January 1975, was at the time that the first oil crisis arrived. That was an immediate consequence of the Arab Israeli War of 1973. The Arabs rallied behind Egypt and the important Arab oil producers Saudi Arabia, Kuwait, etc decided they wanted to hit back at Israel's allies, particularly the United States. So they decided that they

would push up the price of oil and almost overnight the price of oil went up from three dollars a barrel to twelve dollars a barrel. This had a very potent effect on the economies of all countries that imported oil, it drove up their prices but it weighed down their growth and it created great gaps in the balance of payments. Some of those who suffered the worst were poor developing countries and the IMF had developed a system financed by both Western and rich oil producing countries to make special loans to oil importing developing countries in trouble. The first cycle of loans had been exhausted and the IMF wanted to lend more. The Americans were making difficulties and Healey thought that if the Europeans got a common front there was more chance of talking the Americans round and that was what the conference was about. It meant that Denis Healey knew who I was, which was a good thing, and it gave me an introduction to the things that would finally occupy me when I got to Paris which I did in the early summer of 1975.

AW: Were you ever tempted to stay in the Treasury?

NB: I don't think so. I think the prospects of alternating between London and overseas posts were too attractive.

AW: So you arrive in Paris and how did you find it?

NB: The Embassy in Paris really was an outstanding institution. First of all it occupied the most splendid architecture. The Ambassador's Residence had been acquired by the Duke of Wellington in 1814 from Pauline Bonaparte, Napoleon's sister, and the Duke had bought the house and all the furniture because she went off with her brother to Elba. It was lovingly restored. The offices next door were also in a very handsome building, frescoes on the ceiling in the Ambassador's Office, etc.

The staff really was a galaxy of talent. When I arrived the Ambassador was Eddie Tomkins of whom I don't have very strong memories but he soon gave way to Nicko Henderson, who really was a tremendous mover and shaker. Even if you didn't agree with him, which quite often we didn't, you were never bored when Nicko was in charge. There were some very brilliant people in the Embassy at the time, particularly in the Chancery, people like Robin Renwick, who ended up in Washington, later there was David Wright who ended in Tokyo, but I decided that while they were the most prestigious part of the Embassy, I had the most rewarding job. One of the reasons for that was that they got constantly harried and chased and challenged and forced to justify themselves by Nicko for whom politics was the breath of

life whereas he wasn't so dug into economics and he liked having me as his private line to the Treasury. So he gave me much more of a free hand. The folk in the Chancery had to deal with the French Foreign Ministry, the Quai d'Orsay and they, at that time, were an extremely uncooperative crew because they had their own ideas about what foreign policy would be and they didn't want other people getting in their way so they would be secretive about what they were up to. It was real hard work for the Chancery to dig out what the French were up to. I had privileged access to the Finance Ministry and they were quite different. They were in the process of a feud, I think it was a constant vendetta between the Finance Ministry and the Foreign Ministry, but on this occasion it was because the Foreign Ministry was trying to establish a monopoly over all forms of foreign policy, including foreign economic policy and the Finance Ministry wouldn't stand for that and as a result anything which the Foreign Ministry wouldn't tell the Chancery of an economic variety, they would be very happy to tell me and so I found I had a much easier time.

The French Finance Ministry was a much larger all-embracing institution than the Treasury in London and not only did the Ministry itself cover a much wider area but the super elite of the Finance Ministry were the so called *inspecteurs des finances*. *Inspecteurs des finances* normally spent about half their careers in the Ministry, seldom beyond the age of forty, and then they would spread all over France and its public life, not only the heads of public institutions, financial or otherwise, but private ones, nearly all the major private banks that I recall were headed by *inspecteurs des finances*. They were also very good at getting themselves to become heads of international institutions, two of my closest colleagues when I was in Paris, one after the other, became heads of the IMF, Jacques de Larosière and Michel Camdessus. That meant that I could go off and find potential allies spread much more widely. Now we were members of the European Community it was very important to be well dug in with the French institutions that corresponded to the European Secretariat in our Cabinet Office. They had a body, always known by the initials SGCI and all the key people in the SGCI were *inspecteurs des finances*. For all these reasons I had a very hardworking but rewarding and fun life.

The issue that first deeply engaged me was that President Giscard d'Estaing, he'd been President since 1974, had the idea of an economic summit meeting. The impact of the oil crisis was continuing to hold back growth and increase inflation in all oil importing countries, particularly the European countries. Giscard concluded that this economic danger was just as great a threat as the political threat of the Soviet Union. He formed the view that officials

were quite incapable of solving these problems, they just got bogged down and that it required the intervention of a small group of the most important state leaders in the West to get together and break through all the obstacles and solve the problems. He made common cause with Helmut Schmidt, the German Chancellor, and they called a meeting of the two of them plus President Ford of the US, Harold Wilson from Britain and the Japanese Prime Minister, Mr Miki. At the last moment they decided to add the Italians.

Giscard and Schmidt felt entirely confident with handling economic issues because before becoming heads of government they'd both been finance ministers. But the American side was much more nervous about this as President Ford, and indeed US Presidents generally, have no particular economic expertise. So they persuaded Giscard that the Foreign and Finance Ministers should also be present at this event, so that meant that Denis Healey and Jim Callaghan were flanking Harold Wilson when they came to this event which was held in November 1975 in the Chateau of Rambouillet outside Paris and that was the first of the series of what have come to be called G7 summits. When the Canadians joined in 1976 that made seven participants and the summits have been going on ever since and I have managed to take an interest all that time. I really became a summit addict.

There were two key subjects in this summit, one was to try and revive economic growth in the economies present and in the economies of the West generally. The other was a particular objective of Giscard's which was to produce greater stability in the monetary system. He had been obliged to take the French franc out of the snake which displeased him greatly and he wanted there to be a new arrangement which would allow him to put the franc back. Shortly after I arrived in Paris in the summer of 1975 Giscard had put the franc back into the snake but he wasn't confident that it could stay there. At the same time the French had been having a long dispute in the IMF about the overall regime for currencies. Almost all the IMF members agreed that floating rates were as legitimate as fixed rates but the French were very resistant to this idea and argued that the standard should be fixed rates, floating was only allowed in emergencies. This dispute continued and Giscard decided that if he was prepared to agree that floating rates were as good as fixed rates in the new regime of the IMF then in return he could ask summit colleagues to agree a system whereby their central banks countered erratic fluctuations and thereby the franc could remain in the snake. Giscard in a very secretive way arranged for a French senior financial official to see a senior member of the US Treasury and put together a bilateral deal on this basis, most of the rest of us being unaware that he was doing this.

When we got to the summit he presented us with this deal which in fact on the basis of the substance of it, everybody was quite happy to agree to. But the Franco-American document was a very flimsy piece of work and a lot more was required to make it a robust basis for reform of the articles of the IMF. Denis Healey, Derek Mitchell and I had to work very hard during the summit to sort this out. However it was all agreed and when the summit results were announced it was declared generally a great success. The economies of the summit countries began to grow, not actually because any of the governments had done anything different from what they were already doing but simply because they had got together and agreed to work in concert and this gave encouragement. So that was very satisfactory and the agreement for reforming the articles of the IMF went through very smoothly in January 1976. Giscard emerged from the summit very satisfied with the way it had gone and it greatly enhanced his international prestige.

I have to say that the other part of what was agreed, which no one remembers, i.e. the system whereby the central banks would support any currency that got into trouble, that didn't last very long because by 1976 the troubles of the British economy were becoming impossible to conceal. The underlying policy of the Labour government was to boost the British economy through fiscal policy and to maintain anti-inflationary pressure through incomes policies to prevent wages rising. But unfortunately since that relied upon the cooperation of the unions initially it didn't work at all and inflation in the UK went up to over 20% which is remarkable to think of these days. Downward pressure on the pound became intense and once the markets had the pound down as far down as they thought it needed to go they then looked around to see if other currencies were vulnerable, and decided that the French franc too didn't look very strong, and so pressure built up against it. The support of the central banks was inadequate and the franc had to come out of the snake again much to Giscard's chagrin and the disgust of the Finance Ministry. I was given the worst encounter of my professional career when I was taken to task by an official of the Finance Ministry who claimed that it was all the fault of the British because we hadn't defended our currency sufficiently so that France came under pressure too and furthermore that we did it on purpose. So I felt very stricken at that. I sent an unhappy personal letter back to Derek Mitchell to ask how I should react. He wisely said "Take no notice". Sure enough it soon blew over.

Later that year the UK had to seek a large loan from the IMF for which policy conditions had to be negotiated which the British Government had to fulfil. Some of these were very unwelcome to the Government and were very unpopular in the country at large. Some of the

more sensitive bits were negotiated not in London but actually in Paris. Treasury officials came over secretly and negotiated with IMF staff members in Paris and I used to look after them when they came and give them stiff drinks and nourishment. On one occasion one of our officials came and said “We’ve got this statistical table which we have to hand over to the IMF people, we’ve made all the necessary copies. But unfortunately looking at it there is one bit of economic data which we would very much like not having to confess to. Can we somehow recopy this table so that this line doesn’t appear?” Between us we went and manipulated the Embassy photocopiers so the offending line shouldn’t appear and I don’t think the IMF staff ever rumbled it.

It was not good for our standing in Paris generally that our economy was behaving so badly. One of the members of the French Embassy in London, who roughly corresponded to the post that I had, came back and published a book about his time in the UK which was called “Post mortem on Great Britain” which I thought was not very friendly. I thought that because of all of this my colleagues in the Finance Ministry wouldn’t be interested in talking to me at all but in fact they still remained very curious about what was going on and interested in the way that we did things. I realised that if you are in a finance ministry you don’t really have any friends and confidants among the other ministries in your government because they all regard you as the enemy. So the only people with whom you can have good unbuttoned conversations are representative of finance ministries of other countries. So that ensured that the doors of the French Finance Ministry were always open to me.

AW: Would you like to talk a little bit about Denis Healey?

NB: In 1976 Jacques Chirac who was the French Prime Minister, fell out with President Giscard and resigned abruptly. As his successor Giscard chose Raymond Barre who up to then had played no part in political life although he had been a European Commissioner in Brussels for the French. He was a professor of economics. He came in concurrently as Prime Minister and Finance Minister. The predecessor of the G7 summit which I had described had been the G5 Finance Ministers Meeting which was UK, US, France, Germany and Japan. The G5 continued to meet roughly once a quarter. They met in secret partly because they didn’t want the markets and other governments to know what they were doing and partly because the Italians thought that they should be in this group and if they knew where the meeting was happening they tended to turn up unannounced. As concurrently Finance Minister and Prime Minister Barre couldn’t travel outside France without making

this publicly known so he suggested that apart from occasions when the G5 met in Washington in the shadow of IMF meetings, other meetings should take place in Paris which everybody else was happy to go along with. From then on that meant that Denis Healey was coming regularly to Paris and I used to look after him. It usually meant a briefing lunch in the Residence between him, Gordon Richardson, the Governor of the Bank of England, Derek Mitchell and me and sometimes Nicko Henderson. I preferred it when it was just me because I could tell him what I thought he needed to know and between them they would pass on all the gossip about what was happening in London.

There were persistent difficulties about keeping these meetings secret. The first time we decided that Denis Healey should travel out with his wife Edna as if they were ordinary tourists. They came in on economy through Charles de Gaulle Airport and nobody noticed and that G5 meeting was kept secret. But the next time we weren't so lucky because it was the depths of winter and the Chancellor and his party were flying in to land at a military airfield just outside Paris. There was a freak snow storm and the airfield was closed and they had to go to Orly Airport where they were rumbled by the press, which was a pity. When he came to Paris Denis Healey also went to meetings at the OECD and I used to go along to those too. He would sometimes tie himself in knots and hold forth to the 24 members of the OECD, essentially the countries of the Western world, and he would tell them all the things that had been happening at the G5. Then he would realise that he shouldn't be telling them because it was all meant to be secret, so I remember that he would pretend that it all came to him in a dream! I don't think anybody was convinced.

I got to know the OECD which was providing a lot of the intellectual input on economic cooperation for the summits. They also had very useful sessions in which they would examine member economies. I would make a point of going to the sessions when they examined the British economy because I learnt a lot and met colleagues from London and also the one which examined the French economy because that too was full of useful intelligence.

Once we had had our negotiations with the IMF and got loans for our balance of payments the British economy began to recover fast and at the same time Giscard was still looking for the right moment at which he could put the franc back into the snake. His opportunity came in 1978 when Roy Jenkins, who was then President of the European Commission, and Helmut Schmidt independently came up with the idea of a European monetary system which

would create a structure which would tie European currencies much more closely together. The centre part of it was the European Exchange Rate Mechanism which was a successor to the snake and in which countries would fix their rates against other European currencies. They were allowed a bit of wider fluctuation and there were some pots of European money on which they could draw if they got into difficulty. Giscard thought that if this came into being it would give him a home for the franc once again having fixed its exchange rate and also it would prevent the Germans from getting away with the constant appreciation of the deutschmark.

What had been happening was that, almost alone amongst the European countries, the Germans had been keeping a very firm lid on inflation and as a result the deutschmark kept increasing in value in a way that the other European countries couldn't keep up. They had to keep devaluing against the deutschmark. Giscard hoped that the European Exchange Rate Mechanism would exercise symmetrical pressure so that instead of the deutschmark always going up and the others having to go down, sometimes it would be possible to pull the deutschmark down. He also thought that if he could persuade us to join we too would have an incentive in hauling the deutschmark down. He wanted to have a tripartite meeting at Finance Minister level between us, the Germans and the French. There were intense preparations at official level to which Derek Mitchell's successor came, whose name was Ken Cousins. The general message from the Embassy in Paris was it would be a very good thing if the UK joined in this. Nicko Henderson was very eloquent on the political advantages that it would give us as still quite new members of the European Community, and I argued for the economic advantages and thought that if we were firmly tied to these stronger currencies it would give a further incentive for British policy to keep inflation under control. The unions were still unreliable and while the incomes policy had been working better it risked getting out of control at any moment.

However, though I knew there were some other people in the Treasury who thought that there were economic advantages in joining the ERM, Ken Cousins himself was not convinced, principally because at that point we were just getting the first deliveries of North Sea oil and by becoming an oil producing country this, thought Ken Cousins, would exert upward pressure on the pound of a kind which would mean we had to fix the pound at a higher rate than our economy could stand. So considering the difficulties of calculating what the right rate would be, he was opposed to the UK joining. For a moment it looked as if our non-cooperation was going to cause the entire enterprise to collapse but fortunately Giscard and

Schmidt decided that it would be alright to set up the Exchange Rate Mechanism without 100% of the EC members having fixed their rates. So we and the Italians were allowed to sit out the dance and all the others went ahead and it was all agreed at an Anglo German summit in November 1978 at which I was told that my time in Paris was coming to an end and in the Spring I should come back to London to be Head of what was then called Financial Relations Department.

Before I left I had one more task and that was to help Nicko Henderson who would leave shortly after me on retirement, as he thought, to draft his valedictory despatch. He wished to contrast the success of France economically and politically with the lamentable performance of the United Kingdom. To help him he got me to dig out all sorts of statistics to support his view which were not hard to find. I produced for him an annex of data which he sent in with his valedictory despatch. But it was the despatch itself, written in his own extremely arresting style which caught everybody's attention and which was published in the Economist to whom it had been leaked by three separate people. It was definitely a factor in persuading Margaret Thatcher and Peter Carrington who came to power very soon after Nicko and I returned to London to make him Ambassador in Washington.

AW: What was living in Paris like then?

NB: Oh, that was very rewarding. I took over Derek Thomas's flat which was just off the Place de l'Etoile, almost in sight of the Arc de Triomphe and we had our three boys there. I have to say that central Paris was not very suitable for active small boys because there is very little grass at all and none of it can be walked on. So we tended to escape out of Paris as often as we could to the Forest of Fontainebleau or the Parc de Versailles. I didn't mix much with the rest of the diplomatic community but we made a lot of French friends. Both Charlie our second son and Dick the youngest arranged good exchanges, Charlie with the son of an *inspecteur des finances*, need I say, whose wife subsequently became a junior minister in a later government. We had good friends in the Banque de France who had a much more reflective view about what was happening and we had some friends in the British business community, particularly the heads of British banks who were helpful to us.

AW: While you were there I suppose there was the first referendum as to whether we should stay in the EC in 1975. Did that impact on your work at all?

NB: It had happened just before I arrived so I didn't get involved in that. Other aspects of our membership of the Community made an impact. There was a particular episode in 1975 when Giscard called a conference to bring together oil producing countries with developing countries to influence the OPEC members to restrain the increase in the price of oil. Giscard would be the chair but the European Community would have one seat. But Jim Callaghan didn't agree with that at all. He thought that the UK, an important oil producer, should have its own seat. So there was an acrimonious row between us and the French about our separate seat, but I didn't do energy so I can't exactly remember how it was settled. Once the referendum was over, apart from Jim Callaghan, we did have to deal with a number of members of the Cabinet who were distinctly Eurosceptic and behaved in unpredictable ways. We had quite frequent visits from Tony Benn and although he always behaved very well, some other Ministers were a bit less. None of the Ministers that I personally had to deal with caused any trouble but we always had our hearts in our mouths.

AW: They were called "antis" in those days; it was before we had Eurosceptics?

NB: Yes it was! Peter Shore was an anti and he was Trade Minister, but fortunately he moved on and his successor Edmund Dell was much more favourable.

Head of Economic Relations Department, 1979-82

AW: So you leave Paris and are coming back to head up the Economic Relations Department. Was that a new department?

NB: Yes and no. What I was called upon to take over was a department which was variously called Financial Policy and Aid Department, which explains essentially what it did, or Financial Relations Department. I was working to Michael Butler who was then Economic Director with Derek Thomas as Under Secretary and Humphrey Maud had been Head of the Department. Before I'd been there very long the Government changed and it was agreed that aid policy and administration, which had had a Cabinet post of its own under Labour, should now be brigaded as part of the FCO. The Minister for Overseas Development who was a rather pedestrian figure called Neil Marten should not have a seat in Cabinet and efforts should be made to try and bring the Overseas Development Administration (ODA) as it was called and the Foreign Office closer together. One of the decisions was that there should be some FCO/ODA joint departments. So they started with making the Aid Policy Department in the ODA into a joint department and the department I was to be head of likewise a joint

department. Our aid people were absorbed into the new Aid Policy Department and in exchange we received those people from the ODA who looked after commodities policy and North-South relations, i.e. general relations between us and the developing countries. I had a department with one FCO Assistant, Andrew Green who was responsible for our economic relations with Western industrial countries, and one Assistant from the ODA called Bob Stone and he had a team partly of FCO and ODA people.

I didn't think trying to absorb the ODA was a very good idea nor did I think it would endure. It did endure as long as the Conservatives remained in power but since then international development has had its own independence and its own Minister and I didn't think that mixed departments were a very good idea. My department worked perfectly well and so did the Aid Policy Department on the other side of St James's Park but that was because the immigrants, as it were, became completely absorbed into where they were working. The 100% bearded members of the ODA who came to work with me immediately started behaving as if they were members of the Diplomatic Service and one of them even shaved his beard off.

I had a wide spectrum of economic issues to deal with and I will start with those which mainly concerned relations with industrial countries. I found myself back with economic summits. I forgot to say that having reshaped the department we also re-christened it, and named it Economic Relations Department which is what it had been called in the years before.

ERD was responsible for the briefing and support process for the annual economic summits. They had acquired a preparatory apparatus of their own in which each head of government had what was called a "sherpa" who was his personal representative. The British sherpa was the Secretary of the Cabinet who was then John Hunt and later Robert Armstrong. The sherpa was supported by two sous sherpas, a finance sous sherpa who was Ken Cousins and a foreign policy sous sherpa who was Michael Palliser. In our system the Foreign Office was responsible for the briefing material and I was in charge of that, even on subjects which were outside my responsibility and provided by other Government departments. The delegations which went to summits were kept extremely small and I never even got to sherpa meetings. Now in the sherpa apparatus each sherpa has someone called a yak who supports him at these events but then the yaks had not been formalised.

AW: And the summits?

NB: The sequence of summits which happened when I was at ERD from 1979-82 began having to respond to a second oil crisis because at the end of 1978 the Shah of Iran had been overthrown and oil production from Iran dried up. The loss of this supply caused the prices of oil on the open market to go shooting up again, and once again the oil price which had been around 12 dollars a barrel went up to 36 dollars a barrel. After the first oil crisis the Western countries and the G7 summits had tried to support growth but the consequence of that had been that inflation had not been controlled, and so this time the decision was that at all costs inflation must be kept down, even if that meant low growth or even recession. That was what was decided at the 1979 summit and was maintained thereafter. Of course Margaret Thatcher was delighted to find that all of her summit colleagues wanted to pursue the policy that she had already decided was necessary for the United Kingdom. She often used summit decisions as a means of validating the policies that she was following so as to overcome any domestic resistance to them.

We had two summits in 1979 and 1980 when Jimmy Carter was President of the US and he had been obliged to bear down on inflation essentially by the actions of the very fierce President of the Federal Reserve Paul Volcker. His principal preoccupation was America's relations with Iran particularly when the personnel of the US Embassy were being held hostage in Tehran. He was looking around for means of pressure to put upon the Iranians and particularly asked us, the UK, if we would freeze all Iranian assets held in banks in London, which we really didn't want to do. We tried to tell the Americans that we didn't have legal powers to do so but they pressed us and in order to help them we did enact some legislation to make it possible to freeze foreign assets, which came in handy later on.

Carter was defeated and Ronald Reagan came in for the summits of 1981 and 82. In his first term he changed US economic policy, he introduced what was known as 'Reaganomics'. The monetary policy remained extremely tight, Volcker still being in charge. He cut taxes in the belief that it would encourage Americans to work hard and earn more, but in fact tax revenue would remain as high or higher than before. He was completely wrong and as a result the American budget deficit became vastly enlarged and under the pressure of the tight monetary policy the dollar went upwards and this caused great unhappiness amongst the Europeans. Giscard and Schmidt were roundly abusing Reagan's policies, but Margaret Thatcher didn't. She kept quiet about it because of her personal friendship with Reagan.

The chairmanship of the summit rotated to a different head of government each year and in 1982 it had come back to the French. President Mitterrand was in his second year of office and he decided to hold the summit at the Palace of Versailles where he hoped to revive Giscard's plan for stabilising currencies. The Americans didn't like that at all. The Americans wanted to get the Europeans to cut back on their economic relations with the Russians and East Europeans and particularly to import less oil and gas from Russia. It was at a time when large new gas pipelines were being built to bring gas into Europe, particularly to Germany. To pump the oil and gas along the pipelines they used turbines supplied by the US company Westinghouse. The Reagan administration threatened that unless the Europeans restricted their economic relations with Russia and Eastern Europe the US government would prevent Westinghouse from providing this technology. This was all bubbling up at the time of the summit. During complicated negotiations there appeared to be a deal that the Europeans would agree to limit their economic relations with the Russians and the Americans would agree to stabilise exchange rates. But no sooner was the summit over than both sides said that they hadn't agreed to that at all and as a result the Americans came very close to carrying out their threat to the oil pipelines. It was an extremely tense period of US relations and we were very much on the European side.

Before we leave summitry I should say that the Versailles summit was memorable for one episode. It took place at the time of the Falklands crisis. After the main summit proceedings had finished there was to be a great banquet followed by the performance of an opera. As these junketings proceeded Margaret Thatcher decided that it wouldn't look very good while the fighting was going on in the Falklands, and we were clearly winning by then, if she was staying away enjoying herself in Paris. As the dinner was drawing to a close she told Giscard she was heading for the exit taking with her the two Ministers and the sherpa Robert Armstrong. But the other members of the British team which were Michael Palliser and Ken Cousins and Julian Bullard and I think a fourth person were too far down the table and it took them too long to get out and by the time they emerged into the open air it was only to see the Prime Minister's helicopter going off into the sky. They immediately commandeered a car and rushed to Orly Airport, again too late. The plane was taking off, taking with it their luggage. So there they were late at night on the outskirts of Paris in their dinner jackets. Needless to say members of the Embassy took them in but they had to catch the first flight back to London the following morning still in their dinner jackets. Julian Bullard said "like members of a string quartet returning home".

Summitry brought me into contact with other institutions. I used to go to meetings at the OECD because they covered all the economic issues that I was concerned with. And indeed paying for the OECD was on the FCO budget which was a problem in that we wanted, at a time of national stringency, to keep the OECD from spending too much money whereas almost every other Ministry in HM Government had an interest in the OECD, whether it was for the Treasury or in trade, science and technology, environment, they were only too happy for the OECD to continue to do excellent work and to spend more money. So I had quite a struggle keeping that under control, especially as the OECD didn't always make themselves popular in that they announced at one point that because of the policies that the British Government were adopting, unemployment would reach about three million. Geoffrey Howe who was Chancellor, was so angry that he threatened to leave the OECD for making such ridiculous predictions. Needless to say they got it pretty right and it did go above three million. There was also, co-located with the OECD, the International Energy Agency who were key players in the work to reduce consumption of energy so that Western economies were better able to deal with the high prices.

So summits and the OECD, where I also learned about trade policy, were quite easy to deal with but it was more difficult to penetrate the IMF. This was the Treasury's task and they guarded it very jealously. I had a stroke of luck in that in 1980 there was a political problem which threatened to paralyse the annual meeting of the IMF and the World Bank in September. The Palestine Liberation Organisation had applied for observer status at the IMF and the Americans couldn't stand for this. Unusually it was put to a postal vote of the members and there was a majority in favour. Nobody knew what was going to happen, whether they would insist on turning up and whether the Americans would say the meeting couldn't take place. Mary Hedley-Miller who was in the Treasury felt that she needed some political advice and asked me to join the delegation although I knew no more about the PLO than the Treasury did. But it meant that I was able to get to a meeting of the Commonwealth Finance Ministers meeting in Bermuda and went on to the meeting in Washington and that gave me a chance to see how the Fund and Bank operated so that I was better placed in the arguments which I was constantly having with the Treasury about debt problems.

The developing countries were having persistent difficulties in paying their debts because the economic policies that had been brought in after the second oil crisis, i.e. pressing down on inflation, with consequent recession and high interest rates, all made the debt repayments of these countries higher and their ability to increase export earnings with which to pay their

debts was reduced. So the pressures were increasing and more and more countries were applying to the IMF for loans to tide them over. These loans required conditions imposed by the IMF and these were agreed by the membership sitting in the Executive Board and the Americans favoured the Fund being very tough and the Treasury tended to go along with the Americans. The FCO generally considered that a lot of these poor countries were in no position to repay their debts and merely imposing austere economic policies, balancing their budgets, etc, would only make things worse. So I had a lot of arguments with my Treasury colleagues and I have to say that if we could produce a very strong political case as to why they should temper the wind to the debtor countries then they would listen. When I challenged their economic prescriptions I had much less success.

And that brings me to the other half of the work which I was doing in that department which was concerned with North South relations. The debates on North South relations mainly happened in the United Nations and related conferences. Also policy was coordinated in the European Community which was not the case with summits and the OECD. I found myself often travelling to Brussels and debating with my European colleagues.

Earlier in this account I have explained how back in the sixties the developing countries had decided that when they had a majority of seats in the United Nations this was a good vehicle for them to promote their bid to get a better deal. By the 1970s and early eighties they were visibly promoting what was called the New Economic International Order which was essentially to reshape economic relations to rid them of the disadvantages they thought they had and to put restraints on the way Western countries behaved. The main thrust of what they were asking for was to put greater government control over economic relations and to reduce the scope for free operation of the market. So they wanted greater management of prices for commodities and they wanted removal of trade barriers to their advantage while they were able to keep their barriers up. All policies which were extremely unwelcome to Western countries who largely divided into two camps. There was the camp which wished to defend the existing market based Western stance without making any concessions and this first camp was arguing on economic grounds, and the second camp which said that for political reasons it was a good idea to try and do as much as possible to gratify the developing countries and to meet their demands.

As you can imagine the US under Reagan and the UK under Thatcher were in the first camp, sometimes joined by the Germans, although not always, and the rest of the European Union

by and large were in the conciliatory camp. So that meant that the discussions I had in Brussels with my European colleagues were usually fairly tense and it was hard work to defend the position I had to defend and the problem was that I wasn't entirely happy with it in that I felt that because of the policies which the Western governments were adopting, the developing countries were suffering. They had great drawbacks to overcome from underlying poverty anyway and that they were being put at a disadvantage. But meanwhile the British Government in seeking as was said to "put its own house in order", was not only being unsympathetic to the developing countries but was actually cutting back on programmes.

In 1980 an independent panel had been set up under the chairmanship of former Chancellor Brandt, the so-called Brandt Commission, to try and work out a consensus position which all governments could support and improve the lot of the developing countries. An influential member of the Brandt Commission was Ted Heath and he had a private secretary who handled Commission business and who was very keen that the British Government should give a positive welcome to his report. I had quite a lot of discussion with him. When the report came out and a response was needed to be laid before Parliament, I took it upon myself to try and draw up the response in as positive and forthcoming a manner as I could. But in fact it was a vain endeavour because of the reduction in the amount of our aid. None of my honeyed words and claims that we were doing other things had influence on public opinion at all. Since relations between Ted Heath and Margaret Thatcher were not good she wasn't that distressed.

One of the recommendations of the Brandt Commission was that if North South relations seemed to have got very badly bogged down, there should be a North South Summit Meeting. In the United Nations the developing countries were pressing for the UN to conduct what was called "global negotiations", global not in the sense of "world-wide" but in the sense of "all-embracing", to include trade, financial flows, investment, technology transfer and in particular coordinating the activity of international economic institutions. This was anathema to the US government and indeed to the British Government because they were not prepared to tolerate external control and limits of action on the IMF and the World Bank and so a first attempt to launch global negotiations at the UN had been frustrated. In 1980 we, the Americans and the Germans voted against the critical decision.

The decision was taken to hold a North South Summit which was to take place with twenty participants, ten developed, ten developing, and it was to be co-chaired by Mexico who would be the host. It would take place at Cancun and originally the other co-chair was the Austrian President but he fell ill so it was co-chaired by Pierre Trudeau. Reagan and Margaret Thatcher were very reluctant to go to this event but eventually they were both persuaded and I remember going out to Cancun with Peter Carrington, as Foreign Secretary, for a preliminary meeting to work out the programme and logistics. I chiefly remember the fact that Peter Carrington was extremely cross being told by Margaret Thatcher to go to this because it was the only weekend when he thought he would be able to get to a test match and he was sure that the meeting was unnecessary. He was quite right! But at least I got to see how the thing would be arranged because later I went back with Margaret Thatcher herself and a small team.

The conference itself was actually rather harmonious and Margaret Thatcher particularly hit it off very well with Indira Gandhi and they had some good, lively discussions on issues of development and I think Reagan also enjoyed himself. Some of the other delegations entered into the spirit of having a meeting in Cancun and they would appear in shorts and tee shirts but Margaret Thatcher made it clear that she expected her team to be properly dressed because as she said "You are not here to enjoy yourselves". Although as a gathering of the great it was harmonious, it wasn't particularly productive in terms of decisions and in particular produced a formula on global negotiations which was completely ambiguous. But it sent the matter back to the UN General Assembly; we are now in 1981, in the awkward circumstances that at that time in the second half of 1981 the UK held the Presidency of the European Community which meant that I would have to be the European spokesman in the discussions in New York.

Since the British views on global negotiations were different from all the other Europeans I had a narrow tightrope to walk. However we started by going to an OECD meeting to work out common lines and I had worked out a strategy which London could live with and I advanced this at the OECD meeting. To my great relief both the European Commission and France, who were the leading conciliators of the developing countries, said that it was OK. Then I went off to New York and was taken under the wing by the Economic Counsellor at our Mission, John Boyd, and he looked after me extremely well. He took me home to meet his wife and his lively three small daughters and we used to escape from the UN building and go and eat oysters in the Grand Central Station Oyster Bar. We had a problem, John and I.

We decided that six oysters each wasn't enough but that twelve each was greedy so we used to have nine oysters each which we somehow thought was a respectable amount!

I realised that I wasn't going to make any progress on global negotiations unless I got the Americans on my side. I went to a first meeting of the relevant UN committee, a limited group which was seeking the way forward on global negotiations. I managed to play for time to the point where I wasn't committed to anything and then together with my Commission counterpart, who was fortunately a very sensible Dutchman who was a bit of a global sceptic like me, we sat down with the Americans and had a series of discussions. We worked out a draft resolution which would allow global negotiations to go ahead and would protect the position of the IMF, the World Bank and other institutions yet give enough points which would please the developing countries to let us get away with it.

Having done that I then went to see Anthony Parsons, told him what I'd been doing and he thought it sounded fine and he took me along to meet his colleague the Algerian Ambassador who was the leader of the G77 as the developing countries group in the UN was called. He was a strange toad-like figure, heavily made up but obviously extremely sharp. Anthony Parsons expounded our ideas and I chipped in and the Algerian nodded and sucked his teeth and said that he thought he could sell it to the group. It was a Friday by that time and over the weekend there was a snow storm so I was stuck in my hotel and I turned on the television to observe that Soviet tanks were rolling through the streets of Warsaw. It was the point at which the Russians imposed General Jaruzelski on the Polish Government. Needless to say that monopolised what was left of the session of the General Assembly so the formula I had worked out with such care was never actually tested, rather to my relief as I doubted very much whether it would stand up to the strain. I went back home to discover that Diana had been struggling with water coming through the roof. Global negotiations never took place.

The remainder of my time in ERD, that's the first six months of 1982, were dominated by two quite independent events. The first brought my responsibility for commodities to the fore. It had been dormant up until then. The time had come when the International Tin Agreement needed to be renewed for another five years. This was an agreement which stabilised the international price of tin and was done through a buffer stock in the charge of a buffer stock manager. When the price of tin rose too high he would sell tin from his stock to bring the price down and when the price fell too low, he bought tin. He operated mainly on the London Metal Exchange and this agreement had been working pretty well for ten years

but this time renewal was going to be different. One change was that the European Union had decided that its position on commodity questions would be decided collectively by unanimity and the other change was that the tin market was in a state of stress because a Swiss based speculator called Mark Rich was busy playing the market and causing it to fluctuate in a very unpredictable way.

Responsibility for commodity agreements in industrial commodities rested with what was briefly an independent Department of Industry, detached from the DTI, and specifically with a very strong minded woman called Enid Jones. Enid decided that it would be wrong to renew the International Tin Agreement because the price of tin was too high. The actual prices which were defended by the buffer stock manager were decided by the International Tin Council who had representatives of both tin producers and users and it had tended to set the prices high to please the producers. Enid Jones's view was that this was very bad for British consumers of tin because they had to pay too much for their tin and were forced to seek substitutes. Even British tin mines, of which there were still some, were suffering because the higher price meant that the demand for tin was going down and they could sell less. Enid thought that if the agreement wasn't terminated it would go bankrupt.

Against these economic arguments I had very strong political arguments for wanting the agreement to go on. First, nearly all the European Community members, except sometimes the Germans, were very strongly in favour of it continuing. The developing countries generally favoured commodity agreements because they controlled the transactions so they too wanted it to continue. If we resisted, we would prevent there being a consensus in the Community that would mean that this large group of consumers wouldn't join. The Americans had already decided not to join and so without all those consumers, the agreement would collapse. That would alienate the Europeans and it would alienate the developing countries and clearly also the largest tin producer which was Malaysia. Malaysia was then governed by Prime Minister Mahathir Mohamad with whom we had been having a number of damaging bilateral disputes and I had very strict instructions from Peter Carrington that we were not to have another dispute with the Malaysians.

I pointed out to Enid that the agreement had functioned perfectly well for thirty years, and it looked as though the market was reasonably stable and that there were lots of reasons for allowing it to continue. But she wasn't convinced, so there was a standoff. The Department of Trade was on my side, they had a general responsibility for commodity

agreements and the UN Conference for Trade and Development, so they thought it should continue but the Treasury thought it should be terminated because if it went bankrupt there would be a loss of taxpayers' money. So there was still a deadlock. It was agreed that it should go to a Cabinet Committee and it went to the General Overseas Committee. This brought in on one side the Ministry of Agriculture and they had looked after some commodity agreements in agricultural commodities and didn't like them so they were only too happy to see this agreement fail. But it also brought in the Minister of Defence and he was very keen to make defence sales to Malaysia and he didn't want to alienate the Malaysians. There was complete stand-off in Whitehall and it had to go to Number 10 for the Prime Minister to arbitrate. I wasn't happy about that because the agreement was in a sense an interference with the market which she didn't like and also her friend Ronald Reagan's administration had decided not to join it, so I wasn't sure how we were going to get past her.

Before she had to decide it just so happened that there was an Anglo-German summit and she went off to Bonn with Peter Carrington to have a meeting with Helmut Schmidt and Hans-Dietrich Genscher, the Foreign Minister. The Germans were wavering - they couldn't decide whether to continue or not. What happened was that Peter Carrington managed to convince Genscher that the Germans should agree to join and then it would continue. Genscher was convinced by the political arguments and he convinced his principal Schmidt that the right thing was to join. Schmidt convinced Margaret Thatcher and she agreed it should continue. So the Foreign Office view prevailed despite the fact that Enid was right and the agreement did go bankrupt within three years, so there was a loss to taxpayers' money, although on the other hand we did avoid a lot of political ructions, particularly with the Malaysians.

No sooner was that over than the Falklands crisis broke out. It happened just before Easter and I had already sent the family away on holidays. Late on a Friday the word began to come through that the Argentine invasion fleet had set sail. I could immediately see that one reaction would have to be economic sanctions against Argentina. There was a late evening meeting in the Foreign Office to which Tom Bridges, who by then was the Economic Director, was going and I just managed to catch him to remind him that providentially we now had legislation to freeze Argentine assets in London, and that was done on the Saturday morning. Early the following week we put together a plan to get the European Community to impose trade sanctions on Argentina, in particular an import embargo since it would be easier to control trade coming in at European borders than going out. I remember drafting a

telegram of instructions to the Mission in Brussels and sending it over to Number 10 and wondering if my telegram was tough enough. Only to receive a late telephone call from John Coles who was then the FCO person in Number 10 to say the Prime Minister thinks this is rather strong stuff and can you tone it down a bit! So I toned it down and it went off and I must say the Mission in Brussels worked wonders in that they managed to get all the Community members, including the Italians who did a lot of trade with Argentina, to impose a total trade embargo.

We tried hard to get other countries to join in with trade and financial measures but the Americans and the Japanese could never be brought to do it. On the other hand, what we had done with freezing the assets in the City of London had made all international banks in New York cautious about Argentina which was essentially shut out of the financial markets. We never expected that the economic sanctions alone would cause them to draw back, they were too far in. But at least it gave them a shock and they learned that invading the Falklands was not a pain free option and even before the British expeditionary force appeared they were going to suffer. That was the limit of my involvement in the Falklands crisis.

AW: And it was coming to the end of your time in ERD?

FCO Fellow at Chatham House, 1982-83

NB: Yes I had been offered a sabbatical, on the strength of long hard service under pressure in ERD because it was very demanding keeping all these balls in the air. Particularly it meant very little work actually in the FCO and nearly all with these other departments, the Treasury, DTI, ODA, Industry, Bank of England, all of them. So I was able to go on a sabbatical, or as it was called then a Career Development Attachment, because Margaret Thatcher didn't like to think of her civil servants having sabbaticals. I could go and spend the next year as the FCO Fellow at Chatham House where I had established some good links from my time in the Planning Staff, to conduct research into, inevitably, the economic summit.

As I prepared to go to Chatham House and to handover my department to Len Appleyard, who had been occupying my shoes in Paris as Financial Counsellor, a monumental debt crisis was brewing which had been forecast by Chancellor Schmidt at the Versailles summit in June. It finally broke out in August when first Mexico, then Brazil and then Argentina all defaulted on their debts and these debts were so large that if they really ceased payment several American banks would become insolvent because it would use up their capital. So

that financial crisis came closer to the brink than at any time until the crisis of 2008. Happily I was on my way out and I could hand that over to Len and I went and established myself in Chatham House for what was definitely my happiest and most enjoyable year in the Diplomatic Service.

I had the blessing of Robert Armstrong, the sherpa, and the FCO and the Treasury to conduct research into the economic summit, what it had done up until then and what it might do in the future, particularly how it interacted with other international institutions. I had a great stroke of luck in that even before I'd left the FCO I'd met an American academic called Bob Putnam spending the summer in Chatham House and his subject of research was the economic summits and how they interacted with domestic policy making. We got together and decided we had a lot in common and before the end of the year he suggested to me that we should join forces and instead of producing small individual pamphlets or academic articles, we should produce a full length book which we could do if we worked together.

I don't think for this record I need tell you what was in the book but I think it is of interest how we went about producing it because initially while I loved the idea and so did Chatham House of writing a full length book in collaboration with a well-established American academic, I couldn't see how the Foreign Office was going to wear it. It was the FCO Librarian, Eileen Blayney, who was responsible for the rules on published works by members of the Diplomatic Service. I proposed to Eileen that the book would appear under our joint names but we wouldn't write joint chapters, each chapter would be written either by me or by my academic colleague Bob Putnam and that we would make it clear at the beginning of the book who had written which chapter and we were each only responsible for the chapters we had written. I would, of course, submit my chapters to be cleared by the FCO but Bob wouldn't submit his chapters because that would be intolerable for his ideas of academic independence. To my surprise the FCO agreed with that.

We set to work on that basis. We relied on published sources and on interviews with participants. I ended up interviewing about a hundred people involved in the subject including those who were or had been sherpas. Bob, I think, interviewed two hundred. I had a problem. I knew what had happened at the summits which had taken place so far because I had been involved with them professionally and I'd seen all the papers; but I could not use this material directly. What I did was that I made copies of all the papers I thought I needed from the files and then I went and consulted the very voluminous files of press

cuttings which were kept in Chatham House and I adapted the procedure that I'd used when I was in IRD. I read the press cuttings and when I came up with an article which corresponded with the events such as I knew them from the official papers then I could use that press report as the basis for the account which went into the book. That, together with the interviews with people who would usually speak extremely freely on the basis that it would not be attributed to them. A few people had published their memoirs by then too. So we were able to tell the true story of what had happened at previous summits. From the narrative we naturally went on to give our own opinions about how the summits had performed and what they were good for. If at any point I had a particularly controversial point that I wished to get into the book, I would get Bob Putnam to put it into one of his chapters so it wouldn't have to go through the clearance process.

AW: Cunning plan!

NB: I worked in this way with various visits to Bob Putnam at Harvard and his agreeable house at Lexington, and also trips to the Embassy in Washington and the High Commission in Ottawa, and to New York and Geneva, then to Paris and Bonn. The missions made me extremely welcome and helped me to meet all the people I wanted to meet, so that within the time that we had, which was essentially to the autumn of the following year, 1983, we put together a book. We got it to the publishers in November just in time for it to appear in May 1984 before the next summit which was to be held in London. The only drawback was that the book came out just as the publishers Heinemann were being taken over and the chap at the publishers, David Hill, who had masterminded our book, went off and so the sales promotion of our book was very unsatisfactory and not many people bought it. It got some good reviews including one by the former British and American Sherpas...

AW: And its name?

NB: It's called "Hanging Together". Bob Putnam found the title. Benjamin Franklin said when he signed the Declaration of Independence "We must all hang together or assuredly we will all hang separately". Despite poor sales at the beginning, thanks to Bob Putnam's energy we managed to produce versions in German, Japanese and Italian in successive years, updated on each occasion. Finally Bob Putnam managed to negotiate with David Hill, who had gone to a publishing house called Sage, and with Harvard University Press, that we should produce a revised and updated English edition, still called Hanging Together and that came out in 1987. I had had no problem with clearance of the first edition but clearing the

second edition gave me more grief because by then I was Ambassador to the OECD and had a higher public profile. But I managed it in the end with the great patience of my FCO colleagues, I must say. The second edition sold very well; indeed I think it is still in print thanks to Bob Putnam.

As soon as the first edition was put to bed, within a week Diana and I had got onto an aeroplane and gone to Paris, Brussels and on to Kinshasa where I was to be Ambassador to Zaire, as the Democratic Republic of the Congo was then called, to the ex-French Congo, to Rwanda and Burundi.

Ambassador to Zaire, Congo, Rwanda and Burundi, 1983-84

AW: It is 15th March, the Ides of March, and Nicholas Bayne is continuing his recollections of his diplomatic career. Last time we broke off just before you were off to be Ambassador to Ooh, lots of posts in Africa! You have said that you would like to start by talking about the non-resident posts. But presumably you arrived in Kinshasa?

NB: That's right. I was resident in Kinshasa as Ambassador to what is now called the Democratic Republic of the Congo but was then called Zaire and I was non-resident Ambassador in ex-French Congo, just across the river Congo from Kinshasa and in Rwanda and Burundi, small countries, each about the size of Wales, way over on the east side of this large country. I'll dispose of the non-resident posts first, but they were essentially separate activities.

I only stayed in Kinshasa for a little over a year, for reasons I'll explain later so I managed three visits of ten days or so to Rwanda and Burundi, once to present credentials in Burundi, second to present credentials in Rwanda and to hold Queen's Birthday Parties in both countries and finally to say goodbye. Indeed I ended by holding four Queen's Birthday Parties because I also hosted parties in Brazzaville in Congo and in Kinshasa, 750 people altogether.

Rwanda and Burundi were two very attractive countries. They were landlocked, mountainous, and very beautiful and had a very agreeable climate. They were occupied by an uneven mix of indigenous peoples, the majority Hutu who were small Bantu folk mainly crop growers and the tall elegant Tutsi, traditionally cattle people. The Tutsis were the ruling race and the Hutu for centuries had been the inferior race. But after independence from Belgian rule in the early 1960s there were a series of bloody civil wars and the result

was that in Burundi the Tutsis were still in charge under President Bagaza but when President Javier Habyarimana had come to power in Rwanda in 1973 he had established a regime whereby the Hutu were in charge. As a result a lot of the Tutsis had gone into exile in Uganda where they led a fairly miserable life.

Both countries were in good shape, I thought. They were well governed, they had a decent economy based on coffee largely and British interests were looked after by two amiable honorary consuls Tony Wood, who was a coffee magnate in Rwanda, and Charles Callot who was a retired Belgian businessman who took his responsibilities seriously in Burundi. Our main interests were small official aid programmes in both countries in the education sector largely and when I went there I would meet the British experts and they reported that they thought they were doing good work and that the countries were taking advantage. In Rwanda there was also a very substantial Anglican mission with a splendid cathedral in Kigali where they sang hymns in Kinyarwanda to the familiar tunes. In the countryside there was a very impressive spinal injuries hospital. In Burundi because of the tension between Tutsi and Hutu the missionaries weren't so welcome.

Ex-French Congo was much more accessible. It was only a short ferry ride across from Kinshasa and there was a resident one-man mission there led by the extremely capable and resourceful Clive Almond, supported by his equally resourceful and energetic wife Auriol. When I arrived they were operating from the main hotel in Brazzaville, but I was able to help them with purchasing a dedicated property to be both their house and the Embassy offices. Like the other countries Congo was an autocracy. President Sassou Nguesso, to whom I presented my credentials in 1984 hadn't been in power very long, but he is, in fact, still in power in 2016. He hasn't been there continuously, but he's back!

The Congolese were well looked after by their ex-colonial power, the French, who gave lots of generous aid. As I recall we didn't have an aid programme there. But they had quite decent offshore oil resources so the country was solvent and the life of the people by African standards wasn't that bad. Clive was a very energetic person and I visited him when I could help him. We had a Ministerial visit by a junior Trade Minister who came by because trade opportunities were worth pursuing in Congo because by and large they were solvent and they paid their bills.

However, conditions were very different in Zaire. Any account of the state of that country really has to begin with President Mobutu. He had been in power since 1965 and when he

came in he had been welcomed because he put an end to endemic conditions of civil war in the four years since the country had been independent from the Belgians. He created a sense of national identity for the country which I think persists even to this day. This good start made him welcome to the Americans in particular, because he was strongly anti-Communist and there was a long running civil war supported by Communists, Russians and Cubans, in Angola, over the border. But once established in power he began to remake what was then called the Congo in a powerfully nationalistic model. He changed the name of the country to Zaire, which was also the name given to the river and the currency, and he introduced what he called '*authenticité*' which claimed to bring the country back to its original African roots and to get rid of all the vestiges of colonialism. He obliged everybody to change their names, so they took African names, no Christian names allowed, he outlawed the business suit, everybody wore what was called the abacost, which meant "down with the suit" and it was a sort of bush shirt worn with a cravat. He changed all the names of the principal towns, so Leopoldville became Kinshasa and so on, and he set up all the apparatus of a one-party state, it was called the Mouvement pour la République, as I recall, of which he was the founder, and he changed all modes of address. Nobody was Mr or Mrs or Madame, they were *citoyen* and *citoyenne*. He became known as Citoyen Président Fondateur and this was how you had to address him on any occasion.

AW: With this code of dress, as Western diplomats did you compromise?

NB: No we wouldn't have got away with it; it would have been frowned on if we had turned up wearing the abacost but if my Kenyan or Tanzanian colleagues had chosen to adopt it, that would have been greatly welcomed.

AW: Was there any opposition at all?

NB: No, no form of political opposition was permitted. All opposition figures who had managed to survive were now in exile in Brussels and there was no freedom of the press, all media were governed from the centre which meant that as sources of information they were useless. When I went to present my credentials to President Mobutu, who was a big burly man, well past middle age, he gave off a really powerful air of dominance and ruthlessness that you certainly didn't want to get on the wrong side of. He was an out and out tyrant and he governed Zaire as if he was the paramount chief and the country was his personal estate. The result was that the country was completely bankrupt because he treated government revenues as if they were his own personal resources. He piled up a substantial private

fortune, which back then was reckoned at about four billion dollars, and otherwise he used government revenues as patronage to keep people on his side. But he made sure that nobody was able to build up a source of opposition to him so he constantly reshuffled his cabinet and passed these sources of finance to different tribal groups and they, in turn, rewarded their members down the line.

Although over the years Zaire had received very substantial amounts of outside finance from the Americans, the Belgians and the French, all this money had essentially been wasted. Ambitious investment programmes usually ended up with the buildings being abandoned. All the money that they earned was embezzled by Mobutu and his cronies. There was in the area of Kinshasa a cement factory, an oil refinery and a steel works but nothing was happening. On the one hand existing government employees were lucky if they got paid at all and on the other hand the payroll of public enterprises was inflated by imaginary people who received salaries that went straight into the pockets of those in power. There was no public health service worth a name so if you fell ill you had to be flown out to South Africa or the nearest place where hospitals could be found.

As a result of this profligate behaviour the country had piled up external debt of about five billion dollars at that time, which was in arrears. At the moment I arrived Zaire had just managed to do a deal with the Paris Club to reschedule its debts. As this was the sort of problem I had been handling as Head of Economic Relations Department, there at least I knew what was going on and my inexperience of Africa didn't tell against me. I knew what happened to countries that got their debts rescheduled by the Paris Club, they had to agree a programme of corrective measures with the IMF which Zaire had just done, shortly before I arrived. One consequence was that the currency, the Zaire, was devalued 80 percent which was a good thing as far as I was concerned because before that black market operations had been rife, but now it had a reasonable equivalence.

AW: It must have been very difficult to do any work in that situation?

NB: It was difficult to do any work and to find out what was really going on. I, and other members of the diplomatic corps, had occasional contacts with Mobutu in person and it wasn't difficult to call on Zairean ministers but they weren't really worth talking to. One person who was worth talking to was the then Prime Minister whose name was Kengo wa Dondo. His mother had been Polish and he had a strange Chinese look about him but he'd been told by Mobutu that the IMF conditions had to be fulfilled to get the debt relief and he

was determined to do his best to get that done, and indeed there were some improvements in the year that I was there. The other person of some efficiency was a state secretary at the Foreign Ministry whose name was Citoyen Lengema who was the aid coordinator and with whom I did business on questions of the British aid programme. The Foreign Minister, who was called Umba di Lutete, was a friendly soul and he had a visit to London which he enjoyed but he didn't cut much ice really.

I should have mentioned earlier that Zaire was potentially an extremely rich country with very rich mines of copper, tin and cobalt down in the southern province. It had deposits of diamonds, palm oil plantations which had originally been put in by Lever Brothers and there was coffee in the north east but none of these benefitted Zaire at all. The mines were just about producing but the equipment was seldom replaced so the output was much less than what it had been in colonial times. As far as diamonds were concerned, the state bought in all diamonds at such ridiculously low prices that anybody who could do so smuggled their diamonds out and sold them in other countries. Likewise the output from the coffee and the palm oil were negligible. Because of this great potential wealth Zaire was a country of interest to the Europeans and the Americans and even to us, in that a complete collapse of the country would have been very unwelcome.

AW: Did you have a lot of visitors?

NB: Yes, as a result of international interest in Zaire there were quite a lot of high level visitors and there the procedure was that a great banquet would be given at the Peoples Palace which had been built by the Chinese, and was still looked after by the Chinese, and was reputed to be the largest building in sub-Saharan Africa. The diplomatic corps and the cabinet were invited to these banquets and we all sat down at round tables, all mixed up, and you would think that that would be a good opportunity to find out what was going on but it was hopeless because the instant we sat down, the music started. The Zairians were very gifted musicians, even to this day they produce some very good performers, but they were very loud. There was usually a huge barrel chested Zairian singer supported by waiting ladies and he would belt out these songs and you couldn't hear a word anybody said.

AW: Did you have British high level visitors at any point?

NB: No. We did our best to find out what was going on and one useful source of information was my Commonwealth colleagues from East African countries, Kenya, Uganda

and Tanzania because quite a lot of Zairians in the east of the country speak Swahili and there were a lot of Swahili speakers in Kinshasa and they provided information to their Ambassadors so they were a useful source of information. Otherwise politics were not a fruitful field.

Economically we did have a small aid programme. It was £1 million a year. Because of the conditions in Zaire we didn't like to send technical experts because they were not well treated and one couldn't rely on what they did lasting beyond their departure, and for the same reason we didn't really offer scholarships to Zairians in the way we did to folk from Rwanda and Burundi, and so the practice was that we would make gifts of equipment. We had a very successful programme over many years at which we would present the Zairian government with Bailey bridges in various sizes which were very useful to them because the country is full of rivers that need to be crossed. The advantage was that once you got them installed they couldn't be stolen because anything that wasn't actually nailed to the ground was stolen. Theft of all kinds was endemic.

By the time I got there we had actually put Bailey bridges across all available river crossings and we needed to think of something. Eventually we decided to divide that year's amount of money. Half of it went to supply new buses for the local Kinshasa bus network which was in a state of near collapse. They were useful in Kinshasa, could be clearly identified as being part of the British aid programme and there was a subsidiary of British Leyland, as it then was, near Kinshasa, assembling Land Rovers. Richard Wynne, head of this operation and a very energetic fellow, who we will come back to, would make sure that they these buses were properly maintained. The other £500,000 went to provide the equipment to upgrade and renovate the steamers which operated the service up the River Zaire to Kisangani and beyond and that operation, ONATRA it was called, was run by a Belgian expatriate who had previously worked for HMG in Kenya and whom we relied on. After the complicated negotiations with Citoyen Lengema, that was the agreement.

There was also a good deal of British private charitable work going on in Zaire, and Oxfam had a substantial operation in the countryside between Kinshasa and the sea. They had a few local experts, who we kept an eye on, and they helped Zairian farmers improve the quality of their agriculture. British Baptist missionaries, who had been in the country since the 1890s and were still there, ran three very impressive hospitals, two of which I visited. There was Kimpese down towards the sea, Bolobo upstream from Kinshasa and Yakusu up near

Kisangani, the second town in the country. The story was very interesting and in a way sad, in that once established in power Mobutu had nationalised all foreign enterprises and he had nationalised the three Baptist hospitals and told the Baptists to depart. Ten years later he appealed to the Baptists to come back again. I was told the story when I visited the hospital at Bolobo that when the Baptists came back they found that over the years the Zairian staff in the hospital had never been paid, so they supported themselves by selling the drugs and the equipment. The result was that there was a hospital with no drugs and no patients and a lot of unpaid staff. The Baptists were able to turn things round and they were providing one of the few healthcare services in the country.

It was a major task of the Embassy to make sure that these British activities, both Government financed and private, could operate as best they could, and happily in the short time that I was there we didn't have to take up the cudgels on their behalf. But as you can see conditions weren't very favourable.

AW: Did the President pay any lip service to democracy? Did they have any elections?

NB: The day after I presented my credentials in January he announced that he was going to stand again for re-election and in September there were elections. But he was the only candidate and he received 99 percent of the votes cast, so that was the sort of election it was. The great and the good of the government and the diplomatic corps were invited to a large assembly hall to hear him deliver the programme for his next term of office. It went on for three and a half hours. His second wife Mama Bobi sat on the platform fast asleep.

I mentioned at the beginning that Mobutu had instructed his Prime Minister Kengo wa Dondo to do his best to try and restore the country to solvency on the lines required by the IMF. But by the end of the year it was clear that Mobutu was restless under this discipline and it just so happened that one of the opposition groups in exile decided to land a small force in the extreme south east corner of the country, coming ashore off Lake Tanganyika, in the hope of creating an uprising. It was led by Laurent Kabila, Mobutu's eventual successor. It was a vain hope and it was soon put down. Shortly after this I went to pay my farewell call on President Mobutu and he said that this uprising was a very serious matter and he needed to spend more on security and the armed forces, so he wouldn't be able to devote so much attention to the things that the IMF wanted him to do, and that he would need more aid from his Western partners in order to protect the country against these outside threats.

AW: So he turned this to his advantage...

NB: Yes, that's right.

Having arrived in November in one year, I left in December in the following year for personal reasons because in the course of that year our middle son, aged 19, doing his gap year with us, had suffered a very serious spinal injury from a diving accident. He had to be flown down to South Africa with Diana and spend some months in hospital there and then go back to the spinal injuries unit at Stoke Mandeville in England. We had the greatest help we could have from the Foreign Office and indeed everyone we knew in Kinshasa was very sympathetic and helpful. Part of that was that the Office decided that they should terminate my posting to Zaire and that I should be attached to the Civil Service Selection Board at the beginning of the year and that then I should go to be the British Representative at the Organisation for Economic Cooperation and Development, OECD. That was an ideal programme for me and for our family because it meant we could prepare Charlie, our son, for going to Cambridge where he was destined and where his college very much wanted him to come, and then we would be posted not very far away so we could get home when necessary. And it was also a post which fitted my background in economic diplomacy very well.

Civil Service Selection Board (CSSB), 1985

AW: You are back in the UK and selecting new diplomats, which must have been exciting work?

NB: It was very interesting, and I think I can treat it quite briefly. The procedure was very much as I had remembered it when I had joined back in 1961. My task was to be a Diplomatic Service Chairman in the Civil Service Selection Board. It was a three stage selection process. There was a written exam which weeded out most of the candidates and then there were the interview boards and a final board at the end which brought in some outside people to look at these candidates chosen by the dedicated Civil Service boards. The interview boards consisted of the chairman and a psychologist and a serving diplomat or home civil servant, because the selection process was the same for both sides. In these boards there were a series of written tests, there was a simulated committee exercise which the candidates did in small groups each one taking the chair, and there were one to one interviews with each member of the panel. The result was very thorough.

As far as the Diplomatic Service was concerned, we had a good intake that year, we were looking for an intake of 25 and we found there was no shortage of candidates who came up to the standard we hoped for. They weren't the most intellectual, not many of them had first class degrees, but that was made up for by gifts of character, resourcefulness and good judgement, as far as we could tell. We were particularly trying to widen the Service so we took more women, more people with science degrees and more people from universities other than Oxford and Cambridge. We did make some progress. The main problem was getting enough candidates who met those qualities but I was particularly proud of recruiting a woman bio-chemist from Bristol who went on to have a very successful career. This occupied me for the first half of 1985 and in October we were able to put Charlie into Trinity College Cambridge supported by two Community Service Volunteers as carers and we went off to the OECD.

UK Rep to OECD 1985-88

AW: You went off to the OECD in Paris ...

NB: Yes. I knew the OECD very well from my previous posts and I had a small team. Our responsibility was essentially to look after a whole stream of visitors from London, officials from almost any department in Whitehall, because the OECD's area of competence was any economic activity and that meant not only the Treasury and the Department of Trade and Industry and of course the Foreign Office, but it also meant Employment, Science and Technology, Transport, Education, International Development and other things that I'm sure I have forgotten. A visit to Paris was always welcome for British officials and they were happy to come. We managed to recruit a very good cook to be with us in the Residence and we were able to entertain our visitors to working lunches and dinners and also social occasions. We also gave parties to entertain fellow representatives, our diplomatic colleagues, and from the Secretariat. My diplomatic colleagues would eat and drink quite sparingly, the Secretariat didn't get invited out so much so they would tuck in. But the amounts that the visitors from London put away, both of food and drink, were really quite remarkable. So we had to adjust the amounts accordingly.

Most of our visitors were officials but there was a steady stream of Ministers and every year there was the Ministerial Council to which we would have the Chancellor of the Exchequer, who was Nigel Lawson, the Foreign Secretary, who was Geoffrey Howe, and usually a junior Minister from Trade, who was Alan Clark. Nigel Lawson really didn't care for the OECD,

the IMF was his place so he would just fly out in the morning of one day of the Ministerial Council, make a speech and go away again. But Geoffrey Howe, remembering his own time as Chancellor, was very attached to the OECD and gave good service despite things happening back in London. One of the Councils was mixed up with the occasion when the Americans decided to bomb Libya and Geoffrey Howe had to rush back to London, but he came back again to Paris. We had Chris Patten when he was looking after Development; we had Kenneth Clarke who was then Employment Minister, and a range of others.

The OECD was useful to HMG in that it often provided the intellectual input to international discussions which were going on elsewhere. The OECD didn't tend to negotiate agreements which had binding force on its members, they were more informal understandings which the members adopted because they thought they were good things to do. And quite often the members got ideas from the OECD which they then pretended they had thought of themselves. The OECD was quite happy that should happen. So essentially they relied on good quality input and persuasion.

Let me give two relevant examples in the field of trade negotiations. In 1986, just after I arrived, a decision was taken to start a new round of multilateral trade negotiations under the auspices of the GATT which was based in Geneva. The GATT had advanced techniques for negotiating formal treaties but they didn't have a very strong Secretariat to provide intellectual thinking. These new negotiations were going to be much wider in scope than previous negotiations had been and particularly they were going to cover agriculture, a system riddled with protective practices where they had never managed to try and remove obstacles before. We particularly wanted to see the protectionist tendencies of the Common Agriculture Policy of the European Union reduced. The second key area was trade in services which they had never tried at all but which was also of great interest to the UK because we earned more from services than any other country, particularly financial services. The OECD had the capacity to get round the intellectual issues of these two subjects and feed in ideas to the GATT negotiations which subsequently became integral to the outcome many years later.

The problem with the issue of agriculture was that virtually every country of the world, and particularly the European Union, the United States and Japan had domestic policies that protected their agriculture. Because everybody did it differently it was very difficult to negotiate international methods to get rid of these protections and to open up the agriculture

market. The OECD decided that they would tackle this problem and among those that came visiting from London were two very gifted young officials from the DTI and the Ministry of Agriculture and they helped the OECD Secretariat to develop a system which was called Production Subsidy Equivalents. This was able to look at the different forms of protection and subsidy being introduced by different countries and to reduce all of them to a comparable unit which could be compared across the negotiations. This formed the basis for the agriculture agreement.

Similarly trade in services is not a simple exchange of goods across borders when they are called “visible” products which you can, as they say “drop upon your foot”. In contrast services were invisible. There was an active body in London called the British Invisible Exports Council with a Liberalisation of Trade and Services Committee which brought together private sector folk, particularly from the City of London in banking and insurance, and which was chaired by Michael Palliser. They would come out for the negotiations and I would take them to see the relevant parts of the OECD Secretariat and they would explore exactly how investment in trade in services operated and how it could be liberalised. The Secretariat absorbed all these things and produced a scheme for liberalising trade and investment in services which was fed into the GATT negotiations and eventually adopted.

So trade was one area of interest and another was broad economic policy, and there the key figures were the three Treasury Knights. They were Peter Middleton, the Permanent Secretary who I had met when he was Denis Healey’s press spokesman, Terry Burns who was the Chief Economist and Geoffrey Littler who had been my boss when I worked in the Treasury years back and who was now the Second Permanent Secretary dealing with international finance. They would come out to different OECD committees and Peter Middleton was particularly pleased because as Permanent Secretary he didn’t get away from London very much and so he was very happy to get this chance to come and get some international contact.

Because the OECD covered any economic activity you could name they had the capacity, if they used it, to see how different economic activities, labour markets, operations of the public sector, how all these interacted with each other in order to find ways of improving economic performance that went beyond fiscal and monetary policy. This was something that Peter Middleton and his colleagues particularly wanted to encourage, first because they reckoned that good advice in these areas would help to improve the performance of the British

economy but also because the generally liberal market based approach adopted by the OECD would be a useful counter weight to the highly regulated approach which prevailed in the European Community. If these liberal market based ideas could be fed in to European Community colleagues in the OECD, it would mean that we would find it easier to argue that particular case in the European context in Brussels. Fortunately at the OECD Community discipline was not very strong. The European Commission were represented there and Commission officials were regular visitors, indeed one of them was my former colleague Leslie Fielding who was then Director General for External Affairs. But while the Member States weren't allowed to contradict the Commission there was no problem about adding things to what the Commission Representative had said. So that gave the opportunity to get one's national ideas across.

Those were the sorts of things which kept me and my team busy. We were also active in environment issues which were beginning to come up the agenda. In energy issues while I was there the great surge in oil prices which had happened at the beginning of the 1980s went into reverse, rather like is happening today. Oil prices went falling away and there was a lot of debate about how properly to respond and to think about what would happen in the future.

Finally, on the OECD, I had the opportunity to find my way back into what was happening in economic summitry because, although there wasn't a formal link between the OECD and the summit process, the sherpas made a lot of use of OECD material. After each annual summit it was an established tradition that the sherpa of the country in the chair should come and brief the OECD and its ambassadors about what had taken place. Sometimes the sherpas themselves met in Paris and it so happened that when the Canadians had the chair in 1988 and had a sherpa meeting in Paris in the spring of that year, I was able to entertain the British sherpa team who by then were Nigel Wicks who was Margaret Thatcher's PPS, Rodric Braithwaite who was the Economic Director in the Foreign Office and Geoffrey Littler. They all came to lunch and I got inside briefing of what was going on which was extremely useful for me because by then it was known that Rodric Braithwaite was going to be our Ambassador in Moscow and that I would succeed him as Economic Director in the Foreign Office, which I duly did in July, shortly after the summit had met in Toronto.

Economic Director, FCO, 1988-1982

AW: You return to London as Economic Director in July 1988. Would you like to talk a little bit about the Department?

NB: Yes I came back to work in the main building of the Foreign Office where I hadn't been for a long time. My title was Deputy Under Secretary (Economic) or Economic Director for short but I think today the comparable post is Director General Economic. The Economic Director in the FCO, back then, had overall responsibility for all economic issues including European issues. I had three, more like two and a half, Assistant Under Secretaries who worked to me. When I started on Europe it was John Kerr and when I finished it was Michael Jay. I virtually left the European side complete independence because first John Kerr and then Michael Jay were superlative operators, as you know they both became PUS afterwards, and I intervened not at all in what happened in Brussels. Later on I did involve myself as a missionary for certain European issues.

The second AUS was Roger Carrick. He looked after all trade issues and he was particularly expert in trade and investment promotion, and I left him very much in charge. During my time in the post we did a negotiation with the DTI about the handling of export promotion, which up until then had been rather awkwardly looked after by FCO diplomats overseas but under the DTI at home. We worked out with the DTI, I think on their initiative, that there should be a much more integrated system and it led to the formation of something called the Joint Directorate for Trade Promotion for which the first head was a diplomat, Oliver Miles, who took over from Roger Carrick. This body proved very durable and it still exists in the form known as UK Trade and Investment (unless it's changed its name again).

The third figure in this troika was Duncan Slater and he looked after the environment, energy, science and technology. Unfortunately the other half of his portfolio was terrorism and if there was a terrorism crisis, he had to drop everything. I found I got more involved in those issues and I used to attend meetings of the Science Research Councils, when I had to be up-to-date on scientific matters and environment issues which became much involved with the summits.

I decided that in the vast range of subjects which were before me, so to speak, I could only make a personal impact on a few of them, so I decided to concentrate on matters concerned with the economic summits because this was an area where the Foreign Office was responsible for commissioning briefing and coordinating policy. I became a sous sherpa for the summits and I had a direct involvement in summit preparation where personal input was still very important both on our side and the sides of the others. The subjects which were then of principal interest in the summits were aspects like trade and finance and new subjects

like the environment, and particularly the liberation of Eastern Europe and the fate of the Soviet Union. Those were the subjects to which I devoted most attention and I got to know the other members of the sherpa team extremely well. Nigel Wicks remained the sherpa throughout my time. He had left Number 10 but come back to the Treasury, his parent department, as the Second Permanent Secretary on the finance side. His Treasury colleague who was the finance sous sherpa was, first, Tim Lankester who shortly left and became Permanent Secretary in the ODA and was succeeded by Huw Evans who later went off to be our Representative at the IMF and the World Bank. I knew Nigel from my earlier days and got to know the other folk extremely well. I was told that there was a secret passage between the main Foreign Office building and the Treasury and this had become accessible because of the Foreign Office moving into the range of rooms which had long been part of the Home Office. When we took over that range of rooms my office as Economic Director was there and I found that just down the passage there was a door to which I acquired a key and which led over the ornamental archway that closes King Charles Street and into the Treasury. I don't think the Treasury ever bothered to come and visit me but I and members of my team were always scurrying through to go and confer.

One other person who I should mention and who was an invaluable right hand man was Simon Broadbent, the Chief Economic Adviser. I'd worked with him before when I was head of ERD and he was a vital source of good advice. He was very much persona grata in the Treasury, even though they had their own economic advisers and he was my regular companion when I went travelling.

I had therefore decided to concentrate on summitry and the subjects handled by the summits. I was in post during three summits, the Paris summit of 1989 which coincided with the 200th anniversary of the French Revolution, the Houston summit of 1990 and then the third London summit of 1991 which we chaired and organised in Lancaster House. Each of these summits was preceded by a series of sherpa meetings which were organised by the country which was chairing the summit. The French sherpa chosen by François Mitterand had been doing it for some time and that was Jacques Attali who was very gifted, imaginative but hopelessly arrogant. Some of the other sherpas found him very hard to take, particularly David Mulford from the US Treasury who used to explode from time to time and then had to be calmed down by his French counterpart Jean-Claude Trichet who later went on to run the European Central Bank.

Before the 1989 Paris summit Attali organised sherpa meetings in the Dordogne, so the sherpas all got taken down to the Cave at Lascaux. Sous sherpas only got to see the replica, but even so it was impressive. There was a sherpa meeting in an island in the West Indies and finally a meeting in the Chateau of Rambouillet where the very first summit had been held back in 1975. Attali had decided that the main theme of the summit should be the global environment and the course of events also meant that debt problems got onto the agenda. It wasn't until the last sherpa meeting, which was only two weeks before the summit itself, that we all woke up to the remarkable things that were going on in Eastern Europe in the first half of that year which meant that the emancipation of East European countries from rule by the Soviet Union would have to be a major issue on the agenda.

I think I would like to pick up this subject and follow it through for the rest of my time. Gorbachev was in charge in Moscow and had been for some years. He had already introduced *Perestroika*, restructuring, and *Glasnost* which meant openness. While this loosening up was happening in Moscow a parallel loosening up was happening in the East European states which had been so long under the thumb of the Russians, according to the Brezhnev Doctrine after the Prague Spring. In the spring of 1989, first in Poland and then in Hungary there were genuine elections which brought to power governments which were not dominated by the Communist Party. To our amazement the authorities under Gorbachev didn't intervene, as they certainly would have done in the past, and the new Polish and Hungarian Governments began the process of breaking free both economically and politically from the Soviet straitjacket. Western countries, particularly Europeans, the Germans, French and ourselves, very quickly began offering technical help to Poland and Hungary to enable them to liberalise their economies and set up genuine working democracies. We created a very down to earth body called the Know How Fund run by Barney Smith which aimed to provide basic practical help in public administration and freeing up economic activity to these countries.

When the summit met, after the main discussion which was on the environment and debt issues, the summit turned to how to respond to what was happening in Eastern Europe. George Bush was now US President with James Baker as Secretary of State and Bush and also Kohl in Germany and Margaret Thatcher all agreed that the summit itself should be a leading player in the process to free the East European countries. Everybody reported the measures they were already taking to provide technical assistance and indeed in some cases, particularly Germany, very substantial financial support. The proposal was made, I forget by

whom, that the summit should instigate a coordinating mechanism to ensure that the aid extended should have its maximum impact. Jacques Delors, President of the European Commission who had his seat at the summit, said that the Commission would be happy to host this body and George Bush said that was an excellent idea and the Commission could chair it. Margaret Thatcher wanted to protest but decided she wouldn't get anywhere but she was not very happy with how it was. This body was created and began meeting in Brussels and I was the UK representative there.

As soon as it started work all the other members of the OECD said they wished to join too because nearly all of them were also contributing assistance, so since there were 24 members of the OECD, it became known as the G24. We began meeting throughout that summer and established an attitude to our work which was that we wouldn't prescribe to these countries economic plans or strategies - they had been prescribed to and had had to follow plans and instructions from the Russians for far too long - they had to be left to work out their own ideas. But we were there to provide advice, technical input and to a certain extent finance and particularly we had to ensure that we weren't all providing the same sort of advice in one area and not providing advice which they needed in others, and that they didn't suffer from a glut of one sort of help and a lack of another. That worked pretty well. There were some who thought we should have an economic prescription; I particularly insisted that they had to be left free.

As the year went on more countries broke free from Communist domination. The Berlin Wall came down, the Czechs carried out their Velvet Revolution, as it was called; they were still combined as one country although they later broke into two, and over Christmas that year the frightful tyrant Ceausescu in Romania got overthrown. By the end of the year all the countries of the Warsaw Pact had become beneficiaries of the aid being extended by the G24. Right at the end of the year the sherpas came together for a final meeting and Jacques Attali sprang a surprise on us and said "Why don't we create a development bank dedicated to the revival of Eastern Europe and call it the European Bank for Reconstruction and Development?" The cautious folk in the British and American Treasuries, and of course the American Treasury in particular who couldn't stand Jacques Attali, nevertheless took a deep breath and said that it was a good idea provided that it was set up really quickly. As the New Year arrived I was one week going to Brussels for the G24 and the next week going to Paris for the meetings which worked out the creation of the EBRD.

Jacques Attali obviously hoped that the French would take all the credit for this enterprise but he said at one point at an early meeting that he had formed a secretariat to get this started and if any other member wanted to contribute a member to the secretariat that the French would be very grateful. I thought that this was not an opportunity to be missed and at that time Michael Jay was in my old Financial Counsellor post in Paris and his wife Sylvia I knew was working in the French Cooperation Ministry. I made a quick phone call for a combined conversation with both halves of the Jay couple and thanks to that we were able to propose that Sylvia become a Founder member of the EBRD Secretariat and with time Jacques Attali's right hand person. The work went ahead with great speed and like the G24 any number of people wanted to join the EBRD, all the East European countries wanted to join and also the Soviet Union and a fair number of non-European countries like South Korea joined as members who would contribute capital. Unique among the development banks, the EBRD includes a political objective, namely to introduce and underpin democracy in the recipient countries and also contains a clear objective of building up the private sector in its beneficiary countries because that was the particular area where the East Europeans needed support.

We moved into 1990 when the Americans took over the chair of the summit but before I talk about that I need a digression about what happened with East Germany. The Berlin Wall came down and at last it became possible to envisage the reunification of Germany which had been the ambition of Willy Brandt back in 1970 and when we laid the first stone in concluding the Berlin Agreement. In the spring of 1990 with much encouragement behind the scenes from James Baker the US Secretary of State, the Federal Germans made formal proposals to the new East German Government that reunification should take place without delay. Again, we felt sure that the Soviet Union would object but they didn't. They even agreed that a reunified Germany could become a member of NATO with combined armed forces. There was a very rapid process set in train which led to reunification taking effect from October 1990.

Before that happened Huw Evans, Simon Broadbent and I had gone to a meeting in Frankfurt of a body called the Anglo-German Economic Committee. At this point I think I need a digression inside a digression!

When I talked about the way in which I organised my work I explained the subjects that I was going to cover and I explained the people in the Foreign Office who worked most closely

with me. But what I failed to do was to explain the outreach which I conducted as part of my responsibilities. The first level of outreach was outreach in Whitehall and there I particularly cultivated all those economic departments which were involved in summitry and related subjects like export credit for example. This was natural given that I and my FCO team were responsible for summit briefing. I had particularly close links with the Treasury, as already explained, and with the DTI because of trade issues which we'll come to. There my closest contact was Christopher Roberts who I'd known at university and who was godfather to one of my children, and who chaired the coordinating body which was preparing the British position for the Uruguay Round of trade negotiations in the GATT which I mentioned under the OECD. The third priority department for me was the Department of the Environment because of the involvement with climate change and other environmental issues. There was a team led by Derek Osborn with David Fisk and Fiona McConnell and I got deeply involved with them.

The second level of outreach was international outreach and there I particularly cultivated my fellow sous sherpas in the summit network. I would have the opportunity to attend international meetings, like the IMF in Washington and the OECD in Paris and I would make the opportunity to keep up contacts with my colleagues in the US sherpa team, Richard McCormack and Tim Deal, and in Paris the extremely influential French Economic Director, Pierre de Boissieu. As far as Japan was concerned, Rodric Braithwaite had instituted a tradition whereby the British Economic Director paid a visit every autumn to Tokyo to build up contacts with the Japanese sherpa who when I started was Michihiko Kunihiro and he gave way to the very engaging Koji Watanabe.

On the German side my counterpart in the German Foreign Ministry was called Alois Yelonck but he was frankly a rather unreliable figure, unpredictable and mercurial, but happily for me I was able to penetrate other parts of the German government machine, the Economics Ministry and the Finance Ministry and the Bundesbank thanks to regular meetings of the Anglo-German Economic Committee which brought together a team from Whitehall to face a corresponding German team. I twice hosted this body at Chevening thanks to the Foreign Secretary allowing me to use it for this purpose.

To return to my original digression, in March 1990 the meeting took place in Frankfurt. After a fruitful meeting on which we got briefed on the prospects for German Reunification we went off to Berlin. We went into East Berlin to see how things were shaping up there.

As on my only other visit to East Berlin, it was like going back ten years in time. It was generally in a scruffy, run down condition and the air quality was awful because they burnt frightful brown coal all the time. But we had some useful visits to East Berlin and we also took a trip down to Leipzig. We formed various strong impressions one of which was that the more enlightened East Germans couldn't wait to be unified with the West and that was particularly when we went to talk to economists at the universities. On the other hand, East German industry, which we saw something of in Leipzig, was not competitive with West German industry and thirdly, there was a serious currency problem in that, although in principle one ostmark was worth the same as one deutschmark, in fact on the black market it was worth a great deal less.

However, when reunification took place in October Chancellor Kohl decided that the exchange rate should be one for one at the moment of exchange and that up to a certain figure all East German savings accounts could be exchanged into deutschmarks at one to one. He announced this measure without consulting the Bundesbank who were furious and from then on there was something close to a vendetta between Kohl and the Bundesbank. The result was that, rather in the way there had been when Reagan came to power in the US, German fiscal policy and German monetary policy were pulling in opposite directions. In the process of absorbing East Germany into the enlarged Federal Republic the West Germans made huge grants and subsidies to the East financed through the West German budget. This should by rights have caused the deutschmark to fall but the Bundesbank refused to allow that to happen and to compensate for what was happening on the fiscal side they raised interest rates and as a result the Bundesbank appreciated in value and because of the way the European monetary system worked, it dragged all the other European currencies up with it. This was the more unfortunate for us because just at that moment John Major, who by then had become Chancellor of the Exchequer, had persuaded Margaret Thatcher to put the pound into the European Exchange Rate Mechanism. It was probably put in at too high a rate anyway. The consequence was that whilst it survived there well at the beginning, two years down the line when the ERM came under severe market pressure, it was unable to stay and it was forced out and obliged to float and it's been floating ever since. To do him credit, Simon Broadbent saw this coming from the beginning and advised the dangers, but the damage was done.

I went on this digression because it's all part of the story of the end of the Cold War which we were by now deeply advanced in. I was only, as it were, a spectator of the acrimonious

debate in this country about our relations with the ERM which essentially led very shortly before the Paris summit to Geoffrey Howe and Nigel Lawson ganging up on Margaret Thatcher on European monetary attitudes. During the summit she'd hardly been speaking to them and before the end of that July Geoffrey Howe had been sacked as Foreign Secretary. Before the end of 1989 she'd also been making life impossible for Nigel Lawson so he too went.

The year 1990 began with Douglas Hurd as Foreign Secretary and John Major as Chancellor. I was very sorry to see Geoffrey Howe go because for me, as Economic Director, he was an excellent Secretary of State to have because he understood all the issues and had a good feel for them. Douglas Hurd didn't really have such a good feel for economic issues. He took a brief very well and I remember him worsting a junior Treasury Minister in an acrimonious debate over whether to continue export credit cover for India. So he negotiated very well but economics didn't come naturally to him, he preferred other things.

The Americans were responsible for preparing the 1990 Houston summit. They held sherpa meetings in San Francisco and in Newport Rhode Island and in Paris but their preparations were less well done than the French because they hadn't really made up their mind on what they wanted to do at the summit. It was clear as the summit approached and as we flew off in the government aircraft that the main items were going to be trade, climate change and the issues created by the end of the Cold War.

The previous year the West Europeans had been focussing on Eastern Europe, now they were focussing on the Soviet Union and Russia. In particular the Germans felt that we owed it to Gorbachev, having allowed the East Europeans to go free, that he deserved substantial economic help because perestroika was in serious difficulties. I went with Simon Broadbent to Moscow early in 1989 and Rodric Braithwaite briefed me admirably. We had a number of meetings and we even made a side trip to Minsk to see what life was like away from Moscow. But the general impression we got was of confusion and indecision and people not knowing what was going on. Because of glasnost there were a lot of new economic ideas circulating, even the driver of our official car seemed to be an economics graduate and was telling us about them. But when we actually got in to meet Soviet officials either they just pursued old style Soviet harangues or they made it clear they knew that change was required but that they were not going to abandon control. A notable member of the second group was Geraschenko, the head of the Soviet external economic bank. Gorbachev had recently

received the Nobel Peace Prize but at one point his very engaging press spokesperson commented “You must realise the Nobel Prize Gorbachev has is not for economics” and that was all too clear. They really didn’t seem to know what they were doing.

Nonetheless the West Europeans, including Margaret Thatcher, reckoned that Gorbachev’s efforts deserved support and at the European Council which shortly preceded the Houston summit, the Commission was tasked to draw up a programme of Community-wide support for the Soviet Union. But when we got to Houston we found that the Americans weren’t ready to talk about the Soviet Union at all. They said that economically the Soviet Union was in a mess however good Gorbachev’s intentions may be and there was no point in pouring money in because it would just go down the drain. So there was quite a tense discussion at Houston and the best that could be agreed was that in parallel with what the Commission were doing, the summit should commission the IMF and the World Bank and the GATT and I think some UN bodies to get together and draw up proposals for the reform of the Soviet Union on the strength of which the G7 could decide a programme of assistance. That was the best we could do. I’ll come back later to what happened on trade and the environment.

The result was that things in the Soviet Union gradually deteriorated and we in London could see that when it was our turn to chair the summit in 1991 this would be a major problem for us. I was out of action for quite a lot of the late summer and autumn of 1990, because I had to go into hospital and have a series of operations, but fortunately I came back as good as new in November 1990 to discover that Margaret Thatcher was on the way out. It was also the period of the first Gulf War which had been a major subject of discussion when Margaret Thatcher met George Bush in Aspen Colorado in August. One of the other things they discussed was what to do about the Soviet Union and she said in public that she thought Gorbachev should be invited to the next summit thinking that she would be hosting it. But that was, as it were, a sort of legacy that she left to the summit.

On 1st January 1991 Nigel Wicks, Huw Evans and I set out to prepare the London summit. We would have liked to have held it outside London but we couldn’t find any place to provide good enough facilities so we picked on Lancaster House and we organised sherpa meetings, one in Brocket Hall in Hertfordshire, for the second one we went to Hong Kong, it was quite usual to have one away and nearer the non-European countries. We particularly did this because the time when Hong Kong would be handed back to China was already on the horizon and we wanted to show our sherpa colleagues just what a thriving and

enterprising place Hong Kong was. We had a third in another stately home and finally a late meeting a week or so before the summit actually in Lancaster House itself. It was clear that the London summit was going to have to deal principally with how to deal with the Soviet Union. But it would also have to return to the problems of Eastern Europe. The assistance programmes we were offering were all proving useful and some East European countries were recovering very successfully, notably Poland, but others were having difficulty. They were now much handicapped by the fact that the Soviet Union was going downhill economically so fast because they did most of their trade with the Soviet Union because that was the way the system was organised. They found they were being held back by loss of markets and one of the things which we managed to organise and get endorsed by the summit was a programme of greater access for these countries to Western markets. Later in the year they started a succession of agreements with the European Union which in due course led on to negotiations to become members and a parallel trade programme was introduced by the United States.

The Soviet Union was a major problem, including the question of whether to invite Gorbachev or not. For a long time it looked as though he wouldn't be invited, but then from about the spring he brought in a team of economic advisers from Harvard who put together what looked like the beginnings of a sensible economic programme and began a sort of charm offensive to get an invitation for Gorbachev. It was decided that he should come as a guest for a meeting distinct from the summit itself. But what could actually be offered to Gorbachev when he came was much more difficult. The difficulty was that as the months passed it became increasingly uncertain whether the Soviet Union was going to hold together. All the East European countries had by now joined the IMF and the Soviets too wanted to join but the Americans in particular held back. In due course Gorbachev came and there was a very friendly meeting between him and the others at Lancaster House but the basic result was that no money was put on the table from the summit leaders. He was told that any amount of technical assistance would be provided to him to help him set up reform and the work which had been commissioned in Houston was now available but that we had to have evidence that reform had been introduced before any money could be committed. I thought at the time that was the right thing to do, I now think it wasn't. I'm blessed if I know what would have been the right thing to do. But it didn't do Gorbachev any good.

Once the summit was past the Baltic States, Estonia, Latvia and Lithuania, broke away from the Soviet Union and declared themselves independent countries without provoking any

reaction and in September there was a coup against Gorbachev from which it looked as though a team of hardliners backed by the military might take over. But thanks to the intervention of Boris Yeltsin, Gorbachev was able to regain his office, but he was clearly badly damaged. It was really no surprise to us when right at the end of the year the Soviet Union split apart into its component parts as independent countries and Russia of course being by far the largest. Before that the Soviet economy had more or less ground to a standstill with the consequence that they weren't repaying or servicing their debts. The agricultural system had broken down which meant that food was not getting to the cities and the hospitals were running out of medicines.

The summit members felt it was intolerable that here was Communism being overthrown in the Soviet Union and all it meant was starvation and disease. So emergency measures were put in place to provide humanitarian assistance basically to the Soviet Union and since we still held the summit chair we revived the sherpa machinery to do that. The Americans, the European Union collectively and the Canadians were all providing food aid to the Soviet Union to offset the failure of domestic supplies. I brought together my group of sous sherpas to compare what everyone was doing and to coordinate the supplies while Nigel Wicks and Huw Evans pulled together a finance group to gain a moratorium on debt repayments. As the year turned the Americans decided that this required more active measures and they called together a conference in Washington in January of summit members, OECD members and others who might be prepared to provide humanitarian help to the Russians - by now the Soviet Union was no more, it was the Russians and the others - to help them out of their predicament. In the preparations for this I was the co-chair of a group which looked at food aid and we did the sums of how much was coming from Europe, the US, Canada and any other contributors and we concluded that the amounts pledged ready to be shipped were sufficient to meet the needs of the former Soviet Union and all that was needed was to get it to its destination. As I recall there were comparable conclusions on the side of medical supplies.

There was a Ministerial conference where this was decided, Douglas Hurd who should have sat in the UK seat got delayed somewhere else and he turned up rather late. When it came to the Ministerial press conference he asked me to make the statement on the decisions on the food aspect so as a result I appeared on the TV news which didn't happen to me very often!

It turned out that things were not as bad as we had feared because in Russia Yeltsin had taken over as the leader of the new Russian Government and brought in as his economic supremo Yegor Gaidar who had already worked out a plan for the reform of the Russian economy. Simon Broadbent and I had made a short visit to Moscow in December when we caught up on this thanks to Rodric Braithwaite's excellent contacts and talked to people who were going to be part of Gaidar's team once it took place. The immediate action was that whereas under the old system all prices had been controlled and always held down at artificial levels, they would be immediately free to rise to their natural level by supply and demand and once they reached an initial equilibrium then further inflation would be kept in check by very tight monetary policy. As soon as the prices went up the food supplies and the drugs were flowing again and the food and medical crisis disappeared. It looked as though this was going to be the solution for Russia. Unfortunately Geraschenko, who I mentioned earlier, had moved to become Governor of the Russian Central Bank. He didn't agree with the Gaidar Plan and, instead of tightening monetary policy, as should have happened, he loosened it. Prices, instead of being checked at that level, went on soaring up and so Russian economic reform got off to a really bad start and continued to be in trouble for many years there after.

By this time, early 1992, I had handed over the chair of the sous sherpas to the Germans and I was preparing to leave to go to my next post. So having rounded off that section of my role, we had better go back again to the beginning and start again with trade policy.

AW: So back to the beginning...

NB: Yes, the second major subject that I involved myself in was international trade policy. What was called the Uruguay Round of trade negotiations which had been launched in Punta del Este in 1986 was meant to reach its conclusion by the end of 1990 at which point the Americans' Congressional authority would shortly run out. In the preparations for the Paris summit of 1989 in the sherpa meetings we took stock of what was happening in these preparations and we could see that some issues were going well so it didn't feature in the summit itself but for 1990 it became a major issue. In the machinery on the European side, the negotiations were conducted by the Commission but the Commission could only propose what they wanted to say but had to get the endorsement of the member states including the UK. We particularly were urging the Commission to be as liberal as possible and to extend the international trading system and to remove barriers, which the Commission themselves

were only too happy to do but they were being held back. We got support from the Germans usually but were held back particularly by the French, and others took different positions along the spectrum. In Whitehall there was a body called the GATT Round Group which used to meet regularly, chaired by Christopher Roberts of the DTI and attended by me and the Ministry of Agriculture and a number of other Ministries who were responsible for different aspects of trade and services. Most of the time we had no difficulty in reaching agreement but the really difficult subject was agriculture. In the European Commission the Trade and External Relations Directorate is not responsible for agricultural trade. That is dealt with by the Agriculture Directorate and the relevant Commissioner. Because of the CAP their international attitudes were extremely protectionist and they were very reluctant to make commitments in the GATT negotiations. Unfortunately our agriculture people, because they dealt constantly with their European colleagues and the agriculture side of the Commission, were much less adventurous in taking advantage of the GATT to open up agricultural markets than in other areas of the negotiations. Christopher Roberts tended to regard this as the responsibility of the MAFF and to go along with whatever they wanted to do. From the Foreign Office I thought that that wasn't good enough and I had some quite tough exchanges with the officials from the MAFF who came. I found their senior Deputy Secretary equivalent called Richard Packer very rigid. His deputy, Richard Carden who subsequently took over from him, was much more reasonable. It was an area where I thought the FCO should stick their oar in if the DTI wouldn't.

As we approached the Houston summit of 1990 with only six months to go before the round was meant to conclude, in many respects things were looking pretty good. A number of issues had been resolved in the summit network that were subsequently introduced into the negotiations in Geneva. One of these was the idea that the GATT, which was institutionally a very weak body, should be transformed into a new World Trade Organisation with much stronger disciplines and wider coverage. This I remember being introduced into a sherpa discussion by the Canadians before the summit. Another issue we discussed was making sure the new WTO had a really tough dispute settlement mechanism whose judgements would be binding on the parties to any disputes. We, the Europeans, wanted this strong dispute settlement mechanism because the Americans had recently introduced some Congressional legislation which gave them the right to impose trade restrictions or penalise other countries on a bilateral basis, and if they accepted this tighter dispute settlement mechanism, they wouldn't be able to invoke these Trade Acts.

The issue that was really giving the problem was agriculture. The idea was that countries which were protecting their agriculture in ways that could all be compared thanks to the work that had been done in the OECD, should make commitments in three areas. They should reduce subsidies which they gave to agriculture domestically, they should reduce barriers like tariffs to agriculture imports and they should give up the practice of subsidising agricultural exports. Everyone agreed, including the Americans and reluctantly the Japanese, that there should be measures taken in all three areas. But the European Commission said that this wasn't necessary. The European Community would undertake to reduce subsidies to domestic agriculture. The consequence would be that, if there were fewer subsidies, there would be less agricultural production in the EC. As a result there would be less for export, reducing the requirement for export subsidies, and there would be more room for imports, so there wouldn't be the barriers to imports. They defended this position tenaciously with the result that at the meeting of the OECD Ministerial Council which happened shortly before the Houston summit there had been a tremendous row and disagreements in the communique, and so the matter inevitably came to the Houston summit which was charged with the idea of squaring the circle.

Margaret Thatcher took a great interest in this subject because she was all for economic liberalisation and the removal of barriers and giving scope to markets. On the way to the Houston summit she began looking at language which could bridge the gap. She came up with something which she thought would do the trick: her team didn't include any experts in agriculture, but we thought it was worth trying. To our surprise when the heads of government were discussing agriculture, she actually introduced her formula; it was almost unheard of to discuss language at the summit table. George Bush was taken aback but he said that it was a serious proposal and when the sherpas got round to discussing the text of the communique that would have to be on the table. The communique discussion happened overnight between the first and second day of the summit and because I'd been going to meetings of the GATT round group and neither Nigel nor Huw had been going, I was put in charge of the discussions at the table which was agreeing the agricultural passage. The Commission delegation included the Director General of the Agriculture Directorate who, strictly speaking, should have been in charge but he looked at Margaret Thatcher's language and said he thought that the Community could live with that and so I must do my best with it.

We spent the entire night until the early dawn wrestling with this passage, as everything else in the communique was agreed without trouble. Eventually after many draftings and

redraftings we came up with something that everyone said they could live with and it went into the summit communique and was part of what was agreed. But it was of necessity a very fragile formula and when the negotiations resumed in Geneva it soon crumbled apart. We were approaching the Ministerial meeting of the GATT which was due to be held at a conference centre outside Brussels in December. It was without doubt the worst international conference I've ever been to because the European delegations had asked the Belgians to arrange that they were all housed together with capacities to hold their meetings. So we were housed a long way away from the main hall and other delegations and a great long lobby divided us Europeans from the other proceedings. The lobby was a public space which was seething with media folk and journalists with cameras and so any European that emerged from our citadel to go and try and see someone else was immediately set upon. It was impossible to operate.

The upshot was that the Europeans tried to defend their position and they were denounced by the Americans and all the other large agricultural exporters, the Australians, the Brazilians, Argentinians, and at the end of the first day when it looked as if agriculture was the only thing holding up agreement overnight we made some minor adjustments to the position. But it was concluded to be too late and the Latin Americans walked out and that was the end of that Ministerial. For a moment it looked as though the Uruguay Round might collapse in a heap of dust as the Americans' negotiating authority ran out in February. Fortunately the Administration managed to negotiate a two-year extension because they didn't want to see these negotiations fall and so they continued.

The two year deadline took us to 1992 but in fact the negotiations weren't concluded until 1993. By the end the world economic system had actually changed as a result of the end of the Cold War and market based systems prevailed. The former Communist countries, not Russia but all the others, joined the new WTO. The Chinese were busy wanting to join and so lots of other things made progress in the negotiations particularly in services. But in 1991 the main trouble was still agriculture and we put trade down as a major theme for the London summit. We didn't want a detailed discussion, what we were working for was an unambiguous commitment by the assembled heads of government to bring the Round to its conclusion by the end of that year. As far as the summit language agreed on paper was concerned, it looked very good. The problem was that the discussion of trade was in a plenary session at the London summit where the Heads of Government were flanked by their Foreign and Finance Ministers. In the trade debate it was noticeable that neither President

Mitterrand nor Chancellor Kohl actually spoke, it was one of their supporters who spoke, so I wasn't confident that they would really sign up. Sure enough when agriculture became a sticking point towards the end of 1991 despite all the efforts that we made, the Commission made, with phone calls between heads of government, the Round didn't come to an end that year nor indeed did it the following year for similar reasons. It didn't do any good for the reputation of the economic summit, the fact that it made these promises and didn't keep them.

AW: It is 29 March and we are resuming Nicholas Bayne's recollections of his diplomatic career. When we broke off last time, you were half way through the various elements of your job as Economic Director and we had three headlines left to record Pacific travels, the environment and debt relief. Where would you like to start today?

NB: We finished talking about international trade negotiations and the Pacific travels link directly onto that.

AW: Let's start there, you travelled a lot?

NB: It was just at the time when the Pacific countries were moving up strongly, not only China which was beginning its tremendous upward movement but also South East Asian countries like Malaysia, Singapore, Indonesia and the Australians were also flexing their muscles internationally. I thought it would be a good idea as Economic Director to start building up our links with those countries, to show that we took them seriously and to make sure they were pulling their weight in the wider trade negotiations. There was a particular issue which I wanted to ventilate. That was the creation of the European single market and its international impact. The first stage was being introduced by the EU while I was Economic Director. There was a nasty story going around that it was going to be "Fortress Europe" and that the Europeans were going to put the shutters up and nobody else was going to get in. I think the Americans started this in a mischievous way but it tended to catch on and I wanted to spread the word around our actual and potential trading partners that it wasn't "Fortress Europe" but was quite the opposite. Any non-European company which could establish a foothold in any one state of the EU could then do business all over Europe. This was something that the Europeans would be putting on the table in the trade negotiations, drawing attention to this unilateral move they were making and encouraging other countries to take similar measures to open up their borders.

I started spreading this gospel to the Americans because I went to Washington from time to time. Also I argued with the Japanese and I had an arrangement whereby I used to go to Tokyo every year in the late autumn for discussions with them. I had my Japanese visit at the end of 1988 and then in 1989, in the middle of the summit preparations in the late spring, I went off with my colleague Simon Broadbent, the Chief Economist of the FCO, to Australia because we had a system of bilateral economic talks with the Australians in alternate years in Canberra and London. I had some very good talks with them on trade negotiations where they were much exercised about agriculture but also they were promoting a new form of regional trade arrangement in the Pacific called APEC, Asia Pacific Economic Cooperation. Simon and I had a very good talk with the Australians in Canberra and we also visited the Consuls General in Sydney and Melbourne which was useful and also enabled us to visit two splendid botanical gardens because Simon's wife was a botanist and gave him instructions. On the way back we stopped off in Kuala Lumpur and Singapore and I preached the gospel to them and found that the Malaysians were more receptive than I'd expected. The Singaporeans were less receptive in the sense that they were already doing all the things that we wanted and had a very open economy, but they weren't as ready as I'd hoped to join us in arguing with the others to open their markets.

During the preparations for the summit of that year, which was run by the French, in the middle of a sherpa meeting we heard the news of the shooting and the killings in Tiananmen Square in Beijing. This caused people in Hong Kong to be extremely nervous because we were already in sight of the time when Hong Kong would have to be handed back to the Chinese, negotiations were already beginning. The Hong Kong folk were naturally greatly taken aback by what had happened and wondering what would happen when the Chinese took over Hong Kong. Once the summit was over I arranged a trip which took me first with Simon to Hong Kong and I met the Secretary for Trade, who was an admirable woman called Anson Chan and who later became Chief Secretary, and I think she held that post at the time of the takeover. I expounded to her my view, which wasn't 100 percent shared in London but I espoused it, that the Chinese at that time depended so much on the investment they were getting from Hong Kong and were building up the neighbouring province of Guangdong that to make life difficult for Hong Kong wasn't in their interest.

From Hong Kong Simon and I went to New Zealand and sat in as observers at a meeting of an outfit called the Pacific Economic Cooperation Council which was turning into a dress rehearsal for the new APEC and we met a lot of the potential members of APEC which

spread all the way around the Pacific and eventually ingeniously managed to include China, Hong Kong and Taiwan as members. I got the chance to speak and I said how much we in Europe, with our advanced regional integration, welcomed what the Pacific folk were doing.

At the end of the year in November Simon and I went back again because it was the time for our usual session with the Japanese. We looked in again in Hong Kong, did a bit more morale building, and went on to South Korea where I told my story about the trade negotiations and the European single market and again found them receptive, so I felt I was doing some good.

In 1990 for various reasons I didn't manage any Pacific journeys but I picked up again in 1991 because, as I think I mentioned, one of the sherpa meetings for the London summit was actually held in Hong Kong and that enabled me to renew my contacts there. Afterwards I went on to Jakarta to visit another South East Asian country where my colleague Roger Carrick was the Ambassador. We saw a good list of Indonesian Ministers and as Indonesia is such a vast country they found it very difficult to organise and manage but nonetheless they were very keen to play an outward looking international role. On to Australia for some more talks and then to New Zealand. This was after the disastrous trade ministerial meeting in Brussels which I spoke of, so both the Australians and the New Zealanders needed to be encouraged to keep in the game and not to give up and I had to convince them that it would have a happy ending, which eventually it did.

The last of these trips came well on in 1991. I had always hoped to get to China but official contacts with China were very much scaled down after Tiananmen Square. By November 1991 they were building up again so I felt that the time had come. We went via Japan with the usual contact with the Japanese who were really rather worried about the disintegration of the Soviet Union at that moment because after all they live closer to the Soviet Union than we do. We went on to Hong Kong where by contrast we found that the Hong Kong people were feeling more reassured and although it was closer to handover day they felt that things in China were settling down and the Chinese were behaving in a more acceptable fashion.

Finally I got my trip to China which started by driving over the border from Hong Kong into Guangdong where I was pleased to find that all the things I had been telling the Hong Kong people about, were in fact going on. The place was booming with factories and markets, all being built up by Hong Kong money and going great guns. We met a member of the Governor's staff in Guangzhou who said that Beijing gave the province a good deal of

authority but they were very careful not to overstep the limits. As a result by knowing the limits and observing them, they could do a lot of things on their own initiative. Indeed the talks I had in Guangzhou were rather more interesting than the talks I had in Beijing itself where most of the people I talked to were not giving anything away and gave me a standard Communist, Maoist line, until on my last evening Robin MacLaren the Ambassador had arranged for me to meet a Vice Minister in the Ministry of Foreign Trade and Economic Cooperation. He opened up very freely and said that the Chinese were doing things by stages but were determined to make themselves open gradually to external trade and particularly to investment, as indeed has happened.

AW: A historic moment to be there...

NB: Yes they were certainly beginning to accelerate, they grew much faster in the 1990s and the 2000s but it was definitely visible. Back then was in the time when Beijing was full of bicycles but now they have all been replaced by cars. It was November and there were lots of trucks coming in from the country laden with cabbage because cabbage was the only vegetable which they could keep through the winter.

AW: And your next subject is the environment?

NB: Yes, and this became a major issue at all three of the summits I was involved in as Economic Director. Indeed when the French chaired the 1989 summit, Jacques Attali said that he wanted the environment to be the major economic issue discussed at the summit. It had never been before. We were fortunately in a strong position because it was about that time that Crispin Tickell who by that time was retired from the Diplomatic Service, had been taken on as Margaret Thatcher's environmental adviser. He infected her with great enthusiasm for environmental issues. I remember sitting around the table with my Treasury colleagues with, as ever, Simon Broadbent at my elbow, and we could work out together how environmental issues could be made to penetrate economic decision making in G7 and OECD countries and that was the main theme at the economic discussion at the Paris summit. It got less attention because people were much more interested in what was happening in Eastern Europe but nonetheless how to integrate environmental and economic policy wasn't really very controversial and we produced a very good solid document. However, the environment in domestic policy was one thing but international environmental issues were quite another thing. Global environment issues had been advancing slowly but there hadn't been much progress as long as Cold War conditions prevailed. Once those began to dissipate one could

envisage having worldwide international treaties in which every country participated and was prepared to take the necessary measures, and the momentum grew.

It was those issues which were the main items on the agenda for the Houston summit of 1990 but there we soon ran into the problem that the Europeans and the Japanese on one side took quite a different attitude from what the Americans did. We in Europe were greatly influenced by environmental NGOs and think tanks about the need to protect the planet and this influenced consumers who wanted to buy and use acceptably green products. Japan is an environmentally rather fragile country so they were also concerned about preserving their environment. The Americans were much more influenced by their business sector and by the timber lobby and by the food producing lobby who didn't want to be constrained and above all by the energy lobby who wanted to go on burning oil and gas at maximum volume with no care for tomorrow. The environmental discussions at the Houston summit, and in the run up to it, were really quite fractious and we didn't reach a very wide measure of agreement in our documents. The only thing which generated any enthusiasm was the proposal which came from Chancellor Kohl about protecting the Brazilian rain forests. President Bush thought that was a good idea so there was a Bush/Kohl momentum. But when it came to issuing anything in public we turned it down because nobody had actually thought to ask the Brazilians about it. So it didn't amount to very much.

This meant that when we came to the London summit of 1991 which was the last summit before the UN Conference on the Environment to be held in Rio in June 1992 we really had to try and get the G7's act together as to how we would prepare for this conference. There was a lot of work, quite a lot on assistance to developing countries to give them the resources they needed to make environmental measures and that brought in the ODA who were very active players as well as the people in the Department of the Environment, Derek Osborn, David Fisk and Fiona McConnell. They were a strong team. We made more progress than seemed likely at the time in that we managed to agree on a financial instrument linked to the World Bank to help developing countries with their environmental measures and we laid out proposals for international treaties on climate change and biodiversity. The Americans said firmly that they wouldn't sign treaties on climate change or biodiversity and I bet the American sherpa a bottle of champagne that they would sign the climate change treaty, which indeed they did. But I never got my bottle of champagne I'm afraid to say! Certainly at the summit it wasn't clear that they would, but they did. As you know with the UN Treaty on

Climate Change, the story is still going on. They never signed on biodiversity but some quite good work has been done in that area without them.

AW: And so finally you would like to talk about debt relief?

NB: Yes. When I was talking about my time as Head of Economic Relations Department, back then, I spent a lot of time arguing with the Treasury about measures to ease the debts of developing countries and indeed shortly after I left the department a major crisis broke out when a whole series of Latin American countries, led by Mexico, threatened to default on the debts that they owed to banks which would have brought the banks into a state of bankruptcy. This was averted by the banks agreeing to reschedule, that is to say spread out the payment period of these loans, provided the countries in question accepted advice from the IMF. This is indeed what happened but although the banks were prepared to spread out the periods of their existing loans they insisted that they did want their money back eventually and until they started getting their money they wouldn't extend any more loans to these countries. So there was a sort of stalemate which persisted through most of the 1980s. The crisis had started in 1983 and when I came back as Economic Director in 1988 it was still going on. The Latin American countries concerned had been following strict IMF austerity for all this time, growing very slowly, and it's what's known as "Latin America's lost decade". The practice had grown up that these debts would become available for sale on the secondary market where they would be sold off by the banks that initially held them at a deep discount to their original value. In the intervening periods the banks had rebuilt their reserves so they wouldn't have suffered if they faced even an outright default on these debts.

When George Bush became President in 1989 his Treasury Secretary Nicholas Brady decided that this had gone on long enough and that the banks must realise they weren't going to get their money back, so he launched the Brady Plan which essentially meant that the debtor countries in Latin America and a few elsewhere could exchange their loans to the banks for what were called Brady Bonds which were guaranteed by the US Treasury and the banks would be repaid in Brady Bonds. But the Brady Bonds available to these countries did not cover the full amount of the debt so the banks had to accept debt reduction which essentially means only getting part of their money back, not all of it. The banks had seen this coming and they acquiesced.

However, there was another category of debtors who were low income countries, mostly in Africa, and they had accumulated lots of debts from Western governments. These were aid

loans and also government guaranteed export credit loans. They too were in the position that they couldn't pay them back. In 1988 before I returned a group of G7 countries, UK, France and Germany got together and said that the time had come to forgive the debts of these countries. There were active developmental NGOs and charities, particularly in this country, who were busy lobbying for debt relief. At the 1988 summit in Toronto the first move was made to start forgiving the debts of these countries. Relief was offered on about one-third of their debts, provided they followed the advice of the IMF, but while we and the French and the Canadians were in favour, the Americans, the Germans and the Japanese were not. So one-third was as far as we could get in 1988. In 1989 we had the Brady Plan which was introduced in the preparations for the 1989 Paris summit and it was agreed there with no trouble and then got adopted by the IMF and the World Bank later in the year.

Once the idea of debt reduction had been accepted for loans to banks there were much stronger arguments for getting it accepted for loans by governments to poor countries. The Americans and the Italians began to come around although nothing was done at the Houston summit. At the London summit it was a major issue introduced by John Major who had a personal interest in the subject because the previous year when he was Chancellor of the Exchequer he had introduced the idea of a new round of debt relief at the Commonwealth Finance Ministers Meeting in Trinidad. A scheme was worked out which was known as Trinidad Terms and meant that the level of debt relief would go up to 50 or 60 percent. He carried that forward for the London summit and it got so far that London agreed 50 percent debt relief. That was the way the summits went on to deal with debt relief. It would come back to the agenda from time to time and the percentage went steadily up. The Italians managed to get it up to two-thirds, 66 percent, in 1994 and the French got it up to 80 percent in 1996. Finally, before the Cologne summit in 1999 when there was a new government in Germany, Kohl had gone out, Schroeder had come in, the Germans came on board and they brought in the Japanese, and it went up to 100 percent. But that of course happened much later but I was keeping an eye on summitry and it pleased me greatly to see that the momentum had not been lost.

That I think brings me to the end of my account of being Economic Director, it was a very active period.

High Commissioner to Ottawa, 1992-96

AW: Presumably towards the end of this role, the Office was starting to talk to you about your next post? Have we reached the point where you applied for jobs in the Office?

NB: Yes, I think we were in the state where you could apply for jobs but you didn't have to. I wanted to serve in a G7 country, needless to say. Robin Renwick was already in situ in Washington and I thought that was a bit above my grade. There were people heading for Paris, that was Christopher Mallaby, and Nigel Broomfield to Germany, John Boyd to Tokyo and I thought they were all better fits into those particular holes than I was. And although curiously I never went to Canada on my travels as Economic Director, I saw the Canadians constantly in my sherpa meetings and thought they were good people to work with. So I opted for Canada and was chosen and after a really frenetic couple of months in 1992, I handed over the Economic Director's seat to Brian Crowe and set off just a day or two before the General Election of 1992. Because Canada is one of Her Majesty's realms I didn't have letters of credence but I had a letter signed by John Major to hand over to Brian Mulroney the Canadian Prime Minister and was quite relieved to find that when I got to hand it over, John Major was still the British Prime Minister.

AW: How did you get there? Boat? Flight? And did you and Diana manage to go together?

NB: Yes we flew and we went together. I had been warned by the post that it was much better to buy one's warm clothing in Canada than here at home so we flew over thinly clad and shivered because it was still deep winter and they had lots of snow in early April, but we kitted ourselves out. Ottawa is said to be the coldest capital after Ulan Bator. But we really enjoyed the winter weather; the problem was it went on too long.

AW: So you arrived, decent house?

NB: A very nice house. The house was built in the middle of the nineteenth century by a wealthy Scotsman and it looked like an outsize Minister's Manse with fine bargeboards. It had belonged to Sir John A Macdonald who had been first Prime Minister of the Dominion of Canada and he had enlarged it. So it meant that it was a very good house for entertaining and had lots of accommodation for visitors, including rooms in the attic. But it wasn't so grand, it still felt like a family house. My French colleague, just along the river, occupied an Art Deco palace but had to have a private flat which he could actually live in. Because it was the former house of the famous first Canadian Prime Minister from the Conservative Party,

whenever the Conservatives were in power they were always looking at ways to try and get hold of the house themselves. Since it had been acquired as the British High Commissioner's residence back in the 1930s after the then Canadian Government had declined it and we had bought it for a decent price, we felt we were on strong ground for holding onto it.

AW: And what was the size of the High Commission at that time, did you have a big staff?

NB: It was quite big. We had inspectors and they did shave us down a bit but I had an admirable Head of Chancery and Deputy Head of Mission in Bruce Dinwiddy, who spent a lot of time as Chargé when I was rushing around the rest of the country, and an Economic Counsellor, most of the time it was Boyd McCleary. I had two excellent Heads of Political Section, Doug Scrafton who went on to become Ambassador in various places and later Patrick Holdich. When I travelled around to provincial visits they used to come with me. The admirable Vanessa Hynes, married to a Canadian diplomat, who was the Social Secretary in the Residence when we arrived, later became the High Commission Information Officer.

There was a network of three Consulates General. Trade and Investment was run out of Toronto by a team headed by Peter Davies and although we had a First Secretary Commercial in the High Commission, the Inspectors moved him down to Toronto. There was an important Consulate General in Montreal, headed first by Alan Clark and then by Ivor Rawlinson and there was another one in Vancouver who really had to be self-motivating. I got to Toronto and Montreal roughly once a month on average but it was only twice or three times a year that I got out to Vancouver where Tony Joy and after him Brian Austin had to be self-motivating. But they did very well and I spent a happy time in Brian Austin's territory in 1994 at the Commonwealth Games in Victoria.

AW: And the relationship with the Canadians, what was that like?

NB: We had what I would call a rich, multi-layered relationship. Although we did a lot of work for the FCO we also did work for other Whitehall departments and entities in HM Government. And there was a lot of trade in both directions and British investments in Canada, Rolls Royce in Montreal for example, and a lot of investment going to the UK because I think 60 percent of all Canadian investment in Europe was based in the UK and we were keen to get more of it. We had lots of Ministerial visitors. I particularly remember

Patrick Mayhew, the Northern Ireland Secretary, coming because the Canadians had a very large Irish population in Canada from both sides of the fence. There were lots of Protestants and lots of Catholics. Unlike the United States where the Catholics seemed to dominate, in Canada they were well balanced and got on well together. They were very good at promoting joint enterprises to help the inhabitants of Northern Ireland. I remember there was a fund to which they were very generous. I would quite often be in demand to make speeches to bring people up to date with the peace process which was beginning to get underway then leading up to the Good Friday Agreement.

I used to like to get visiting British Ministers onto the early morning Canadian television news but that meant they would have to get up quite early to get to the studio. So I said to Patrick Mayhew, when he came in on the evening plane, that I'd arranged that before his first call he would have to go at quarter past seven to the TV studio. He said "Oh dear, do I have to?" I said to him "Minister, you'll be wide awake by seven o'clock because of the time change and by the time you make your Ministerial calls, everyone will have seen you". Needless to say he was wide awake and he went and performed very well. Our first call that morning was the Canadian minister who was the equivalent of our Home Secretary and his obvious interlocutor. The first thing he said was "Well Minister, I saw you on the television news this morning", so I thought that had worked out alright.

In general if British Ministers could find a reason for coming to Canada they liked coming. The Canadians conducted government business very much the way we did. Their parliamentary structure was the same and as we had a Conservative Government in the UK while the Conservatives were in power in Canada they found kindred things, and there were lots of parliamentary exchanges, Commons Committees, Commonwealth Parliamentary Association, International Parliamentary Union and they all came through and had a good time. There was a conference of Commonwealth judicial authorities so we had the Lord Chancellor and the Chief Justices of England and Scotland and Northern Ireland and they met the Canadian government people and the Canadian justices and there again the legal system had lots of points of contact.

The Armed Forces had very close interaction. There were training grounds for the army out in Alberta which gave the artillery regiments the chance to fire off live ammunition which they could really never do in Europe, and I went and visited them. I also visited the unit in Labrador that did low flying training with Tornados which was very exciting. We took a

helicopter ride and saw a moose. There was also a very close link between the intelligence services and I therefore got to know the Canadian intelligence hierarchy. And that got me a very exciting visit up to the northernmost occupied settlement on the globe at 83 degrees latitude called Alert which had originally been set up as a listening post across the North Pole to what was going on in the Soviet Union and was still keeping an ear open for what might be happening in remote regions.

AW: So what was going on politically, Mulroney fell while you were there?

NB: Yes that's right. Mulroney was coming towards the end of his second term of office and as far as Canadian domestic politics were concerned there were two things going on. The first was considerable economic difficulties because Mulroney from way back had inherited a Canadian budgetary system which had a persistent deficit which gradually grew more and more each year. By the time I got there the deficit and the size of Canadian public debt had got so large that he was obliged to bring in really severe fiscal and monetary measures. He had a very stern Governor of the Bank of Canada called John Crow who was raising the interest rates and squeezing the money supply. He was obliged to raise taxes to try and close the budgetary gap but unfortunately the year that I arrived, 1992, there was a world recession. Not a deep one, nothing like we've had recently, but it meant that Canadian growth was hit by the world recession and the raising of taxes which meant that the Canadian population were feeling pretty grumpy as far as their government was concerned.

The other thing that was happening politically was that we were in the closing stages of what Mulroney hoped would be some definitive reforms of the constitution which would reconcile Quebec to remaining part of Canada. This really went back to the beginning of the 1980s when Pierre Trudeau as Prime Minister had sought, as it was called, to "patriate" the Canadian Constitution and remove any links with the Privy Council in the UK and establish a fully Canadian constitutional structure. But Trudeau, who was a man full of ideas who didn't brook much opposition, introduced a number of changes particularly that education must be available throughout Canada in both languages which alienated the Quebecers who had just brought in legislation to say that public education in the Quebec Province must be in French. When the new Constitution was brought in by Trudeau's government and needed to be ratified by all the provinces, Quebec refused to ratify it. It took effect but they were unreconciled.

When Mulroney came in two years later he thought this was his opportunity to amend the constitution and bring the Quebeckers back on board. So he conferred with the premiers of all the Canadian provinces and worked out some reforms at a conference centre at a lake just across the river from Ottawa. This was known as the Lake Meech Accord and all the provinces agreed it, but it had to be ratified by the provincial parliaments. This took some time and as time passed some of the Anglophone provinces thought that this unduly favoured Quebec and they weren't sure they agreed it. Two provinces failed to ratify the Lake Meech Accord and it ran over its time limit and collapsed, which of course made the Quebeckers furious and encouraged Mulroney to have another go. So he had another go and this was coming to a head at the moment I arrived in April and shortly after a visit by the Queen on Canada Day, which was July 1st, the negotiations were concluded. All the provincial premiers and Mulroney came together and concluded what was called the Charlottetown Accord, the town being the capital of Prince Edward Island, the smallest province.

The Quebeckers had already decided that they would have a referendum on whatever emerged from these negotiations so Mulroney thought they had better have a nationwide referendum. The referendum was held in October 1992 and all the elites and the media and the political parties, though not in fact the now retired Pierre Trudeau, all said that Charlottetown was fine. But the problem was that the Canadian public were more concerned to show how angry they were with their government. So when the referendum happened it was voted down by a very large margin which was a desperate setback for Mulroney and made the Quebeckers extremely cross and it was not long after that in February 1993 that Mulroney decided to stand down. There had to be elections before the end of that year. The new Canadian Prime Minister was chosen, who was a woman called Kim Campbell, who had been Minister of Justice and who I'd met and who had impressed me, but she proved to be hopeless as a political leader. When the elections came in October the Canadian public were still extremely put out by the Conservative Government and they annihilated the Conservative Party from having had a substantial majority in the House of Commons, they went down to having only two members. The Liberals came through with a substantial majority and a divided opposition so they were politically strong but faced serious economic problems.

AW: You mentioned in that description that there had been a visit by Her Majesty the Queen?

NB: Yes but of course she was the Queen of Canada

AW: Of course so that was the Governor General ...

NB: Yes, the Governor General who lived down the road at Rideau Hall made all the arrangements and I kept well out of the way. It would never do for me to muscle in when the Queen of Canada was visiting. I was at public events in the Queen's presence several times but I never actually met her while I was there. I met the Duke of Edinburgh and I had quite a close relationship with the Prince of Wales's Private Secretary who was an ex-diplomat, but as I said I kept a low profile in royal matters. And I also had to watch my step when dealing with the native peoples of Canada because quite a lot of them claimed to have special relationship with the Monarch, and when the Canadian Government wouldn't do what they wanted they would like to appeal to the British High Commissioner to put in a word with Her Majesty, and of course I couldn't do that either so I tended to leave other members of my staff to have contacts with the first nations as they were called.

AW: And so there was a Liberal Government?

NB: Yes, and they were regarded as being "the party of government" because they'd provided the governments far more than the Conservatives. Mackenzie King had been in for ages and Trudeau had had a very long run, so in dealing with the various public services there was no problem of transition. I already knew quite a number of the MPs who then became Ministers, in particular Roy MacLaren who became the Minister of International Trade and later the High Commissioner here in London. He was of Scottish ancestry and an alumnus of Cambridge and he kept up these links very much. He became a very close friend. The new Minister for the Environment, Donald Anderson, was a fellow parishioner at the Anglican Church we used to go to, and so we knew him. The Minister for Industry was an Ottawa MP so I'd seen quite a lot of him and, although I didn't know the Minister of Finance so well - he was a Montrealer - I did know his Permanent Secretary extremely well because he'd been part of the Canadian sherpa team. Although ministers were not that accessible, senior officials and people at the Central Bank were very easy to get to know and to deal with.

AW: In your notes you mention defence matters?

NB: I guess the main strictly foreign policy issue that I had to deal with during my time in Canada was the conflict in the former Yugoslavia. When I arrived the Canadians were

making a major contribution there. They had a battalion in Croatia and they had a battalion as part of UNPROFOR in Bosnia and at that moment the overall commander of UNPROFOR was a Canadian. There was great excitement in that the Canadian unit had managed to drive all the way across Bosnia and arrive safely at Sarajevo actually on Canada Day and HM the Queen announced it in the speech that she made. There was great applause, cheering and great pride. Earlier they had unveiled a peacekeeping monument in Ottawa, in the presence of the Canadian Chief of Staff, John de Chastelain who was subsequently chosen as Head of the Northern Ireland Decommissioning Unit. Canadians were often chosen to fulfil roles in Northern Ireland where neutrality was important because they were acceptable to both sides. I remember John de Chastelain saying that originally a model of the monument which contained the figures of three Canadian peacekeepers had been shown to the press. The press looked around and then one journalist asked "Which of these figures is a woman?" It was pretty clear that none of them were women but John de Chastelain who was a quick witted man said "It's the radio operator, the one who is kneeling down". You can be sure that when the full-sized monument was unveiled there was a woman radio operator and two stalwart males.

Although the Conservative Canadian Government had been very supportive of operations in Bosnia they had been, because of budgetary pressures, cutting back their commitments elsewhere, and they'd announced a programme withdrawing all their forces stationed in Germany and they were removing their peacekeepers in Cyprus. When Douglas Hurd met Barbara McDougall, the Canadian Foreign Minister, in London shortly after I arrived he teased her a bit but he didn't put her under too much pressure.

When the Liberals came in I was quite worried about what their defence policy would be, and we made a bad start because on his very first day in office the new Prime Minister John Chrétien announced the cancellation of a helicopter called the EH101 which was being built by Westland Augusta. However, this was not unexpected because the helicopter was intended to do search and rescue in the far north and also to fit onto the Canadian frigates to replace some very aging Sea King helicopters. The Canadian Armed Forces were given the chance to say what modifications and special equipment they wanted on these helicopters and they got so carried away and laden the EH101 with so much specialised kit that the price went up and up, and the new government which was determined to tackle the yawning budget deficit, cancelled it on day one. In the early days of the Liberal Government they did things which made us wonder whether they were about to withdraw their battalions from Bosnia,

but in fact they didn't and when Chrétien came to London in June 1994, having been in office for six months, for the anniversary of the D Day Landings, he confirmed to John Major that they intended to stay there. Shortly afterwards in the general Bosnia/Yugoslavia set up, a body called the Contact Group was set up with the US, UK, France and Germany. The Canadians thought they should have been there because they had made such a contribution, so I had to do my best to calm them down and say that this was not a group to do with peacekeeping but the political future of these bits of Yugoslavia. They were really quite hurt and disappointed that their contribution hadn't been recognised, but fortunately the Canadian Defence Minister stuck to his guns and both the Canadian battalions stayed put until late in 1995 after the Dawson Fields Agreement they were replaced by something else.

The economic situation which the Liberal Government inherited was really very serious and it looked as if Canada would have great difficulty in financing its budget deficit and there were rumours that they would have to call in the IMF. But Paul Martin, the Finance Minister, stiffened very much by David Dodge his Permanent Secretary whom I knew, got together all the other spending ministers and obliged them to bring in really stringent cuts in public spending. Not so stringent as we suffered after the crisis in 2008, but nonetheless very severe. It took them about a year to work through the decisions and get everything tied down, but the 1995 budget laid out the plans and they were brought into effect. They inherited a budget deficit of six percent and the target was to cut it down to three. As I left in early 1996 they had already decided to cut it further to two percent and eventually Paul Martin got his budget into surplus and ran surplus budgets for several years so that they could build up a good accumulation of reserves. It was a remarkable achievement. When our Coalition Government came in in 2010 and widespread public spending cuts were announced, I got invited by a couple of conferences to explain how the Canadians had done it and managed to survive without things coming apart or major unrest.

Another economic aspect of my work as High Commissioner was relations between Canada and the European Union. Soon after I arrived in the second half of 1992 the UK took over the rotating Presidency of the EU so that got me very much involved in these things. Our membership of the EU was very much part of how we presented ourselves to the Canadians. We portrayed ourselves as the gateway to Europe and stressed the advantages that Canadian firms and exporters could have if they put their trade and investments into the UK to our mutual advantage. Despite these ambitions on my part, relations between Europe and Canada didn't run smoothly, chiefly because of a number of tiresome trade disputes. For

example the EU was busy banning imports of furs from Canada because of the way the fur bearing animals were trapped by the so-called cold trap. Then there was the problem of the pinewood nematode which was a parasite which caused great devastation in pine forests. We had found evidence of the nematode in pinewood lumber imported from Canada into the UK. The relevant EU Committee which was chaired by a Brit from the Forestry Commission said that before we let in pine logs and planks, they had to be fumigated. The Canadians said that in cold climates like Canada and the UK the nematode was inactive and didn't do any damage. But we said it was pine trees growing in southern Europe that could be infected. (The suspicion was that Dutch Elm Disease came to Europe in a virus that had been imported from Canada.)

While we held the Presidency we had an EU-Canada summit which meant that John Major as EU President and Jacques Delors as President of the Commission came over for talks right at the end of December with Mulroney and co, but it wasn't a very successful visit. They flew over together and just as the aircraft was due to land at Ottawa Airport the fog came down and they had to divert to Montreal Airport which was a hundred miles away or more and the snow was thick on the ground. We were prepared to meet them at Ottawa Airport but we weren't going to venture out to Montreal, which was just as well because when the Canadian Government motorcade finally got to Montreal Airport and prepared to drive back to Ottawa they found these huge limousines were all out of petrol. They had to drive around looking for petrol stations, and then, with their motorcycle escorts, went scorching across these roads at the most terrific speed, so that poor Norma Major, who was not a good traveller apparently, when she arrived at Earnscliffe, she was pale green. When Diana took her up to bed she did not appear until the following morning. As they were two hours late in arriving the talks were much curtailed but they did some useful business and talked about Bosnia and the multilateral trade negotiations which were once again trying to reach a conclusion.

When the Liberal Government came in the subject which really became dangerous in relations with the EU was fisheries. The background of the fisheries crisis is that the Grand Banks off Newfoundland had been famous for fish since the days of John Cabot five hundred years before. European fishing fleets, especially Spanish and Portuguese but also French and British, had been coming to the Grand Banks for centuries. The fish stocks appeared to be inexhaustible but in the late 20th century, because of improved fishing technology, they became over fished and they dwindled away very seriously. Under the provisions of the UN Treaty on the Law of the Sea, countries can declare exclusive economic zones 200 miles off

their coasts and the Canadians did that and that enclosed most of the Grand Banks which meant they could keep foreign fishing fleets out of that area. But even so the fish continued to shrink to the point that the Conservative Government had had to declare a moratorium for the fishing of cod in their exclusive economic zone and a year later for two other species. This was a tremendous blow to all the fishermen of Atlantic Canada.

There were bits of the Grand Banks outside Canadian international waters and notably the Spanish and Portuguese fleets continued to fish this area. They were regulated by a body called the North West Atlantic Fisheries Organisation, and because fisheries is a EU subject it meant that it was the European Commission that came to NAFO meetings on behalf of all the EU members states. The Canadians became convinced that although the Commission might agree all sorts of strict rules, for example rules governing the size of the nets that might be used, the Spanish and possibly the Portuguese too weren't keeping to the rules. Even though NAFO accepted the moratorium on the species banned in Canadian waters, the Canadians became suspicious that another species which had been widely fished which they called turbot, although Europeans called it Greenland halibut, was also being hoovered up by the Spanish trawlers and was under threat.

Matters had not come to a head while the Conservative Government had been in power but for the Liberal Government Chrétien appointed as his Fisheries Minister a real firebrand from Newfoundland, Brian Tobin, and the Newfoundlanders were strong supporters of the Liberal Party. It was clear that the Liberal Government intended to bring the fisheries problem under control. For a year after they took office Tobin's people continued to negotiate in NAFO to try and get things brought under control but from the beginning there were danger signals. When Chrétien paid his first visit to London in January 1994 one of the things he told John Major was that he was determined to bring discipline to the fishing grounds and John Major say that he hoped he would do it by mutual agreement and didn't pursue it. I tackled Chrétien afterwards and asked him if he agreed with what the Prime Minister had said and he said that he wanted to do it by agreement but would do it unilaterally if they had to.

Later in the year the Canadian Parliament passed a law which gave the Government the right to take unilateral action against fishing trawlers both inside and outside its territorial waters. The Canadian Government accepted the jurisdiction of the International Court of Justice in The Hague but it sent a message to The Hague saying that its acceptance of jurisdiction was suspended. It was pretty clear that some illegal action was brewing and there came a point

where Tobin decided he'd gone on negotiating in NAFO long enough and he wasn't getting anywhere and he unilaterally declared a moratorium on fishing for turbot inside and outside territorial waters, and told the Europeans must accept it or face the consequences.

The Europeans, sure of their rights, said he couldn't impose a moratorium unilaterally in international waters. The Spanish went on fishing and the Canadian coastguard chased after a Spanish trawler, which they were sure was cheating, and fired shots across its bows, caught up with it and towed it into St Johns Newfoundland. Before getting there the trawler, the Estai, had cut its net. But the Canadians managed to salvage the net and when they found it they could see that it had much too small a mesh. It was disobeying the rules. They displayed it proudly at UN Headquarters in New York to show that they were in the right and the Spanish were in the wrong. But of course the Spanish were incandescent and successfully persuaded the rest of the EU to denounce the Canadians for a breach of international law amounting to piracy.

This posed a really serious problem for me, because the last thing that we wanted was a complete breakdown in relations between Canada and the EU. Fortunately there were people in the Canadian Government who felt the same and didn't share the bellicose attitudes of Tobin and the Fisheries Ministry. They included the Foreign Ministry generally and particularly Jim Bartleman who was the diplomatic adviser attached to Chrétien's office whom I knew well. It was clear to me that public opinion in Britain was firmly on the side of the Canadians because we all thought that the Spanish trawlers cheated even when fishing in European waters, and it almost looked as if HM Government would take sides in this way. I strongly urged them not to and I think they just about managed to hold the line in Parliament because second thoughts were beginning to prevail in Brussels and among other Europeans including the French, who held the Presidency and I'm sure were getting good advice from my French colleague in Ottawa because Alfred Siefer-Gaillardin was a first class diplomat. Although the Canadians had been rebuffed immediately after the event when they tried to start negotiations in Brussels, I urged them to try again and they managed to revive fisheries negotiations with the Commission on the basis of a new agreement in which the Europeans would get larger quotas of fish but would accept stricter disciplines to make sure they that kept to all the regulations including having inspectors stationed on board the trawlers.

These ideas took hold in Brussels and negotiations were continuing into Holy Week. I was actually in church on Good Friday morning when my mobile phone rang and I nipped out, and there was Jim Bartleman on the other end and he said “I’m sorry to tell you that the Fisheries Ministry have run out of patience and Tobin has persuaded Chrétien that a second trawler should be arrested and it’s due to take place tomorrow morning”. At that stage, because I was being updated very well by John Kerr and his people in Brussels, I knew that the negotiations were due to be concluded that day in Brussels and should be ratified by capitals before the end of the following day. I explained to Jim Bartleman exactly where I thought things were and I asked if he could get the arrest of the trawler put off by 24 hours because by that time the agreement could have been sewn up. He said he would do his best, and in fact he managed to get Chrétien to approve an arrest but only on the Sunday morning.

The negotiations in Brussels were tied up on Friday and sent a referendum back to all the capitals. Approvals trickled in during the course of Saturday and last of all the Spanish gave the green light, and everything was meant to be finally endorsed at a meeting of COREPER in Brussels on Sunday morning. I thought that was it and it must be OK, but even then I found I couldn’t sleep that Saturday night and at 5am Ottawa time which was 10 o’clock Brussels time I rang up John Kerr and asked if the meeting went alright and he said “Yes, yes, the thing is fine”. I was able to go off to Church on Easter Sunday feeling very much relieved. Although Chrétien, as he says in his memoirs, had told his wife on Friday that he was going to war with Spain, in fact they never went to war with Spain.

AW: What an exciting crisis!

NB: Yes it was real nail biting stuff. That happened in March 1995. The next excitement was the Halifax G7 summit in June 1995. It had to be in June in order that it didn’t take place in the Spanish Presidency which started in July, because that could have caused all sorts of mayhem. Fortunately the summit was in June in the seaside town of Halifax, Nova Scotia and there was a very cheery atmosphere prevailing. Douglas Hurd told me afterwards that it was the summit he’d enjoyed the most, it was before people got so worried about security so the leaders wandered in the streets and mingled with the crowd. The G7 at that point had decided the previous year to conduct a review of international institutions to make sure they could stand up to the strains of globalisation as it was called. The consequences of the end of the Cold War in Europe were that the international economic system was really extending worldwide and creating new demands on international institutions.

It so happened that in January of 1995 there had been a major financial crisis in Mexico in which the Americans had wanted to put a large financial package into Mexico but Congress had vetoed it. As plan B they conspired with the Managing Director of the IMF to put in a very large IMF package to which the members, principally the G7, were expected to contribute. That was put before the IMF Board as a *fait accompli* but the rest of the G7 were extremely cross. They were prepared to rescue Mexico but they reckoned that it shouldn't be allowed to happen again. When Chrétien had originally proposed reviewing the IMF for the Halifax summit there had been no enthusiasm, but now there was a great deal of support for the idea. The Halifax summit in fact introduced a very sensible set of measures: to give the IMF more resources; to improve the quality of its data; to introduce a review of the regulation of financial markets; and also to examine whether one could have a regime whereby countries that got into difficulty like Mexico, could declare bankruptcy in the way that companies did. This was all adopted in a well organised summit but sadly of those four measures only the one about getting better data was brought into effect. Before the other things could take effect a worse financial crisis broke out two years later. But at the time Halifax looked like a really effective summit.

The last excitement of an action-packed year was the Quebec referendum. This in many ways resembled our Brexit referendum, though with a happier outcome. As you recall after the failure of Mulroney's two attempts to reconcile the Quebecers with remaining in Canada and the reform of the Constitution, the Quebec population were feeling extremely disgruntled. The result was that during 1994 they voted into power in the provincial government the Parti Québécois, which was normally in opposition. It was dedicated to Quebec becoming "sovereign" which might mean either completely independent or much more detached from the powers of central government, a bit comparable to what Scotland is manoeuvring itself into.

The new Quebec Government was dedicated to Quebec sovereignty and declared that they intended to hold a referendum on the subject at the end of October 1995. The question to be on the ballot paper, which was a real rigmarole of a question, reflected the fact that within the Parti Québécois there were two schools of thought, one of whom wanted outright independence and one a status short of independence. The premier of the Quebec Government, Jacques Parizeau, was definitely a hard-line independence all or nothing man. As the months went by and the referendum got nearer it didn't look as though public opinion in Quebec was very excited by the idea of independence and the opinion polls kept showing

40 percent for leaving Canada and 60 percent for staying. What you would call the remain camp didn't campaign very vigorously, the Federal Government kept strictly out of it. Chrétien was of course from Quebec and thought that the Quebeckers were much too sensible to vote to leave, and the best thing for the Federal Government to do was to keep quiet and not give anyone a reason to leave. Parizeau, although he was a very shrewd fellow with a doctorate from the LSE, was not actually a very effective public speaker or campaigner. He wasn't good at winning over the undecided.

With a month to go Parizeau decided to hand over the running of the campaign to Lucien Bouchard who was not in the provincial government but was the leader of the party in the Federal Government called the Bloc Québécois whose main aim, a bit like the Scottish Nationalists with us, was to promote Quebec's interests in Ottawa. He was an extremely gifted orator and personally extremely popular in Quebec. When he took over the campaign it began to turn around. In early October I had gone back to London to assist in the inauguration of a power station on the Thames Estuary which had been partly built by a Canadian company, and when I came back with a little over a week to go I found that the polls were predicting a win by the separatists. Panic was prevailing on the Federal side because Chrétien and his team, having decided to do nothing, suddenly thought, with defeat staring them in the face, what could they do. Chrétien at last began to make speeches and to make appeals on the television in French and in English and the English speaking members of his cabinet who saw, as it were, the collapse of Canada, decided they couldn't do nothing and three days before the referendum they mobilised an enormous rally in Montreal which aroused huge crowds waving Canadian flags.

The separatist side approached the vote convinced that they were going to win and were busy drafting their victory speeches and Jacques Parizeau was preparing his strategy for after the separatists won. On the day of the referendum we had John Coles, the PUS, visiting Ottawa, and we had a day of rather unreal talks in the Foreign Ministry. Diana was away and John and I sat down after dinner in the Residence in front of the television. Votes were counted by parliamentary voting districts and all the rural districts reported first. It was in the rural districts that separatism was at its height and so the initial results looked very dangerous and the separatist vote was building up a noticeable margin. But then the votes from the urban areas and particularly Montreal began to come in. That was where all Anglophones and the non-Francophones lived. Gradually the needle crept back and when all the votes were

counted it was 50.6 percent to stay and 49.4 percent to leave. So it was extremely close, barely a one percent margin to stay.

So there was a vast relief. All the various contingency telegrams we prepared were not needed, although the immediate reaction was to think that Quebec didn't leave Canada that time, but the long term prospects didn't look very good because there had been a steady trickle of English speakers leaving Quebec Province, (a lot of English-speaking immigrants used to come into the province but they tended not to stay). The proportion of Francophones in the province tended to favour separatism and they were expected to grow so my initial reaction was rather sober. But Parizeau immediately resigned as Premier, he'd made a racist remark in his disappointment on losing and Bouchard took over as Premier. He decided that the Quebecers might be feeling voter fatigue since they'd voted in elections or referenda every year for the past four years, so he didn't want to call another referendum until he was sure he could win it and that Quebec could prosper with an independent status.

As things have turned out, these criteria have never been fulfilled. Quebec's economic situation never looked secure enough and gradually, with the passage of time, the Liberals regained power in Quebec and held it for some time. Within the last couple of years the Parti Quebecois came back into power forming a minority government, seemed to be doing quite well and decided to call another election hoping to get an outright majority and then try another referendum. But they concealed this intention from the electorate until a diehard separatist declared in a public rally that was what their intention really was, whereupon they were roundly defeated in the elections and the Liberals came back with a large majority. The separatists won fewer votes than in any election since the 1980s. So it seems clear that the current for separatism is running very low.

That was October 1995 and the following March I wrapped up and finished my diplomatic career.

Post-Retirement: British Invisibles 1996-97

AW: So that was your last post – but you carried on being an economic diplomat in a sense because you joined British Invisibles?

NB: My original intention had been to look for some quasi academic niche. I'd hoped to go back to Chatham House, but they hadn't got a place for me and then Derek Thomas who was the chair of the Liberalisation of Trade and Services Committee at British Invisibles, as it was

called, was coming to an end and persuaded me to take it on. It was in the middle of negotiations in the World Trade Organisation for a financial services agreement to liberalise trade and investment in banking, insurance, stock markets and the like. Negotiations had stalled the previous year because of disagreements between the Europeans and the Americans. The Europeans were very keen to have a WTO Financial Services Agreement because there really was no international regime for financial services and they wanted to have one. But the Americans said they only wanted an international regime if they knew it brought advantages to American firms. They thought that there wasn't enough in the agreement on offer so they drew back and the negotiations in Geneva were suspended.

Andrew Buxton, who was then the Chairman of Barclays Bank, was very keen to get a more open regime for banking and insurance worldwide. He thought that if the private sectors in financial services in Europe, the US and other developed countries were brought together they ought to be able to work out a system for an agreement which the Americans would want and would satisfy the Europeans. Quite a lot of the European private sector wanted to see this agreement improving the opportunities for doing business. Prompted by Andrew Buxton, British Invisibles and our parallel European institutions, notably the European Banking Federation and the European Insurance Committee together with the Confederation of Service Industries in the United States, led by a strong minded fellow called Bob Vastine, formed a body called the Financial Leaders Group, which was a group of CEOs in the financial sector from the US and the EU, and we also had a Japanese member. Andrew Buxton was the European Chair with an American co-chair. The Leaders Group was supported by the Leaders Working Group which consisted of people like Bob Vastine and me and other people working for banks and insurance companies and also for banking and insurance associations.

What we really wanted was precisely the removal of obstacles to trade and investment that would make a worthwhile agreement. The various private sector bodies operated in these markets, they knew what was blocking business in India and Thailand and Turkey and Brazil and Argentina, and so we got together communicating largely by fax, in those days, and by telephone with conference calls, and we pooled our information. I was charged with drafting a massive document called The Barriers List which set out the barriers in banking, insurance and other sectors in a list of twenty target markets which were principally in the major developing countries, also in Eastern Europe. Having concocted this list it was blessed by all the participating firms and institutions and we went off to Geneva where they were gearing

up to start the negotiations again and we laid them before the negotiators from the European Commission, the European member states and the US. Switzerland joined in while in the margin there were also negotiators from Hong Kong, because Hong Kong was in the WTO but China not yet. They liked what we gave them and it was the first time that the Americans and the Europeans agreed a joint strategy on this. In addition to the list we put in some things that we wanted them to press the Japanese and the Canadians to do and they took those on board as well.

So that was one leg of the private sector operation which set out what were the demands we should make but we also had to consider how these demands would be received. We did that in two ways. We paid a series of visits to Geneva in which we went and talked to the delegations of the countries that were our target markets, we explained to them what we thought the agreement should contain and why we thought it would be to their advantage to liberalise their private financial sector. We thought we would get the brush off but curiously it was very unusual for the delegations in Geneva to be petitioned by the private sector so I think they were quite intrigued and listened quite carefully to what we were telling them.

The other leg of this operation, in which I didn't personally take part, was that those firms which were taking part in the Financial Leaders Group, whenever they sent delegations to visit these capitals, those CEOs would lobby the minister whom they met. They carried in their pockets a so-called Whipple card which was invented by Andrew Buxton's American co-chair called Ken Whipple. It was a bit of paper which fitted in an inside pocket and on one side it set out the general objectives of the Financial Leaders Group and on the other it set out the precise barriers of the country which the CEO was visiting. This was surprisingly effective because at that time almost all the countries that we were targeting, in the atmosphere of globalisation, were considering whether or not it was to their advantage to open up and get more investment by foreign banks and insurance companies which would encourage foreign investors in other fields and improve the quality of their financial sectors. We were in some respects feeding in arguments that parts of their governments and parts of the private sector in their countries wanted to hear.

As the negotiations proceeded it all came to a crunch in December 1997. The negotiations in Geneva consisted of the participating countries putting on the table the measures they were prepared to take to liberalise their financial sectors. They came in slowly in dribs and drabs all at the last minute but the negotiations were due to finish on a Friday. By Wednesday the

team from the Financial Leaders Working Group was at work in Geneva. We took stock of what we had. All the Europeans thought it was good enough for an agreement. The American side were divided. The representatives of big firms who might already be in position in the target countries didn't think there was enough. The representatives of small firms and the associations who represented small firms and were interested in getting in for the first time thought it was worth having.

On the Thursday morning Andrew Buxton couldn't make it but Douglas Hurd who by then had become the Chairman of British Invisibles, came out to chair a meeting jointly with Whipple. By good fortune Whipple's plane was delayed so Douglas Hurd had to chair it on his own with me whispering in his ear. I said to him that it would be like a meeting of the EU Council of Ministers, the thing was to make sure that everybody gets the chance to say their piece. The result of that was that the smaller US participants, who tended to be cowed by the bigger ones, spoke up and said they liked the agreement. The big firms were still holding back but Douglas Hurd reckoned there was enough for us to go to the negotiators and say that the agreement was very nearly good enough, it just needed one last push.

When the agreement came into its final throes, late at night on Friday, there was enough there that everybody was satisfied. Andrew Buxton, who had arrived by then, had spent that evening ringing round all his contacts in the US to get their blessing and so the agreement was concluded and everyone was happy. I got a letter of congratulation from Gordon Brown, the Chancellor of the Exchequer thanking me very warmly for the contribution that British Invisibles had made to this outcome. I was helped by the fact that the key figure in the WTO Secretariat (David Hartridge) and the key figure in the responsible directorate in the European Commission (John Mogg) were both British so I had easy contacts with them and they could tell me what was wanted.

AW: Did you feel as if you were still doing the same job, still being an economic diplomat or did it feel different?

NB: It felt different, but not that different. I have to say that a great many of the people with whom I sat round the table in the Financial Services Working Group were refugees from the public sector in different ways. There was John Cooke, who moved from the DTI to the Association of British Insurers. There was another similar DTI refugee who was representing the London Investment Bankers Association. Bob Vastine, my US counterpart, had spent most of his life as a congressional staffer and even at the Leaders Group the chairman of

Goldman Sachs International at that time, Peter Sutherland, had been Director General of the GATT. There was a great deal of knowledge in that group of how inter-governmental relations worked. I didn't feel that I was in a completely alien environment but the motivation of the firms was quite different and reaching agreement was less important for them than it was for me as a diplomat. And, of course, Douglas Hurd was in the thick of it.

AW: Were the economic people in the FCO watching what you were doing, were they interested?

NB: Not so much the FCO but I was very much in the pockets of the DTI and of the Treasury and the Bank of England a bit. I don't remember crossing Brian Crowe's path that much but certainly Christopher Roberts and Tony Hutton in the DTI and key figures in the Treasury.

I won't prolong my diplomatic half-life beyond this.

AW: In order to complete this record I think we should list the various books that you have written because for people reading the transcript of this recording as a source, they can find more detail about summitry etc.

So thank you very much Nicholas for all of this, it's been lovely to record this.

NB: And thank you Abbey, I've enjoyed it very much, it's been a stimulating experience.

Publications by Sir Nicholas Bayne KCMG

Economic Diplomat: The Memoirs of Sir Nicholas Bayne KCMG. Published by The Memoir Club 2010. (The Memoir Club has since folded. Single copies are available from the author, Nicholas.Bayne@tiscali.co.uk, who holds the remaining stock.)

Hanging Together: the Seven-Power Summits, with Robert D. Putnam. Published by Heinemann in 1984. Revised edition by Sage (UK) and Harvard University Press (US) in 1987.

Hanging In There: the G7 and G8 Summit in Maturity and Renewal. Published by Ashgate in 2000.

Staying Together: the G8 Summit Confronts the 21st Century. Published by Ashgate in 2005.

The New Economic Diplomacy: Decision-Making and Negotiation in International Economic Relations, edited with Stephen Woolcock. Published by Ashgate in 2003, with revised editions in 2007 and 2011. Fourth revised edition published by Routledge in 2016.