

Sir Michael Dacres BUTLER

(b. 27 FEBRUARY, 1927)

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Sir Michael Butler

Interview with Sir Michael Butler conducted by Malcolm McBain at Edmeads Cottage, Teffont, Salisbury on 1 October 1997.

M.McB: "Sir Michael, you joined the Foreign Service in 1950 and served on until 1985; a lot of posts in that time. Would you like to tell us how you started?"

Sir M.B. "Yes, I was one of the last post-war entrants to the Foreign Office, gaining entrance through the "special competition," (the famous house-parties), which I took in the summer of 1948. Thereafter, I was able, with some difficulty, to persuade the Office that it would be sensible to let me go to Oxford and read PPE for a two-year course. They were rather reluctant because they needed people, but I persuaded them and I went to Trinity. Tony Crosland, later, alas, for only a very short time, Foreign Secretary, was my economics tutor, which was tremendously stimulating, and I took economics as my main subject. I joined the Foreign Office in June 1950 in the Western Department. In those days, the Western Department was the only department dealing with western Europe, west of the Iron Curtain, and, oddly enough, in view of my later career, almost immediately after I joined, my then colleague, Barley Alison, who was a girl who'd been in SOE during the War and then in the Embassy in Paris and who really understood the Schuman Monnet philosophy, was the desk officer dealing with France. She received from the Embassy in Paris a telegram containing the invitation from Schuman to the British Government to join in the negotiations for the creation of the Coal and Steel community. She was more or less tearing her hair out because she couldn't interest any senior officials or ministers in the idea of joining in. The British were, of course, in those days feeling that they were very much superior to these continentals, never considered the possibility of joining, which was rather odd considering that we had, after all, just been involved in the second major world war in 40 years. You'd have thought that the idea of trying to make sure that one would never happen again might have been attractive!

Barley explained to me the significance of Jean Monnet's vision, which really I've carried with me ever since. What Jean Monnet was trying to do was to start a process of integration in Europe which would ensure that the French and the Germans never fought each other again. Unlike many Frenchmen in his day, and, of course, his main opponent, General de Gaulle, he was pro- American. He'd spent quite a lot of the war in Washington and he had managed to convince many Americans that the idea of creating an integrated Western Europe was the right course of action. The Coal and Steel community presented itself obviously as an excellent first step. Of course, it was of limited scope but coal and steel bore directly on the subject of war and peace. Monnet was always ambiguous but, in my opinion, deliberately so, about where it all might end up. I think that he felt that to define the goal too precisely would be to create controversy, whereas if you could just press on from step to step, with integration in more fields, then the task would be done and nobody would know as they travelled down the road, where the road was going to end, but everybody knew that the aim was to ensure peace and prosperity in Western Europe. I became strongly imbued with this vision myself in 1950 and have held to it very firmly ever since.

In the Western Department in those days there was very much a family atmosphere. I don't think, even by the time I was a Head of Department in 1972, that this really continued to exist. All the members of the Department saw each other out of the Office, and Barley Alison and Tony Moore, who happily is still alive (and married to Mary Galbraith as she then was and also in the Office), took me in hand and taught me the system, and I remember the great excitement of the first blue minute which I drafted, going up to Ernie Bevin, actually about Spain, I think. Work was quite leisurely, began at 10 o'clock and ended at 6, and lots of relaxed laughter in-between. The Head of Department was Sir George Young, Bart, known as Gerry, who was a very clever and a very nice man. The only trouble was that he was rather prone to some alcoholic binges, but these were infrequent and he would always retire after a day or so and come back to the Office later. It was a measure of the way in which the Office was tolerant in those days. I mean everybody knew about Gerry's little failing but nobody felt threatened by it."

M.McB: "May I ask a question? You said that you had received a telegram from Robert Schuman."

Sir M.B: "No, from the Embassy in Paris, containing a letter from Schuman inviting the British Government to ..."

M.McB: "How was a reply to that decided upon?"

Sir M.B: "Well, Barley Alison had the greatest difficulty in getting anybody interested at all. She put up a submission about it. I can't remember the details now. After all, these must be in the public domain, but she put up a submission about it and nobody seemed to be interested. I don't remember now whether we did manage finally to send a polite reply back or not, but I remember her finding it extremely difficult to get anybody to take an interest in the subject. It is fairly ironic in view of what came after."

M.McB: "Well, it is. It must have gone to ministers."

Sir M.B: "I suppose it did in the end. It would be quite an interesting little research subject for a doctoral thesis."

M.McB: "We were talking about the way the Office was operating in those days, before I interrupted. You then, shortly after that, went to UKMIS New York. "

Sir M.B: "Yes, in 1952 I was told that I was to become Private Secretary to Gladwyn Jebb, as he then was. He had a rather fearsome reputation, a difficult ambassador to deal with. Actually, he had a fearsome manner, but a very kind heart and I became a friend of his, until he died the other day.

Luckily, I was told by somebody who had worked for him that the one thing one must never do was to let Gladwyn get away with something unreasonable, but, provided you didn't, you would probably be all right. I started very badly because I was told to report for duty and to take him to the airport. We were going to fly to New York, via Shannon and Iceland and Gander. He put all his five or six pieces of luggage in my charge and forged ahead to the VIP lounge, and I got the luggage put on the plane. There weren't many people on the plane. He had a bunk, a sleeping bunk, which was up above the seats where the luggage racks are now, and as we got in he said,

'Michael, where's my overnight bag?' I didn't know he had an overnight bag, so I said 'I'm sorry, I put all your luggage in the hold.' 'Oh!' he said, 'then we'll have to stop the plane and get it out.' I managed to persuade the captain to hold the plane, and went and spent a horrible hot and dirty half hour delving about in the hold. Actually, I think that was a reasonable request but some of the things that he asked for later were not so reasonable. I'll mention one in a minute.

I was married with a 6 month old baby, and when they arrived we found that Gladwyn had decreed that I should live somewhere near him in Riverdale, which was a fashionable suburb 14 miles up the Hudson. The ambassador's house was a marvellous house with a wonderful view out over the Hudson. We had rather an unattractive little house in a hollow which had been taken for us for one year. The story that I will tell when Gladwyn was unreasonable was this. In those days our office was on the 61'st floor of the Empire State Building. There was no parking problem in New York. Gladwyn sometimes drove himself in on a Saturday morning and I had to be there before him to get the telegrams out and so on. One Saturday morning, a very foggy November, quite soon after I arrived, I went in and then the telephone rang and it was Gladwyn saying, "I went out onto the parkway and found there was a most terrible fog, I mean it's completely impossible for me to come in so I've come back to Riverdale. But I certainly need my telegrams and my papers, so could you get out here as soon as you possibly can.' You couldn't get there any way but by car, so I said to Gladwyn, 'Is it a one-way fog?' Gladwyn had never thought that if he couldn't drive in, I couldn't drive out! This struck him as very reasonable, so he said he could put up with not having his papers. In those days he still had the top television ratings in America because he had been absolutely brilliant at dealing with Vyshinsky in the Security Council during the whole of the Korean War. Old Senator Austin, who was the American representative, wasn't a great TV star. One of my jobs was to sift the very large number of adoring letters that he got from teenagers (he was a handsome man, Gladwyn) which were still pouring in in bagfuls, and let him have the most touching of them and they all had to be answered (not by him). The UN posting was a very good experience for a young officer in a way because as PS to Gladwyn I went everywhere with him. I saw him when he was operating, and he was no mean operator, with his colleagues and with visiting ministers and officials. And, of course, during the General Assembly, there were a lot of foreign ministers, including Eden, who came the first year I was there."

M.McB: "I take it you didn't actually go outside New York very much."

Sir M.B: "Not on duty, no."

M.McB: "And the Korean War was 1952 to ?"

Sir M.B: "No, 1950 it started. It was winding down in 1952. Selwyn Lloyd, later Foreign Secretary, was Minister of State in the Foreign Office and came for practically the whole of the Assembly. I got to know him quite well, and I learnt a great deal about multilateral diplomacy during the four years I was there. But after about less than two years, Gladwyn himself was posted to be ambassador in Paris, in late '54 I think, I can't remember which month it was."

M.McB: "But you stayed on."

Sir M.B: "I stayed on. His successor was Sir Pierson Dixon, Bob Dixon."

M.McB: "You said that you learnt quite a lot about multilateral diplomacy while you were at the UN. Did you get the impression that a great deal of it was made on the hoof, so to speak?"

Sir M.B: "Yes, I mean Gladwyn certainly made a lot of it up as he went along. On the whole, you see, I'm sure it's still the case, most of the debates in the UN, except certain debates in the Security Council on crisis situations, most of the debates were all just words, not really policy. And one of the limitations of multilateral diplomacy is indeed that, especially now there are so many countries and everybody wants to have their say, and the boring hours spent listening to speeches, militate against actually doing anything. But Gladwyn himself did have, because he impressed everybody so much during '50 to '52 and therefore acquired a personal position, he seemed to be able to steer things along a lot. I think he, more than anybody else, was responsible for the election of Hammarskjold as Secretary General of the UN. He got on very well with Hammarskjold. The Security Council was a bit different. We had a major crisis about Guatemala in '54 when the CIA were trying to oust the left-wing government. Oddly enough, I don't remember much about it, but I remember Gladwyn being incredibly active.

Then Bob Dixon arrived, and you couldn't have had much more of a contrast. Bob was very very subtle, very low key, never wanted to stick his neck out at all. Very effective operator indeed."

M.McB: "Would you say more effective than Gladwyn Jebb?"

Sir M.B: "No. He never achieved the sort of personal influence. I mention him now, primarily because he comes back into the story rather soon afterwards when he was nominated as Ambassador in Paris to deal with our first attempt to join the European Community, but I'd better come back to that a bit later. The only other thing I might mention is that I learnt later that Gladwyn's final report on me had said that I would go far but that I should next go to a small hard post. And indeed I was sent to Baghdad."

M.McB: "What time in 1956 did you make that move?"

Sir M.B: "I left New York in August '56 and actually Douglas Hurd succeeded me as Private Secretary to Bob."

M.McB: "You must have seen the beginnings of the Suez affair."

Sir M.B: "There may have been a sort of build up, but no, it hadn't got really hot, and indeed my wife and I left our 4 year old girl with my mother in Dorset and drove our American car from Lebanon through Syria across the desert to arrive about 10 days or 2 weeks before Suez. Iraq in those days was run by Nuri Pasha who was a senior generation, very pro-British, very anti-Nasser Arab, and the little King Faisal wasn't playing any role yet. I think he was quite young, about 20 or something. He had an uncle, a regent, who had been regent for some time, who everybody said was a sinister figure, but my observation was that Nuri really ran the country with an iron hand. I was passionately opposed to the Suez operation, partly I suppose on ethical grounds, but much more because I thought it was likely to be very strongly contrary to our national interest.

I had already absorbed the idea that the job of the Foreign Office and Foreign Office officials was to identify the long-term national interest, to press it on ministers and politicians and superiors and

recommend how to proceed. When we and the French invaded the Egypt, Nasser was getting his message across in Iraq. All Arabs by this time had transistor radios and wherever you went you could hear this voice of Nasser. The Ambassador was a man called Sir Michael Wright. He was rather of the old school too and he used to drive into Nuri's house in the morning with the flag flying on his Rolls-Royce. Nuri used to drive into the Embassy in the afternoon in his bullet-proof Chrysler with his flag flying. All the other embassies, and such Iraqis that I had met already, said that this was completely mad, that the mob would soon react."

M.McB: "But they never did."

Sir M.B: "Well they did two years later. The Qasim revolution in '58 was largely an anti-British revolution. But being a rather bumptious young man, I went round talking to the Head of Chancery and another First Secretary and the Oriental Counsellor. They all shared my view that the Ambassador must be persuaded not to continue with this practice. So I drafted a collective minute. It is the only time I have heard of someone in the Service doing this, and so I drafted a collective minute and every single one of my colleagues signed this, saying to the Ambassador that this was a very high risk policy, this very visible collusion with Nuri, and if he was going to remain in Baghdad it ought to be done very quietly but in many ways we thought that the best thing would be for Nuri to request him to go home for consultations. We were all summoned to the Ambassador's office where he ceremoniously tore up this document, so I am glad to be able to get it into the record as it won't exist otherwise. So he tore up this document, and went on exactly as before. All the Iraqis that I met over the next year and a half said that, whereas before Suez, the British regime (we had of course run Iraq until it became independent), the British closeness with the regime had been more or less accepted, after Suez, it became a matter of common belief for all the Arab-minded Iraqis that British influence was extremely undesirable."

M.McB: "What was the subject of these meetings between the Ambassador and Nuri?"

Sir M.B: "I have no idea really. I suppose they were reviewing events."

M.McB: "Twice a day?"

Sir M.B: "Yes, twice a day. Well, it was a quite exciting time in a way. It ended up as a total disaster for us because the Americans said enough is enough. I mean, the Qasim revolution, and all the subsequent revolutions of Saddam Hussein and so on, was really a terrible tragedy because Iraq could have been the Switzerland of the Middle East with all that oil, with wonderful mountains along the Turkish and Iranian borders, with better archeology than almost anywhere else with Nineveh, Nimrod and all these other places, and a lot of very interesting old civilisation."

M.McB: "And highly pro-British."

Sir M.B: "And highly pro-British, yes. I mean, one of the casualties of the Suez operation was the destruction of British interests and actually the destruction of Iraq."

M.McB: "Was it while you were there that the Abadan oil refinery was nationalised, or BP's interest in it was nationalised?"

Sir M.B: "Iran."

M.McB: "That was Iran, was it?"

Sir M.B: "Yes. My job proved to be a total non job, because I was to be the officer in the Embassy responsible for the Baghdad Pact, and the Baghdad Pact was put into cold storage as soon as Suez happened and never really emerged from it, so I had extremely little work. George Jellicoe was the Deputy Secretary-General of the Baghdad Pact, and he and I and my wife used to take an Embassy Landrover and tour all over Iraq, which was absolutely wonderful and could be justified on the grounds that we were finding out what people were thinking in different parts of the country. To go back to the collective minute, I think the Ambassador knew that I was the mover and I know I never found any favour. I left after just under 18 months I think.

I was posted back to the South-East Asia Department where I was told that I was to be in charge of Burma. Absolutely nothing was happening in Burma. I bought a house while my poor wife was in hospital with TB contracted in Baghdad. I bought a house in Chelsea. We didn't have much money and I personally decorated this house from top to bottom and dropped into the Foreign Office in the morning or the afternoon. When I got there I never found there was any work to do of any kind. So after I finished decorating my house, or just before, I started recommending that it was absurd to have an officer dealing only with Burma and I was put onto dealing with Indochina. That was a completely different kettle of fish. The Vietminh were undermining the settlement at Geneva in '54. They were blocked at that time from doing anything very major in South Vietnam by the strength of the South Vietnamese and American forces, but they started infiltrating Laos in '58.

Laotian politics were a wonderful, romantic absurdity really. The communist prince was Prince Souvannouvong, the American stooge was Prince Boun Oum, and the Prime Minister and the neutral prince was Prince Souvanna Phouma. The Americans, especially the CIA, were backing Boun Oum very strongly indeed. Luckily, it was just about this time, I can't remember exactly when, that Fred Warner replaced the previous Head of Department who had been totally passive. Britain had a sort of locus standi to intervene because we had been co-Chairman of the Geneva Conference of '54. Fred and I decided to recommend that we should join the French in backing Souvanna Phouma.

The Americans were absolutely furious, and, indeed, I later learned that the CIA had cast aspersions on my loyalty, which explained a rather bizarre event in my career. One of the things that was left over from the '54 Conference was a lot of quite difficult financial dealings, and the Treasury were very keen that we should sort these out with the Russians and get a financial settlement. I used to summon quite often a Russian First Secretary who was supposed to deal with it. The Russians had no interest in solving the problem because they owed (quite modest) sums of money. So they were stonewalling."

M.McB: "They were co-Chairmen, of course, with us."

Sir M.B: "They were co-Chairmen with us, yes, so I had every reason to summon this chap. After a bit I came to the conclusion that this chap was almost certainly a representative of the KGB, so I suggested to MI5 that they might like to keep a close watch on him. When I used to ring the Embassy and say could, Kulakov I think his name was, could he please come in and discuss these financial questions, he'd be in Liverpool one week and Glasgow the next, and I couldn't think what

on earth he could legitimately be doing in all these ports. I asked that MI5 keep a watch on him, and about 3 or 4 days later a rather odd sort of voice on the telephone said that (I can't remember the codename for MI5) wanted to come and see me, so two large gentlemen in boots and bowler hats turned up. I was sharing an office with only one other person, so I sat them down in my office, but they said, 'Well, we can't talk about this here.' So I said we'd go down to the waiting room. So they started questioning me about my relations with this Russian and I explained why I wanted to see him, and then they said, 'When he comes in, where do you see him?' So I said, 'Well, here.' And they said, 'And do you see him alone or with a witness?' I said, 'I see him alone. I mean, nobody else is interested in the finances of the Geneva Conference.' It became plain to me that they were much more interested in investigating me. I suppose this was because somebody on the American side had said that I was suspected of Communist sympathies or something. The Americans were suspicious of poor Souvanna Phouma who was totally innocent of Communist sympathies. The last thing he had. Anyhow, when I realised this and we finished the interview I did write a report to Fred Warner who, I think, then managed to persuade the powers that be to quash MI5. I didn't hear any more afterwards. But it's quite an interesting example of how anti-communist fervour in the United States was operating in those days.

The Laotians were enchanting people. Souvanna was exiled for about a year in London while I was dealing with Laos in '58-'61. He was deceptively simple in his appearance but he had a cunning streak and a lot of determination. I don't remember any of the details now. Laos, however, was not on the front pages of any of the newspapers a great deal during those years. Fred, who was a very good Head of Department, had quite a lot of other things to do. He was always calm and quick and decisive and he did delegate a lot of dealing with the constant flow of telegrams to me. The PUS, Derek Hoyer Millar, did take a bit of an interest, but ministers didn't seem to be very interested until quite far on when it looked as though we were going to have another Geneva Conference on Laos. So I found myself very often more or less dealing with all the telegrams on my own. We got ourselves some broad strategic guidelines to promote a Laos conference and that did in the end take place, but after I had gone. I think it was the first time that I felt that I was actually influencing the course of history, which was rather flattering at my age, 31 or 32."

M.McB: "Yes, fascinating history, that business in Indochina, altogether, I think."

Sir M.B: "Yes. Actually, we did protect the Laotians from the worst of what might have happened to them at that stage because the Geneva Conference on Laos did get Souvanna back into office. They were Buddhists and they didn't believe in killing anybody so it was rather a phoney war. All the reports said that it didn't matter whether they were communist Laotians or right-wing Laotians, when they did have a shoot-out they always fired over the heads of the opposition."

M.McB: "Did you ever go out there?"

Sir M.B: "No, I never did, no."

M.McB: "After that, you moved on to Paris. That would have been in 1961."

Sir M.B: "Yes. What happened then was that Macmillan had decided that (the European Community had got going in '58), Macmillan had decided that we had to join and was planning an

application for the middle of 1961. He had a great deal of confidence in Bob Dixon, and made him the official head of the delegation under Ted Heath, who was to lead the negotiations, as well as Ambassador in Paris. This was, I think, in the belief that General de Gaulle would provide the key to the negotiations, and that he, Macmillan, and de Gaulle had had a good relationship in Algeria. The concept seemed to be that Bob would lead the delegation at official level in Brussels and pop back to Paris and fix things with the General. This concept was totally flawed on two separate counts. The first count was that the General intensely disliked the European Community and was determined to keep us out if he possibly could; and the second count was that I don't think he felt any warm friendship for Macmillan who probably bossed him around in Algeria. More seriously probably than either of those, the official head of the Brussels team needed, above all, to be in London getting the Ministry of Agriculture and the Department of Trade and Industry, and so on, to agree sensible briefing for the delegation in Brussels. So it was a great mistake to have him in Paris.

Bob Dixon succeeded Gladwyn in Paris at the beginning of '61, or right at the end of '60, and he knew when he was posted there that he would be the head of the official delegation. Everybody in the Embassy had other roles so he asked the Foreign Office if he could have me to be his back-up man on the application to join. I was absolutely delighted. I thought Paris was very nice, and I was extremely interested in the question, and went there full of enthusiasm, believing that it would all come off. I used to go with Bob quite often to see Jean Monnet. Jean Monnet had an apartment in the Avenue Foch and we'd go over there. We went quite often in order to see what he thought of the state of negotiations. He was more discreet than some of the pro-Europeans, but of course he did make it perfectly plain, I remember, that he thought it was going to be an extremely difficult task. So I set about finding out, as far as one could, about what happened to de Gaulle and Macmillan in the War and about de Gaulle and the European Community, because de Gaulle had strongly opposed the Treaty of Rome in '57. The European Community was extremely popular in France at that time and de Gaulle didn't make any attempt to set up a break point with the European Community then, I suspect because he didn't have a majority in the National Assembly and he therefore had to move carefully. I made friends with French pro-Europeans in the Quai d'Orsay and outside it, and they all said the same thing. I remember one quite senior French official saying "Il ne la facilitera pas" talking about the General and our membership. That was before we'd even handed in our application."

M.McB: "Did his preoccupation with Algiers have any bearing on this?"

Sir M.B: "No. One can't but admire the old boy in a way, while strongly disagreeing with him. I mean, he did have a strategy and he was a terrific opportunist as regards tactics but he knew where he wanted to go: he wanted to disentangle France from the United States. He believed the United States was dominating Europe, and that the Germans and the Italians and the Benelux were all under American instructions. His aim was to disentangle France from NATO and the European Community but to try to do it without getting himself too unpopular in France. Bob Dixon was on leave when Tony Rumbold, who was the Minister, handed Macmillan's letter of application to join the EEC to de Gaulle in July '61. Tony had difficulty in reporting it because he didn't get any comment of substance. But he did say that the General made a face of great distaste at receiving this letter. I knew a journalist, who produced a newsletter, who had been close to de Gaulle during the war, called François Bruel. This newsletter, which was produced, I think, almost every day, was

extremely accurate in describing the General's strategy and tactics, and I followed it very actively, and it was nearly always right. I often gave lunch to Bruel and he was able to quote many clear examples of the General's antipathy to the EEC and, especially, British membership. The trouble was that nobody in London could believe that the General had a policy of the kind that I have just been describing at that stage."

M.McB: "Were we making parallel moves in other EC capitals?"

Sir M.B: "Yes, I'm sure we were. Adenauer was very much under the General's influence, though the Benelux and the Italians were very keen to have us in. By the spring of 1962, with the negotiations in Brussels crawling along, and a lot of in-fighting in Whitehall (the most absurdly minor issues were being hard-fought by the Department of Trade and Industry or the MAFF or others), I managed to accumulate enough evidence in, I think, April 1962 to persuade Bob Dixon to write a letter (he didn't want to do anything official), to write a letter, expressing the firm view that the General was trying to keep us out. London seemed pretty unconvinced and saw no need to hurry things along. There was a Commonwealth Prime Ministers' Conference in September '62 and a Conservative Party conference in October '62, and the idea was that after that we would make a push to conclude the negotiations."

M.McB: "Ted Heath, was he in Paris at the time?"

Sir M.B: "No, he was in London. He was Lord Privy Seal, and he, rather than the Foreign Secretary, represented us in the ministerial meetings in Brussels. He came to Paris often."

M.McB: "So he must have been well aware that the French were being extremely sticky."

Sir M.B: "Absolutely, but he refused right up to the end. He absolutely refused to believe that the General could veto us. Perhaps it's more in retrospect, but even a bit at the time, I believe that if we'd really pushed very hard and made concessions, which wouldn't have been important ones because, after all, there wasn't a Common Agricultural Policy at that time ... (the argument was all about comparatively minor things, there was no "own resources" system), if we'd really made a push in the summer of '62 it would have been very difficult for the General because he would have been voted down in the National Assembly if he'd overtly vetoed us. He didn't have a majority. However, in October, he had a referendum on his new Constitution, which he won, and then elections to the National Assembly and got himself a powerful majority, so that by November, or early December, he was in a completely impregnable position at home. In November or December there was the famous Rambouillet meeting with Macmillan, and, according to the record which Philip de Zulueta made, the General more or less told him that we couldn't join, and I do remember Macmillan, in the library in the Embassy afterwards, being terribly depressed. Then, almost immediately afterwards, he went off to the meeting about Polaris with President Kennedy in Nassau. The General always managed to persuade the French that one of the reasons that he vetoed British entry was that the nuclear deal between Britain and the Americans at Nassau just confirmed that the British were complete American stooges. That wasn't the real reason. I'm sure he didn't approve of the Polaris deal, but he had actually more or less said to Macmillan at Rambouillet before Nassau that we couldn't join. But still, Heath was unconvinced. He came over to Paris quite early in January and saw Couve de Murville, who was the Foreign Minister, and Couve produced a wonderful double-edged formula, which was that "if you can negotiate your way into the

Community on economic grounds no power on earth can keep you out". Ted came back frightfully excited from lunch with Couve de Murville with this formula, and I remember sitting in the library with him and saying, "This doesn't give us anything because we aren't going to be allowed to negotiate." Ted, at that time, had invested so much emotional capital in bringing it off, that he simply couldn't believe it. He was performing absolutely brilliantly. The General's press conference, at which he announced the veto, was on 14 January, and I think it was the following day that the last ministerial meeting of the Conference took place. I went up to it with Bob Dixon and Ted made this incredibly moving speech, and one could see tears streaming down the face of stolid Luxembourgers and Dutch and so on. But, there it was. A little later the General did, on an opportunist basis, try to knock the integration element out of the Treaty of Rome by refusing to agree to majority voting, and he left the "empty chair" in '66. But the Five did hold firm. Apart from the Luxembourg compromise, which was never a constitutional document, he didn't manage to change the Treaty, so that when he left finally in '69, the machinery was still there which could pick up again and move the process of European integration forward. But it was delayed for a whole decade by the General."

M.McB: "What happened to him in 1969?"

Sir M.B: "He just got fed up with the French people. He went back to Colombey Les Deux Eglises."

M.McB: "What about the Luxembourg compromise? You mentioned that but didn't specify."

Sir M.B: "What it said was that any country could represent any issue as affecting "very important national interests" in which case the discussions would continue, or something like that, ie no vote would take place. It wasn't a Treaty document. So it didn't in fact affect the majority voting provisions in the Treaty, and it was used seldom. As a matter of fact, I was inadvertently responsible for finally breaking it a bit later, in, I think, 1981 or '82 in the Agriculture Council. The other members of the Community were determined on taking a number of decisions, which were very adverse to our interests and would have markedly increased our budget contributions. (We were in the middle of Mrs Thatcher's great budget campaign.) I advised the Government that the only way to stop these price rises was to invoke the Luxembourg compromise on the grounds that our "very important interests" were at stake (they were!), which I don't think we'd ever done before. There were 61 issues for decision, and the French decided that it was more important to clobber us than to retain the Luxembourg compromise. They voted Peter Walker, then me (because Peter got bored with being voted down), they voted us down 61 times in one afternoon. But all this is getting ahead of my story.

I went back to London in 1965 and I was made Chairman of the JIC's Current Intelligence Group. I think, in those days, the JIC hardly admitted the existence of these groups. I don't think it would be contrary to policy for me to speak a bit about it now, but this bit would have to be looked at by the Foreign Office. It was more than 30 years ago now. Very few of these papers would have been published because they were all highly classified."

M.McB: "Sorry, in 1965 you became Chairman of the ?"

Sir M.B: "Current Intelligence Groups of the JIC. I'll just describe the job for a moment because it is quite interesting and I don't think it ever has been described. There were 5 of these groups, which had on them representatives of the appropriate departments in the Foreign Office and the Department of Defence, representatives of MI5 and MI6 and GCHQ, and as participating observers representatives from the CIA and the Canadian Intelligence Organisation. There was one group on Europe and one on the Middle East and one on the Far East and South-East Asia. There were five or six of them altogether. I can't remember how they were divided. Their regular job was to meet every Tuesday and to prepare drafts for submission to the Joint Intelligence Committee on Thursday, assessing all the intelligence that had come in during the week about all these subjects. In crises they met more often, or almost permanently. I can't talk too much about the assessments because I'm quite sure that the intelligence on which we based our assessments, for example in the June War of '67 between Israel and the Egyptians or the Russian invasion of Czechoslovakia in '68, would still be highly classified. But I must say, it was an extremely interesting, and rather taxing, job because one had to try to get a consensus of these oddly assorted people on a draft to put up to the JIC. Sometimes I had to put up a draft, recording one or other participant's disagreement. It was my job to get all this into good order during the course of Wednesday morning and get it circulated to the members of the JIC on Wednesday afternoon so that they could brief themselves for the meeting of the JIC on Thursday morning. Bernard Burroughs, was Deputy Under-Secretary at the Foreign Office and Chairman of the JIC at the time, and I worked very closely under his instructions.

Another very interesting aspect of the job, and one which was very useful to me a few years later when I was in Washington dealing with defence and disarmament and Europe, was that I established very close relations with the assessments side of the CIA, who were completely divorced from the operational side of the CIA. I would go to Washington every 6 months and their people would come and visit me on their way through London. I would hope that what I have just said could pass the FCO scrutiny.

In 1968 I was posted as Counsellor and No.2 in UKMIS Geneva. Alas, I came to the conclusion that the UN organisations in Geneva were almost all over-staffed, in some cases, almost entirely useless. UNCTAD was a particular bugbear of mine. UNIDO, which was in Vienna, was also part of the financial mess. One of the things that we were always trying to do was keep the costs down, which we weren't very successful in doing. Actually, the Economic Commission for Europe occasionally did some good things, a sort of east-west economic commission. The World Health Organisation and several other minor ones which I don't even remember, were all overstaffed. I didn't feel I was stimulatingly employed at all.

After General de Gaulle withdrew to Colombey Les Deux Eglises, I started to agitate to get back to the Foreign Office to deal with European integration. I was completely unsuccessful and was told that I would have the great privilege of spending a sabbatical year at the Centre for International Affairs at Harvard, which indeed was a great privilege, but I remember writing to the Head of Personnel Department and saying I really did feel that this was a time for action not thought. In vain! I did have a good year at Harvard although it was cut short because there was some crisis in the Embassy in Washington in early May of the following year. But my year at Harvard was quite a stimulating year. I wrote a paper, which nobody ever paid the faintest attention to, called 'The Case for a European Defence Community' and I taught a seminar on European integration to the postgraduates, and one on Chinese porcelain, and I made friends with a lot of Kissinger's White

House staff, most of whom were Harvard people, including one called Bob Bowie, who was by then the sort of President rather than actually running the Centre, but he was very close to Kissinger and his people. I engaged in a lot of cultural life. I took the undergraduate course on 17th Century Dutch painting and one on French- Romanesque architecture, and I had a thoroughly good time. Perhaps, the most significant thing that happened was that when Bob Bowie heard that I had been sent to the Embassy in Washington in charge of disarmament and defence policy and Europe, he gave me lunch totally on my own and said to me, 'Will you absolutely promise that you'll never say to anybody what I'm going to say to you?' So I said, 'Of course.' and I'm sure it's all right to say it now because he's dead. He said, 'Well, there's one thing I have to tell you (and Kissinger had come from the Centre), you must know it, Henry can't tell the difference between truth and falsehood.' And it proved to be true. One had to scrutinise every statement that he made in public or private very carefully. I mean he simply was absolutely incapable of being truthful. He really couldn't tell the difference. Or perhaps he knew what he was saying!"

M.McB: "The trouble was, he said too much."

Sir M.B: "Bob Bowie thought that he genuinely couldn't tell. He lived in a world where he was a giant. So I was dispatched down to Washington a month before the end of term, in May 1971. It was rather a depressing time really. Lord Cromer, ex-Governor of the Bank of England, was the Ambassador, and he insisted that he was the only man who should see Kissinger. Kissinger was virtually the only person who was worth seeing. There was a man called Harold (I've been trying to remember the name) who was one of Kissinger's deputies whom I met quite often at Harvard and of whom I saw quite a lot. But he was a fairly faithful servant of Kissinger's, so when Kissinger's line changed, his line changed. Cromer never argued with Kissinger. I don't expect he had a very high understanding of many of the issues involved. He was my first non-Foreign Office Ambassador. It really was quite depressing. So I don't recall anything very interesting happening in that year, although I'm sure it must have done.

In March '72, my wife and I were having a week's skiing in Utah, in the most marvellous skiing resort I've ever been to, and the telephone rang, and the Head of Chancery in Washington said that the Office wanted me to go back urgently to London to take over the European Integration Department. Would I take the job? So I said, 'You bet.' It was the job I had been trying to get when I was in Geneva. John Mason, who had the job, had found it impossible to work with John Robinson, the AUS, who was very difficult to work with. So I left Washington in a hurry and started work, I think it was in early June. In the letter you sent me from Professor John Young in Leicester, you wanted to know whether people in the Office were depressed by the French raising the exchange rate in '70 in the final stages of the entry negotiations. I can't answer that question. I was still in Washington. But I don't think it was ever taken to be another sort of de Gaulle drama. But I was in Washington then and not the Office. The other questions John Young asks I will deal with seriatim.

Life, as the Head of the only European Integration Department, was unbelievably hectic. We were deeply engaged in the preparations for entry on 1 January '73. We were negotiating to get the British-African-Caribbean-Pacific countries into the Lome Convention. We were preparing for the first summit of the Nine before we joined, which took place in October '72. A thing called The Correspondents' Group was set up to work to the political directors drafting the constitution of the

political co-operation machinery (to attempt to get common positions on foreign policy issues), and I was the correspondent. I worked very hard then, perhaps not quite as hard as I worked during the 1974 "renegotiation", and once or twice later. But it was very, very hectic."

M.McB: "Is it true that certain issues were overlooked, or underplayed, for example, arrangements for fish or things like Commonwealth sugar?"

Sir M.B: "In the entry negotiations, the delegation had done their best, but the French drove a very hard deal on all the points of detail. As far as fish is concerned, all that there was was just a very general commitment to have a common fisheries policy one day. I think there was a problem about Commonwealth sugar, but it wasn't a very big problem. It came into renegotiation, which I'll talk about in a minute. I might just say a word about the October summit and economic and monetary union. The Werner report on Economic and Monetary Union had come out, I suppose it was in the previous year, recommending monetary union, and Pompidou, who was obviously in the Chair, if I remember rightly, rather tried to bounce through a commitment to have full economic and monetary union by 1980. I remember very well a meeting with Heath and John Hunt, who was then the Deputy Secretary in the Cabinet Office before becoming Secretary to the Cabinet, and somebody from the Treasury (and I somehow managed to get in as the FCO representative), in which the Treasury and John Hunt were trying their very best to explain to Ted Heath why the idea of a complete economic and monetary union by 1980 was impractical. But Ted more or less brushed them aside, saying, 'Oh ye of little faith.' And we did take a commitment in that communiqué of the 1 October '72 summit to have a complete economic and monetary union by 1980. I don't think a lot of significance came out of the Summit. Ted worked very hard to get a regional fund set up, and this is where the British Budget question came into my life for the first time. In the entry negotiations, we had pointed out that a combination of the "own resources" system for financing the EEC and the Common Agricultural Policy was going to result in the UK being practically the only net contributor to the European Community Budget, so we would be financing a very large part of all the expenditure. Heath had decided to accept that in the entry negotiations, but he was trying to connect it by a regional fund from which the UK would be the major beneficiary. It wasn't actually ever going to work, that, and the French were fighting a rearguard action against having a regional fund anyway. I think your professor was querying whether in '74 there was a sense of disillusion. I think that's to some extent true, but the truth is that these issues were really swept out of the consciousness of everybody by the 1973 oil crisis, and of course the inflation which resulted from that killed off the idea of having an EMU. So, the fact is, nothing much happened in 1973 in Brussels, although no doubt we deplored it. We didn't spend much time deploring it because we were far too busy trying to foresee other things."

M.McB: "Yes, I think people tend to forget quite how disastrous those oil price rises were."

Sir M.B: "Yes, it was a very major crisis. I might just say a word at this stage about the complete change in the role of the Foreign Secretary that was caused by entry into the European Community, and, of course, what I say now has been magnified many, many times since. Alec Douglas-Home was Foreign Secretary at the time and not a great economist, but he did see that if all his foreign secretary colleagues from the other member states were going to attend, that he had to attend Council meetings. I remember trying to explain to him in the aeroplane going to his first Council meeting the intricacies of tariff preferences and so on. He actually did very well in the Council, but he didn't enjoy bending his mind to this kind of detail, and, of course, a foreign secretary defending

our interests in the Foreign Ministers' Council, now called the General Affairs Council, or for that matter any other of the eight or nine ministers who have to attend meetings in the European Union, they really have to master the detail of the subjects if they are going to have a successful negotiation. The problem was compounded in those days by the fact that the French insisted absolutely, a relic of Gaullist days, that "political co-operation" (ie on foreign policy) couldn't take place anywhere near the European Community. I remember very well flying with Alec Douglas-Home one day to Copenhagen in the morning to have a meeting on political co-operation, then having lunch in the 'plane and arriving at Brussels to have a Council meeting with all the same people. I remember trying to explain to Alec why this particularly irrational procedure took place, and I said, 'Well, you see, the French insist that you have two quite separate hats.' And he said, 'Well, I may have two hats, but I've only got one head, and one body.' A wonderfully down-to-earth character.

The Lomé Convention was finally got through to include our ex-colonies. There must have been other achievements in that first year, but I don't remember much about it. It was primarily the oil crisis that preoccupied everybody."

M.McB: "There was then a general election, on the theme of who governs Britain, early in 1974 when Labour was elected for the first time in that year."

Sir M.B: "Robinson, rather to my relief, went off to be Ambassador in Algiers on 1 January '74, and I took over as Assistant Under-Secretary. The election was at the end of February. The Labour manifesto on the subject of the European Community was written by Peter Shore, who wanted to get us out, and was, and remains, a totally, genuinely, passionately convinced opponent of UK membership. The manifesto committed the future Labour government to renegotiate seventeen issues left over from the entry negotiations, and, in the light of the success or otherwise of the renegotiation, to have a referendum on maintaining our membership. As most people now know, as very few people then knew, officials always prepare two sets of alternative papers for incoming governments and, in a very dark and gloomy February, I spent the month of February, very confidentially, with Pat Nairne (Sir Patrick Nairne) writing papers for a future Foreign Secretary on the renegotiation manifesto. We kept it as short as we could, but we had eight pages on top, which we suggested the future Foreign Secretary and Prime Minister ought to read within the first 48 hours of coming into office, with things to do and not to do in the first week or so if we were to succeed in the renegotiation. Then I think there were fifty-two pages afterwards on all the various issues. The Labour Party won the election by a very narrow margin, and Jim Callaghan came into the Office, before he'd even been appointed Foreign Secretary. I don't remember the exact timing, but it was very early on, because when the Private Secretary rang me to summon me, he said, 'You've been summoned to see Mr Callaghan, the new Secretary of State, and you're the first official to see him. The PUS hasn't seen him yet, and no doubt it's to discuss your paper for the incoming government.' My office was on Whitehall, so I went down the corridor in some trepidation because it was no secret that I was very strongly in favour of the European Community and in favour of our membership, and I wondered if I was going to be sacked. I was ushered into the Secretary of State, no Private Secretary, Jim sat me down and he said to me, 'Michael, they tell me you really care about Europe.' And I said, 'Yes, Secretary of State, I do.' He said, 'Well, that's all right, but just remember that I really care about the Labour Party.' I took that actually to be a very positive statement, but when I recounted it to Nico Henderson shortly

afterwards, he thought that it was an absolutely monstrous anti-European statement, and over the coming months I did have quite a lot of trouble with Nico and one or two of the other passionate pro-Europeans who thought that I was selling out to the enemy by doing the renegotiation for Callaghan, though I don't know what they thought a civil servant in a democratically elected government could have done. We had a meeting of the Ambassadors, I remember, in March, at which Nico was extremely rude about them. But Jim then said, 'Well, the first thing I did, I read all those papers that you gave me, and they are very clear, and I am very grateful. It must have been on the Friday, because he said, 'I've told my office to arrange a meeting tomorrow with Edmund Dell at the Treasury, Fred Peart, the Secretary of State for Agriculture, and Peter Shore, to discuss the question of agricultural prices.'

The manifesto said that we should withdraw from the agricultural price fixing negotiations, and my paper for the incoming government said that that would be absolutely fatal, that General de Gaulle had tried withdrawing in '66 and it had done him no good.

I was summoned to the meeting, the only official present. At the meeting with these four ministers, it became clear that Jim had obviously fixed Fred Peart. Fred Peart was officially an anti-marketeer, but actually, he was a huge admirer of Jim's and I think Jim had fixed him. I didn't laugh at the time, but it was a hilarious meeting because Jim just gently carried the discussion. Peter Shore fought back, but at the end of about an hour, Jim beamed at him (Edmund Dell was a strong pro-marketeer) and said, 'Well, Peter, it's three to one in favour of the national interest being sustained at the negotiations, so Fred will go off on Tuesday.' I didn't publicise that much at the time, but the first remark he had made to me, combined with that, convinced me that my job was to make these negotiations succeed, and so I set about with maximum effort to convert the manifesto to a White Paper, which could lead to a successful outcome. Jim wanted to have a White Paper on the renegotiation, and again, with Pat Nairne and Michael Palliser, who was Permanent Representative in Brussels, over the next 5 or 6 weeks, we produced a White Paper which turned a completely unnegotiable manifesto into what we hoped would be a negotiable programme. The most important thing that Jim agreed to and he got through Cabinet, was that we wouldn't ask for a renegotiation between us and the other eight members; as for a negotiation for entry, we would simply raise the seventeen subjects in the appropriate place, at the appropriate time, in order to try to get a solution. When Jim agreed to recommend that to the Cabinet, and got it through Cabinet, I knew that we were on a reasonable path to success."

MMcB: "What sort of arguments were Peter Shore and company putting up against membership?"

Sir M.B: "Oh well, they didn't like the thing in the first place and they wanted to trade with the Commonwealth and they didn't like the loss of sovereignty. I mean, all the same old things, although they were relatively new arguments in those days. But it was a most peculiar situation, because there were Shore, Foot and Benn and, allegedly, Peart in the Cabinet who were anti-market, and there were Jenkins, Shirley Williams and a couple of ministers of state, David Owen and Rogers outside the Cabinet who were passionate pro-Europeans. During the whole of this renegotiation period, Wilson and Callaghan weren't actually saying in words that they were neutral, but they were giving the impression that they were. There is no doubt at all, in my mind, that both Wilson and Callaghan had taken the view before they came into office that this renegotiation had jolly well better succeed or we'd be in deep trouble. So we did manage to turn the thing into a

White Paper and when we'd done so there were about four issues, which really couldn't be solved by words. There was the UK Budget contribution, which was by far the biggest issue, there was New Zealand butter, there were improvements to the ACP for things like sugar, and there was an attempt by Benn to overthrow the European Community's competition rules on the grounds that it was an interference with UK sovereignty (he was Secretary of State for Industry). The first three were seriously negotiated, the last one, we just had to finesse, because there was no question of getting the other members of the Community to overthrow the rules of competition, which is ironic now because it's always us who are the main supporters of competition policy."

M.McB: "What was Anthony Crosland doing at this stage, in that first government? You said he had been very influential in your time at Oxford."

Sir M.B: "He became Foreign Secretary when Jim went across to No.10 in 1976. I don't know what he was doing in '74-'75. He was moderately opposed to membership of the European Community on economic grounds because he thought it was too protectionist. But I don't remember much of his views at that time. I didn't see him very much until he became Foreign Secretary. When he became Foreign Secretary, he readily conceded that the political necessity was to improve the European Community rather than to leave it.

At the start of renegotiation, officials recommended to the Foreign Secretary that we should seek a corrective mechanism on the Budget, and Jim decided to send me, and a chap called Alan Bailey from the Treasury, on a tour of the capitals to explain what we wanted. So, as well as trying to do all these other things, I was having to pop into an aeroplane at least a couple of days a week and go and explain to recalcitrant officials in all these countries that we wanted was an amendment on the Budget to give us a corrective mechanism when our net contribution was too high. The last thing they wanted was that, because if we paid less, they paid more! Then, and later in 1981-85, they erected all kinds of ideological barriers. It is worth making a couple of points about the renegotiations. The process was held extremely tight. I wasn't allowed to side copy submissions to the Secretary of State to anybody, except Oliver Wright, who was Deputy Under-Secretary in the Foreign Office. Oliver didn't know much about the Community, and he left the thing to me, but he needed to know in order to be able to argue the case with European Ambassadors and so on. I wasn't even allowed by Jim to side copy many of the more sensitive papers to Hattersley, who was the Minister of State for Europe. I worked directly to Jim and I would send submissions down to the Private Secretary saying, 'There's this very difficult question, and I recommend that we do a, b, and c,' and it would come back with a white slip on it from the Private Secretary saying, 'The Secretary of State has seen.' I didn't think that was fair, so I would go down to the Private Secretary and say, 'Well that's all right that the Secretary of State has seen, and presumably he hasn't taken violent objection, but I want to know what he wants to do and what he wants me to do.' The Private Secretary would heave a sigh, would show me into Jim, always on my own, and three or four times I remember Jim saying to me, 'Well, Michael, would you be able to do that very informally?' and I would say, 'Yes, Secretary of State, if that's what you want me to do, of course I can. I'll keep it very quiet.' And, of course, it was absolutely vital that these papers shouldn't stray out to the Department of Trade, where Shore was, or the Department of Industry where Benn was, and so the co-ordination machinery really had to be done in two bits. One bit was me and Pat Nairne with some of the officials, unofficially, and then the official co-ordination machinery which was almost a charade. It posed a great strain on officials. Roy Denman, who was a passionate

European, was the Deputy-Secretary in the Department of Trade, and of course he had to do some of the negotiation because it couldn't all be done by Michael Palliser or me. I'm sure he didn't tell Peter Shore what he was up to. He couldn't have done. Peter Shore and Tony Benn were, in fact, oddly passive. I wondered at the time, and have wondered since, whether at least Peter Shore hadn't accepted in his own mind (perhaps after that first meeting on the Saturday) that the renegotiation wasn't going to be the kind of confrontation which he originally wanted to have. He could have battled harder. Benn did battle a bit.

All through the second half of '74 and early '75 we ground out solutions on the fourteen issues which weren't really all that substantive, though some of them caused a lot of difficulty."

M.McB: "There was a second General Election in '74 wasn't there, in October, and they got a bigger majority. There hadn't been any renegotiation up to that time, but there had been a commitment to have a referendum."

Sir M.B: "The renegotiation was grinding on in all the relevant Council meetings. The White Paper in April '74 confirmed the government's commitment to have a referendum at the end of the renegotiation, and the manifesto in October just said that renegotiation was proceeding and maintained a commitment to the referendum. There was a March summit in '75 in Dublin on Harold Wilson's birthday, which was the sort of final culmination of the renegotiation on substance, though some tidying up was needed afterwards. I think by that time, the only things that were outstanding were New Zealand butter, how much, and the corrective mechanism. We pretty nearly got agreement to the principle of a corrective mechanism, but not to the details of it. Schmidt tried to sabotage the idea altogether, but Harold resisted it, and it was agreed. We had managed to get the Irish to table a version of the corrective mechanism which went quite a long way to suit us and would have yielded some serious money (depending on all kinds of circumstances) back each year once the transitional period was over. The Germans tabled an alternative version, which couldn't ever have yielded any money, though it did accept the principle of a corrective mechanism. I remember very well a discussion in the great hall of Dublin Castle. Well into the afternoon, I was standing in the great hall with Jim and Harold, and Jim was saying, 'Now listen Harold, you must listen to what Michael's saying about the German version.' The other heads of government had decided to give Harold a birthday party, and Harold was frightfully keen not to have any disagreement. Harold was saying, 'No, no Jim, there are a lot of advantages in Helmut's proposal.' Jim was absolutely exasperated: 'Michael has explained to you why it won't yield any money.' Harold beamed at him and went back in and agreed to the German version. So the German version was adopted and never did yield any money, but of course, it was an important event later in '79-'84 that the principle of a corrective mechanism had been accepted, because that did transform the debate, when I had to return to it as Permanent Representative, under Margaret Thatcher. The Cabinet overruled the antis and recommended to the British people that we should remain in the European Community. Jim was able to come off the fence and argue the case in public. An interesting innovation for home politics - he chaired a campaign meeting every day during the referendum at which I remember Shirley Williams was present and the Head of the News Department, and the Head of the News Department at No.10 and one or two other ministers, no antis of course, together with one or two other officials. The daily strategy for the campaign was laid down at this meeting. We set up a Referendum Unit under Martin Morland. It is not at all the

case that we misled the people in the government's literature on the referendum. We couldn't possibly have avoided the sovereignty issue because they were always banging on about it. It is absolutely untrue, but it continues to be asserted by the Euro-sceptics with complete conviction. And so we won the referendum by 2:1."

M.McB: "With help from the Conservatives."

Sir M.B: "Yes, with help from the Conservatives and the Liberals. I must say, that really was an exciting moment. I think I slept for about 36 hours after it."

M.McB: "Could I just ask you if you have any views about the failure of successive governments to put forward any positive reasons for continuing to remain in the Community?"

Sir M.B: "I don't think that's quite fair, though there have been long periods when it's true. In the referendum we deployed all possible arguments. But then, having won by 2:1, it wasn't really necessary to continue a political campaign, although perhaps we could have been wiser to do much more political work during the rest of the '70s. When Margaret Thatcher came into office, her instincts were all anti, though during her first eight years she didn't let her anti-European prejudices prevail over rational examination of the national interest in her policies. She never let the "antis" off the leash. When she left, John Major started by trying to explain it a bit, but he was very indecisive, he was so rapidly overtaken by the Euro-sceptics in his own Cabinet and Party that he couldn't do anything. Since 1 May 1997, Tony Blair and Robin Cook have been doing their damndest to make the British people understand why it's so important to be members, and that campaign will go on for the whole of this parliament and the whole of the next one, I think."

M.McB: "I sometimes get the feeling that there is very little neutral information available to the general public."

Sir M.B: "You're absolutely right actually. I've tried to persuade the present government to form an independent database which would have objective information, and they might do it, but it would be very slow to get done and would be very costly. They are in preparation for the British presidency next year. They are planning quite a major campaign already. Incidentally, you will have to decide whether you want me to deal with my post-retirement European Union career. I was Chairman of the City's European Committee from '88-'93, and was the originator of the British Government's hard ecu proposal, and I became Labour Party's special envoy on enlargement last October and am now an adviser to Robin Cook. In fact, I sit on the task force of ministers which he set up to prepare for the presidency, and though I'd have to be fairly discreet about all that, there are some interesting things that I could say about it if you want to go on. Certainly about the hard ecu, I went to see Margaret Thatcher a couple of times about that in early '90, so I could go up almost to the present day. I warned you when we talked on the telephone that you would find that I thought I'd played an absolutely vital role on innumerable occasions! So, as I told you then, I think you should aim off and then you may get different views from different people."

8 November 1997 - Malcolm McBain resuming an interview with Sir Michael Butler at his home in Dorset.

M.McB: "Sir Michael you thought that you might start, or restart, the interview by going back slightly over the period of the renegotiation for British entry to the European Market in 1975."

Sir M.B: "Yes, the renegotiation was completed at the Dublin meeting of heads of government in March '75, and so it remained to fulfil the 1974 manifesto commitment to have a referendum on the question of whether Britain should remain in the Community. We had quite a lot of political and psephological discussion about what the question should be, and in the end it was decided by ministers that it should just be a very simple question -Should Britain remain in the European Economic Community? The Cabinet, of course, was still divided but they seemed to be able to be fairly amicable about the campaigning on different sides, more so in a way than they had been before the '74 Election. And Wilson and Callaghan were now able officially to come off the fence since the renegotiation had been successfully completed and therefore to recommend to the electorate that we should remain in the EEC. The campaign was quite interesting in that it was unlike any other political campaign in the United Kingdom. I'm not sure if it was the first referendum UK-wide, but it was, I suppose, and three or four members of the Cabinet campaigned on one side, and the rest campaigned on the other. Of course, the pro part of the government was supported by the Liberals and the Conservatives. All the same, it was unusual in another way in that Jim Callaghan set up a campaign committee, which met every morning during the campaign. I can't remember who all the members were. I was a member, Shirley Williams was a member. Sometimes David Owen used to come and it decided on points from the opposition's, the anti's campaign which needed to be researched and dealt with."

M.McB: "Was it mainly ministerial, the attendance?"

Sir M.B: "No, there were three or four ministers. I suppose Roy Hattersley must have been a member, I can't be sure of that. It was strictly informal. I don't think there were any minutes or anything."

M.McB: "No other officials? Press Secretary?"

Sir M.B: "Yes, the Head of the Foreign Office News Department was there, and, at my recommendation, we created a referendum unit which was headed by Martin Morland, whose career ended as Ambassador in Burma, who had been my assistant in the European Integration Department a year or two earlier and knew a great deal about the European Community. It was necessary, of course, and personally I think it would be necessary today, to try to counter all the misrepresentations that the anti's then, as now, were putting forward. Just to divert for a moment, I remember Michael Howard saying in the Election campaign this April (1997) that the Amsterdam Conference, the IGC, was a threat to the very existence of the United Kingdom as a nation state. Well, you look at the outcome! It's jolly hard to see how he could possibly have thought that. Perhaps he didn't really think it. There were a lot of misrepresentations in 1975. So those were researched and either the Foreign Office News Department or the Referendum Unit was sometimes used to put out directions, or Ministers used the result in the campaign. Jim Callaghan actively campaigned for a ' Yes' vote and, of course, we won by 2:1 when the referendum actually took

place. I suspect that the campaign was pretty amateur compared with a modern political campaign. We didn't have all that up to date public opinion polls. Bob Worcester, I believe, used to come in quite often and give us the benefit of the results of polls which they, MORI, were doing, but it wasn't as scientific as a campaign would be today. That brought an important phase in the life of Britain and Europe to an end. And all of us heaved a sigh of relief and said to ourselves, well that at least has settled the question of Britain's membership of the European Community. Would that it had!

Meanwhile, in the wider world (I'm now going on from the referendum) the economies were still in trouble because the oil price rise of '73 had caused major inflation and disruption of trading patterns, and we were into quite a serious slump. I confess that I would have to do some delving about in papers and things to remember. I have a huge archive, and I haven't done a serious research on what the hell I was up to throughout the rest of 1975. But it certainly was a busy time all the same."

M.McB: "That was the year when we had to borrow money from the IMF in order to make ends meet. In early '76, it was, but it arose out of the problems connected with the oil price and inflation."

Sir M.B: "And lack of control of the Budget. So, coming to the end now of 1975 and beginning of '76, I had been at home for 4 years and I was rather expecting to be posted abroad, particularly as I had worked amazingly hard for those 4 years. I remember Oliver Wright, who was the Deputy Under-Secretary, when I raised this question with him saying, "Well, I shouldn't press, because I think you might be able to go abroad in grade 1, and shortly afterwards I was promoted to grade 2 to be DUS in charge of economic affairs and Europe. I don't remember whether I mentioned that earlier, when we were discussing my job as Head of European Integration Department, that I rather rapidly found that it was completely, utterly impossible for one man to deal with all the questions involved, and that I created a European Integration Department (External) to deal with the external affairs of the Community and with political co-operation. Roderick Braithwaite, who ended up as Ambassador in Moscow, was the Head of the External Department, and John Fretwell, who ended up as Ambassador in Paris, was promoted from the Internal Department, to the AUS job when I moved up. Of course, John and I had been working together throughout the renegotiation and the subsequent period, so it was a very easy handover. As I was in charge of economic affairs in general, and John was a very competent man, I wasn't so directly involved in all the European Community affairs."

I don't know what month it was in, but about the same time as I was promoted, Harold Wilson resigned and Jim Callaghan moved over to No. 10."

M.McB: "Sorry, you were promoted to be Deputy Under-Secretary?"

Sir M.B: "Yes, Deputy Under-Secretary in charge of economic affairs, and European economic affairs. There was still, at that time, the division between economic affairs and political affairs. Political co-operation under the political director was in one line of reporting to the PUS and the Foreign Secretary. The economic aspects of the European Community were in another line of

reporting through me. I don't think it was a very good system, because the economic and political were so closely intertwined.

So when Jim Callaghan moved over to No.10, Tony Crosland, my economics tutor at Oxford became Foreign Secretary. A very brilliant man. He was not by nature a strong pro-European but he set about learning the ropes very fast. He had rather bad luck in a way in that he was the member for Grimsby and almost immediately after he came into office, he had to embark on trying to agree on a Common Fisheries Policy, which was one of the commitments which I think Ted Heath had entered into earlier on. I don't know why, perhaps it was because he knew me already, I did become his principal adviser on the CFP. I could find out more about it (but I don't remember anything very outstanding) and we certainly didn't get to an agreement before he died suddenly of a heart-attack, which was a very very sad thing, because I think he would have been a great Foreign Secretary.'

M.McB: "May I just ask you about this Common Fisheries Policy. Am I right in saying that you have just said that there was no Common Fisheries Policy as such before 1976?"

Sir M.B: "Even longer after than that. I think it was under Thatcher that it was finally agreed, but there was a commitment to have a Common Fisheries Policy. I expect it was in the Treaty of Accession. Work really began on it in '76."

M.McB: "So plenty of time elapsed before we finalised.

Sir M.B: "It was an extremely difficult negotiation because although perhaps more than in other fields it was obvious that the fish really were a common resource of the fishing nations. Nevertheless we had just been having a Cod War with Iceland and the fishermen were pretty nationalistic and were highly opposed to having other boats in our 200-mile waters. Yet some way had to be found if there was not to be constant conflict and if there was to be some degree of conservation of fish resources and having a common policy. And in the end, of course, as we know, there was a quota system which has not worked very well as a conservation policy. And the argument is still going on about Spanish fishing boats buying our quotas and so on.

David Owen then became Foreign Secretary, very young and (this is my interpretation) convinced that he had an excellent chance of succeeding to the leadership of the Labour Party when Callaghan went. It was very interesting because David had been officially a strong pro-European and later left the Party on pro-European grounds as one of the Gang of Four. But my experience during '77, '78 and '79 was that he was constantly trying to appease Tony Benn and Peter Shore, especially Tony Benn, who seemed to exercise some kind of fascination over him. I think it's worth recording that on several issues where Tony Benn, who was still Secretary of State for Industry, was resisting EU competition policy."

M.McB: "Wasn't he Energy by then?"

Sir M.B: "No, he was still Industry, I think, when Owen came in. I may be wrong. Perhaps he was Energy."

M.McB: "I think he was moved into Energy to demote him. Harold Wilson did that. Yes, Harold Wilson did that."

Sir M.B: "Did he? Well, in that case I suppose ... Of course, there was a lot of EU work on energy going on after the oil crisis. I don't remember any of the details, but I remember my staff reporting to me that recommendations were not being approved, that Owen would be going off and trying to get an agreed policy with Benn quite often. This, I suspect, though I could never prove it and I wasn't the only one to suspect at the time, did rather upset my career because, after the renegotiation, I was the *bête noire* of the left-wing of the Labour Party and the anti-European wing of the Labour Party. In 1977, Michael Palliser, who was by then Permanent Under-Secretary, asked me if I would like to be Ambassador in Paris, than which I couldn't think of anything better. It was put to the number one promotions board and approved, but Owen vetoed it, and the only explanation that I could imagine was that he didn't wish to promote the *bête noire* of the left-wing of the Labour Party. No real explanation was offered to me. I had been in the Embassy in Paris and was pretty well bilingual in French and had been dealing with the Community for 5 years running, and I thought I would have had the necessary qualifications.

To step aside from my career for a moment, I would like just to talk a little bit about the North-South dialogue. The North-South dialogue arose out of the world economic crisis caused by the rise in price of oil and was an attempt by the industrialised countries to go a little way, perhaps, to meeting the demands of the developing countries without actually going so far as to cost the industrialised countries a lot of money or damage their interests. It was rather like UNCTAD, which I had had to deal with when I was in Geneva earlier, it was one of those pieces of diplomacy where you have to use a great many words and do little. The North-South dialogue, I don't remember when it started, I think about 1975, it came to a head with a final ministerial meeting in Paris at the end of 1977, and it was decided in the European Community's Council that the EC would have a single delegation at this conference because obviously the European Community was going to carry more weight than any individual member state. Also, I suspect because we and the French, and more the French than us and the others, wanted to hide behind a European Community decision rather than stick our necks out. There was this final great conference in Paris. It was prepared by 10 days official preparation at official level and, as we had the Presidency, I was the leader of the European Community team, which was a very arduous thing to do because there were a lot of different subjects at the discussion and on every subject there had to be a meeting of the Nine in order to get a common position before I, or my deputy, Derek Thomas, who was later Ambassador in Rome, could go off and represent the European Community in the North-South dialogue itself. This went on for 10 days, and it was becoming plain really by the end of the official preparations that very little indeed was going to emerge from this great dialogue which had been much hyped in earlier days. I think there was a one-day pause, on a Sunday, before the ministerial conference began. At the ministerial conference, David Owen was the leader of the Community. So David arrived, rather late if I remember rightly, and was obviously bored to tears by the whole thing. I think he was probably right to be bored to tears, I certainly was, but we were trying to keep our European Community end up and not to appear too unco-operative with the developing countries."

M.McB: "Who were the major developing country spokesmen?"

Sir M.B: "Oh, India (I don't remember his name) was very active. The Brazilian; there was an Arab caucus. It's all a complete blur to me, because for that 10 days I think I worked from about 8 in the morning till 10.30 or 11 at night every single day. When the ministerial began, there were even more preparatory meetings and so on, and then after only 24 hours there, David Owen announced that he'd got more urgent business at home and left me in charge (I think a lot of the others ministers left too, but not all of them). I was left in charge of the European Community delegation for the last 48 hours of the conference, which was supposed to end on a Wednesday evening. It went on all night into Thursday and was still going at about 2.30 in the afternoon. I suddenly realised that if I didn't get out of it, I was going to collapse. I mean I was completely and utterly exhausted. So I said to Derek Thomas, 'Can you stand this for another two or three hours, because I simply don't think I can?' (It was really just tidying up going on, looking and texts and so on). And Derek said he thought he could, rather nobly, so I handed over to Derek and I wondered what to do. I had a very urgent desire to get home and to my own bed rather than the hotel I'd been staying in, so I took a cab to the airport and took the first 'plane home, and took a cab to our house in Carlyle Square. When I arrived, I found my poor wife had a dinner party (which I ought to have been at) of about 12 people going on. I just poked my head round the door and said, 'I'm sorry, but I can't come to dinner. I'm absolutely totally exhausted and I have to go to bed right now.' I went to bed therefore at about 8.30, and I slept till 10 o'clock in the morning, had breakfast, then went back to bed and slept for another 12 hours. Then I was completely restored. It's quite interesting how quickly the body can recuperate from extreme exhaustion. That's just a little diversion. It's these sorts of things which diplomats who deal with the European Community have to do which for a generation earlier would have been inconceivable. Even now, I don't think it's understood quite what an elaborate business it is, for example, in the World Trade Organisation, for the European Community to get common positions. When it does get common positions, it has as much influence as the United States. If it doesn't get common positions, it's got far less influence. Of course, on trade matters, under the Treaty, it has to have common positions on trade in goods but not in services. One of the things that was a pity that the Amsterdam conference failed to do (because the French didn't want it to) was to agree on putting trade in services into the same category as trade in goods."

M.McB: "That's the Amsterdam summit which took place in June 1997?"

Sir M.B: "Yes. Then another completely different subject, back to the European Community (I think I probably mentioned when we were discussing 1972 and the first European summit which we attended, that Ted Heath took a commitment to have a complete economic and monetary union by 1980.

Obviously, nobody thought that was reasonable, but in late '77, early '78, the French and the Germans, and Roy Jenkins, by now President of the European Commission, decided that the subject of monetary co-operation needed to be raised again. This was partly because during the years of great inflation and the oil crisis, the parities of Community currencies had fluctuated hugely, and it was becoming clear that there would be great inconsistencies with a Common Market of having currencies which fluctuated so widely. In late '77 or early '78, Roy made a great seminal speech advocating a European monetary system to stabilise the currencies."

M.McB: "Sorry, it was in 1977?"

Sir M.B: "'77 or either '78"

M.McB: "While he was still Home Secretary?"

Sir M.B: "No, no, he became President of the Commission in '77. He was somebody who was well qualified to speak on such matters having been a successful Chancellor of the Exchequer. This theme was taken up in the spring of '78 by Schmidt and Giscard, who invited Callaghan to send somebody to a small, very secret group of three to prepare a European Monetary System. The Frenchman was Clappier, the German was Schulman, and we were invited to send somebody to join them to work out a proposal for a European monetary system. Denis Healey was by now Chancellor, and we shall never know, I suppose, whether it was by conviction on the substance or problems with the Labour Party, but Denis didn't like the idea of a European Monetary System. To put it in a political context, there had to be an election by the spring of 1979, and what later proved to be the 'winter of discontent' of 1978 was approaching, and the Labour Party was still split on Europe. Indeed, the split was widening again by then and resulted in, as we know, in the formation of the Social Democratic Party after the 1979 election, after Thatcher won. We were invited to join this secret group. It so happened that the senior official in charge of overseas finance at the Treasury was a very clever man called Ken Couzens, who, however, had always been on the public expenditure side of the Treasury. During these years that I was the Deputy Under-Secretary, Harold Lever was a powerful figure in the Cabinet on the economic side of management, but was a bit disaffected with Denis Healey.

He had made great friends with me and I used to go to his flat in Eaton Square once a week and have a long, long talk with him about economic policy and monetary policy. This was a subject which I'd always been passionately interested in ever since I sat under Tony Crosland at Oxford, and Harold was a very strong advocate of a serious attempt to get back, if not to Bretton Woods (which collapsed in '71), get back to a system of managed currencies because he believed, and I think he was absolutely right, that floating currencies would always be overshooting, and wildly fluctuating currencies were very bad for the economy. I'd been following this subject, I remember even having a discussion with Harold Lever and Roy (Jenkins), either before he went to Brussels or after, so when this invitation came in, I was rather excited. We had been trying, discreetly of course, ever since we joined the European Community to get ourselves, not in the position of having a triumvirate, because that was always going to be unacceptable to the Italians and the Dutch and others, but into a position, at least, of equal influence with the French and the Germans. So I saw, in this invitation, two major advantages. First, it might result in a substantial improvement in the situation on the international monetary front and, secondly, it might get us into a position of equal influence with the French and the Germans. I knew that Ken Couzens didn't know anything about the subject, because I had discussed it with him and he'd always been on the public finance side of the Treasury. Harold Lever was extremely keen that I should be appointed the UK representative, and he and, I'm nearly sure it was he rather than I, went to David Owen: 'You've got to talk to Jim Callaghan (the Prime Minister) about this, and at least get Michael in as joint representative on this group with Ken Couzens.' As reported to me by David Owen, David did go and discuss it with Jim. Jim of course knew me very well. Jim reflected a very long time, then he said 'No, I don't think so, Michael's too clever.' I couldn't think at the time quite what that meant because it seemed to me desirable to have somebody who was clever in the

negotiation, but, on reflection, I think that it probably meant that from the very beginning, he and Healey regarded the affair as a major embarrassment at that stage in the life of the government, and the last thing they wanted to do was to have somebody in there who might manage to make a go of it with the French and the Germans. The results were extremely depressing in the national interest, though I say it myself, in that Clappier and Schulman, for whatever reason, could not stomach Ken Couzens. (I never knew what his instructions were. I never could find any written instructions. This sort of thing happens with the Treasury from time to time: the Treasury keep their cards so close to their chest that you simply cannot find out on what instructions they are operating, which is totally wrong on European Community matters, because there is always a great deal of European Community interplay between issues.) Anyhow, whatever his instructions were, or whether because he didn't know anything about the subject, Clappier and Schulman threw out Ken Couzens (the UK representative) from this group of three, and Schmidt and Giscard went ahead and made a proposal to the European Council (European Council of heads of government) which was in Bremen, and I suppose it must have been either in June or July '78. Callaghan and Healey played for time, but it was quite clear that the French and the Germans were determined to press ahead quite fast and it became plain to me that they were convinced that we were simply being obstructive. Discussions were going on behind the scenes that autumn of '79, and at the Labour Party Conference Denis Healey confirmed that we wouldn't have anything to do with the European exchange rate mechanism. I was completely convinced that if we stayed out of the thing altogether, we would get ourselves back into the same sort of position as we were in when we didn't join the Community at the beginning, and so I invented a proposal, which came to be known as the 'soft landing' which the Treasury, to do it justice, were strongly in favour of, which was that there should be a European Monetary System of which the exchange rate mechanism should be one very important element, though it came to be virtually the only element. It seems worth recounting now, when very much the same kind of thing seems to be happening with economic and monetary union. This 'soft landing' was finally accepted."

M.McB: And that was your idea?"

Sir M.B: That was my idea, yes. And so, when the European Monetary System was created, Britain was a member of it but not of the ERM, and we were free to say that we would join when the time was right, which we went on saying for a long time. I personally thought that we should join the ERM immediately after Mrs Thatcher's victory in the May '79 elections but it seemed to be impossible to get that on to the political agenda, and she was, by prejudice, not interested in considering the subject. Then, of course, in '80/'81/'82 the pound began its vertiginous rise and it was obvious it would be totally inappropriate to join. Indeed, when we finally did join, the pound was still too high, though I remember by now I was at Hambro's sharing a partner's desk with Sir David Hancock, who had been Deputy Secretary at the Treasury in charge of overseas finance. I remember coming into the office and saying, "We've joined at last, but we've joined at the wrong rate."

M.McB: "That was in '89?"

Sir M.B: '1989, yes. So that's the story of the creation of the EMS as I saw it. Of course, if you got Ken Couzens he might have a different picture, although I'm sure he wouldn't speak as there's a 3-part television programme, 40 minutes each, being screened next April (1998) on which I played quite a considerable part. When they tried to get Ken Couzens, he refused absolutely to take part. I

suspect that I shall be proved to have been rather indiscreet in that programme, but not as indiscreet as I've been on the tapes here.

Coming back to my career, there was then a rather bizarre series of events. Owen having vetoed my appointment to Paris in 1977, sometime towards the end of '78, Palliser asked me if I would accept Rome. I thought that after all the hard work I'd been engaged in, the idea of being paid to visit the thirty most beautiful cities in the world sounded rather attractive, although, of course, it didn't seem to me, from the work point of view, that it was going to be as much good as Paris. So I accepted. Anyhow, there didn't look as though there was anything much else in sight. It was again put through the Number 1 Board, and I remember that it was very early '79 I was at some EC meeting in Rome and I remember going over the Embassy to see where I could put my Chinese pots. The whole thing seemed to me to be a done deal because I couldn't see why ... I mean, I could see why Owen might have vetoed my going to Paris, but it seemed to me inconceivable that he would veto me going to Rome. However, I was completely wrong. He then said that it was really too close to the election (it was now about February or March '79) to make such an important appointment, so I was told by Palliser that I would have to wait, that the appointment would be put on hold, though it had all been through the Number 1 Board and so on.

The election was in May '79, and after a few weeks, I asked Michael Palliser (he had been a friend of mine for many years) whether Peter Carrington (now Foreign Secretary) had been consulted, and Michael came clean with me which was that Donald Maitland, who was UKREP in Brussels, was going to have to be moved, but that this hadn't yet been finalised, and that no doubt I would have to go to be the Permanent Representative in Brussels. Nobody ever said anything about why Donald Maitland, whose move hadn't been planned before the election, had to be moved, but I've always assumed that it was because he was Ted Heath's Press Officer when Ted was at No. 10, and that Margaret Thatcher regarded him therefore as being too close to Ted and therefore unsuitable to be our Permanent Representative. I think that was truly unfair to him because he was a man of very great integrity and actually, in many ways, less keen on the European Community than I was, although he wasn't an anti. I think it was unfair on him. But he had to be moved, and the only place they could move him to, for the last two years of his career, was to be Permanent Under-Secretary at the Department of Energy. He would have stayed in Brussels, presumably, until he retired. Finally, my appointment to Rome was cancelled, and I went to Brussels in early November '79. I was six years in Brussels, and a vast number of things happened during that period.

I think that what I might do for your purposes would be to describe the life a little bit of a Permanent Representative. I'll give you one illustration of the sort of role a Permanent Representative has to play in connection with the great budget negotiation. The budget problem had been haunting us all through the '70s. Because the transitional period ran out in '79 we knew we were going to have to do something about it in the end. It coincided with my first meeting of COREPER at which I tabled a proposal that we should have a refund of two-thirds of our net contribution. I'm not going to tell the story of the great budget negotiation because in my book "Europe more than a Continent" published in '87 by Heinemann, there is a chapter which recounts the whole of that great affair from the British point of view. It might just be worth recording that when I wrote this book, the official machine tried to veto the chapter on the history of the budget negotiation. I was very cross at this, because I didn't see any reason why it should be taken out, and I'd spent a lot of time and trouble on it, so I went to No.10 and got the Prime Minister

to override the official machine, which she did without a moment's hesitation. I'll only come back to the budget in one minute, but first of all perhaps I will provide a description of the life, and then a description of the role of officials in making policy about the European Community, and then a bit about the budget and one or two other little things, which I think are stories worth telling.

First of all, the role of Committee of Permanent Representatives, which is called COREPER. Quite a lot of people here and in governments have always demonised COREPER, and it is true that without COREPER, the European Community wouldn't really be able to take many decisions, because that is where the preparation of the Council meetings, whether they be the Council on energy or the Council on transport or agriculture or on the environment, or whatever it is, that is where the discussions are finally prepared, and indeed, of course, very often virtually sewn up at official level before they go to ministers, with full ministerial authority all the way along the line. The permanent representatives have a largish staff. In my day I had two ministers, four or five counsellors and a lot of very able first secretaries (one third from the FCO and the rest from other Whitehall departments). The work of the various Councils are first prepared in working groups on which the members of the permanent representation often represent the government (sometimes officials from London). In due course, the drafts they are working on are submitted to COREPER and COREPER submits them to the appropriate Council meeting. UK policy is, of course, decided in London, but it is very important that the Community aspects of the problem should be taken into account in deciding it, so there's a very frequent interchange at a low level between UKREP and Whitehall, and there's an official committee on Europe, a very wide committee, and there's a senior official committee on Europe. There's a constant interchange at a low level and there are low level official committees and then there's a ministerial committee and then, of course, there's Cabinet. Much of the final preparation of submissions to ministers is done at a Friday morning meeting in London when the Permanent Representative joins the Deputy-Secretary in the Cabinet Office, who is secretary of the ministerial committee on Europe, and chairman of the senior official committee on Europe and the senior official in the Foreign Office in charge of the European Community, with such other advisers as may be necessary. This triumvirate, ever since we joined the Community, I mean, of course the people have changed, this triumvirate has always been the centre of the policy recommendations to ministers. The one thing that the Permanent Representative always has to do is to be quite sure that he can go to London on Thursday night or Friday morning. The COREPER meets every Thursday, and sometimes more often, and of course since I left Brussels the volume of work has hugely increased and the number of Council meetings has hugely increased: there are new Council meetings. So, I don't know what it's like now but even in my day it was a pretty hectic life. COREPER met all day on Thursday. The significant part of this work was done over a COREPER lunch on Thursday which was operated under Chatham House rules, that is to say it was improper for any permanent representative to quote one of his colleagues when reporting on these lunches, but they were, of course, quite important in tackling the knottier problems. The President of the Commission attended these lunches at least once a month. A very interesting side-line on the role of the Commission is that the Commission is supposed to be, and in some ways is, genuinely independent of any government. But each country has a commissioner and up to now, though whether this will continue after the next enlargement is another question, the commissioners are not allowed to take instructions from their government and are not supposed to represent the views of their government, but sometimes they do. I remember, only too vividly, during 1980, in his last year as President of the Commission, when I was doggedly defending the British Government and Margaret Thatcher's

position about the budget refund, Roy (Jenkins) used to come to this COREPER luncheon and join with de Nanteuil, my French colleague and others, in bullying me about the stance which the British Government had taken up. A characteristic, in my opinion, permanent representatives need to have is a fairly tough skin and a very high degree of persistence!

M.McB: "We were talking about people, such as Roy Jenkins, as President of the Commission, adopting a Commission view on a national government's policy and against his own government. How could he do that? Obviously he did do it, but constitutionally?"

Sir M.B: "Constitutionally, he was absolutely right. The Commission's position on the British budget refund was decided by the Commission as a body (it can be decided by majority vote but I don't suppose it was)."

M.McB: "Within the Commission, and not by the Council of Ministers?"

Sir M.B: "No, no, the Commission has its own position. It's job is to make proposals and to assist the Council to make decisions, often by making revised proposals. The Commission did not support the British Government's position on the refund so Roy was doing his job in joining in criticising the government's position, and indeed attacking me, for following it too zealously. Actually, it was all reasonably good-humoured. Even my French colleague, who used very vitriolic language from time to time, always remained a friend of mine.

COREPER is a large part of a representative's job. Of course, it's not his only job. He's got to run his substantial office, he has to go down to the European parliament every month when the parliament is sitting, and talk to the MEPs from the government Party and maybe address groups of the parliament and receive delegations of parliamentarians in Brussels. He has to be available to lots of chairmen and chief executives of big companies who want to know what on earth is going on in this or that field, and he needs to maintain good, and preferably friendly, personal relations not only with his colleagues in COREPER, but with all the commissioners because he never knows when he may not be asked to go and make representations by the government to one or other of the commissioners. Even when I was there, and I think it's much, much more arduous now, it is an extraordinarily varied and very, very arduous job."

M.McB: "What was the relation with the British Ambassador to Belgium, for example?"

Sir M.B: "On the work front, not extensive, any more than with the ambassador to the Netherlands in The Hague. On a personal level we certainly visited each other, and so on."

M.McB: "There must have been a certain amount of overlap, I suppose?"

Sir M.B: "Not really, no, because the ambassador to Belgium would often be instructed to lobby the Belgian cabinet on some EU issue, and that would come in a telegram which would go to all the ambassadors in all the EU countries. I suppose, from time to time, the ambassador might ring me. But he probably wouldn't because I was so desperately busy and he would probably get one of his staff to find out from one of mine, so I think there was extremely little work contact.

I might mention one extremely disagreeable aspect of my life while I was there, which was that our intelligence knew that there was an IRA cell in Brussels. They were quite an active cell, and indeed they killed Richard Sykes, our ambassador in The Hague, and for the first four years I was there I was always accompanied in my bullet-proof car by a man with a pistol, and always followed by a Belgian military vehicle with three young men with submachine guns, and most of the time there was a young Belgian with a machine gun standing on my front doorstep. If we wanted to go for a walk, we had these three characters trotting along behind, provided we were in Belgium, but every weekend, luckily Belgium is not very big, if we could get to the frontier they didn't have to follow us. We went, very frequently, to Holland or Luxembourg or Germany or France for a night at the weekend, to escape from the telephone and telegrams, but even more from the security. It was a real threat because Christopher Tugendhat, who succeeded Roy Jenkins on 1 January '81, was coming out of his house sometime in '82, luckily he had about 20 yards of park down to the road, and as he came out he remembered he had failed to say something to Julia, his wife, and he turned his head back in, and at that very moment an IRA assassin parked in a car, fired, and the bullet went into the side of his door, about two inches from his head. There were two of these fellows in the car, and the other one let in the clutch immediately the first bullet had been fired so that the second bullet went into the car of a Belgian neighbour and did nobody any harm, except the Belgian neighbour's car. The neighbour then tried to sue Christopher for damage to his car, unsuccessfully I'm glad to say. All this took place at 9 o'clock in the morning. At 2 minutes past 9, the telephone in my office rang, and my personal assistant was told by an Irish voice that they'd just killed me. Luckily, I was sitting in my office next door. She rushed in and said, 'The IRA say they've killed you.' So, actually, the IRA didn't know the difference between the senior British commissioner and the UK representative. They never had a pot shot at me. Nevertheless, it was a serious factor in one's life, and poor Christopher did suffer serious shock for quite a long time from this event.

To revert to ordinary life, the Foreign Ministers Council meets every month, except in August, and so Peter Carrington and Ian Gilmour, and later Francis Pym and Geoffrey Howe, always used to come and stay before that Council. The Chancellor of the Exchequer of the day used to come and stay for the ECOFIN Council. All this was fairly disruptive of family life because I would say to my wife as I left in the morning, 'Can't tell you when we'll be back, but we'd better have some supper ready in case we get back.' Then I would ring her at 7.00 and say, 'This looks as though it will go on a long time.' Then I would ring at 11.00 and say, 'For heavens sake go to bed. I'm not sure when I'm ever going to get back.' Sometimes I didn't get back at all. She absolutely hated this uncertainty and so on. But there was nothing of any kind that could be done about it. It was part of life. So one got to know the ministers in a way which one would never do really in ordinary Foreign Office life, unless you were a private secretary or a ..."

M.McB: " ... Or possibly ambassador in Washington or Paris or Bonn."

Sir M.B: "No, I mean, the ambassador in Paris doesn't have the Foreign Secretary and his no.2 staying every month, and of course as the permanent representative you have to sit next to him in the Council and advise him on these complicated issues. So it is a completely different thing to being a bilateral ambassador, miles more interesting, I think. Again, a very arduous and very different kind of life. In the end, I was jolly glad I didn't get sent to Rome because this job was much more interesting. It extends also to the Prime Minister, because the European Council of Heads of Government meets at least once in every presidency and often twice in every presidency and so the permanent representative obviously is the senior official adviser on those occasions.

There are briefing meetings before and after the meetings, in between I used to see Margaret Thatcher once a month, and probably more than that. I think I went to twenty-one meetings of heads of government with her, and I want to tell a story or two about those meetings because I think they are a very important illustration of the way that she worked.

The first meeting I ever went with her abroad was when she visited Rome shortly after she came to office at the end of May 1979 on a bilateral visit to Prime Minister Cossiga, whom she rather liked. We had a meeting in the afternoon and then he gave a dinner for her, to which the Foreign Secretary, Lord Carrington, accompanied her. It was a brilliant moonlight night, and after dinner she persuaded Mr Cossiga to take her for a walk in the moonlight in the Forum, and she got home (she was staying in the Embassy, Ronald Arculus was the ambassador) in very good form at about quarter to midnight. Peter Carrington said to me as he came in behind her, he whispered, 'You take care of her Michael, I'm going to bed.' He shot up the back stairs to bed, and the Prime Minister, Ronald Arculus and I went into the drawing-room and she started on one of her great standard anti-foreigner tirades. One never knew really, whether to take them seriously or not, because I think she really did it partly as a sort of caricature of herself. She had a glass of whisky or two, and we had an argument about the European Community, which was the first of many such arguments."

M.McB: "Did this tirade start spontaneously, or did you do something to spark it off like talking about Europe?"

Sir M.B: "I think she started it off. I can't remember what the subject of the visit was. I'm sure there was some argument going on between Britain and other members of the European Community. One of her techniques was that she would launch out into some tirade, say some really outrageous things, which she certainly didn't mean, partly in order to provoke ministers and officials to see what they would say and partly because it enabled her to let off steam, because she definitely had Little England, anti-foreigner, and especially anti-European Community, prejudices. For the first eight years of her reign, up to the '87 election, these prejudices never got the better of her when it came to serious matters of policy. I'll give you an example of that in a minute. This discussion with just the three of us went on and on, and about half past two, I said, 'Prime Minister, you've had a very long day, and you've got to be up early for meetings tomorrow, and you're going to have another very long day tomorrow, I rather recommend that you go to bed.' 'Are you tired, Michael?' she said, 'If you're tired, you can go to bed. I'm not tired.' And so we stayed up for another half hour. I think probably she was quite tired.

M.McB: "Do you think on this occasion, the little tirade might have been provoked by Mr Cossiga?"

Sir M.B: "She always used to call him 'Cosy gar'. I think she got on very well with him. No, I don't think he'd done anything specially to offend her. The other occasion when I particularly remember a long night session, was at the European Council chaired by the Germans in Stuttgart in 1983, when we were trying to set up the final stage of the great British Budget negotiation by widening it out to deal with a possible increase in the funds available to the Community, the so-called "own resources", which other member states wanted by that time to increase, plus a determined effort to enforce Budget discipline, reform of the CAP and a settlement to our Budget problem. We'd got quite a long way with the French and the Germans behind the scenes on

organising a draft declaration on these lines, and Mrs Thatcher decided to give us a hard time by I suspect pretending that she wasn't going to agree to anything of the kind the next day. By this time, Geoffrey Howe was Foreign Secretary. He could stay up all night too without seeming to suffer much. This was the second night of the Stuttgart meeting, so we'd been up most of the night before, the subject matter of this declaration was the CAP, budget discipline, and increase in the money to go to the European Union over one percent. (It's only got to 1.27% of EC GDP now, I may say, and that's what's going to be prolonged for the next 7 years.) They were all, sort of, inflammatory subjects, so we had a terrific set-to until very nearly three in the morning, and about five to three she said to me, 'Oh, all right, Michael, you draft something for me to say tomorrow and we'll look at it at breakfast at 7.00.' At 7.00, there she was, every hair in place, totally calm, cool and collected, no signs of fatigue, and totally rational. I mean she didn't take the same line in any way that she'd taken the night before. We went through the draft, she made a few amendments, and she went off and she negotiated the Stuttgart declaration with some considerable skill. It was quite clear that these long arguments in private were not intended to be taken all that seriously, although we never did know to what extent she was just trying it on, except that at meetings at No.10, I did, in the later years, because I worked for her for six years, I did develop a technique which some people thought was rather high risk, but I always got myself seated opposite her at the Cabinet table. When she would get really outrageous I would just grin at her and quite often she would pause and smile back at me and say, 'Oh, all right, Michael', and go on to the next point."

M.McB: "So she was just testing you. On a matter of logistics, at 2.55 am she says 'Michael you draft something we can read at breakfast at 7.00 am.' At what stage did you draft it?"

Sir M.B: "Then, I drafted it then."

M.McB: "There and then? Bearing in mind all her points?"

Sir M.B: "No, I didn't pay the faintest attention to all her points, because I knew, by 1983 I knew that she'd be all right in the morning. Obviously, I exaggerate when I say I didn't pay the faintest attention, but strictly speaking, she wasn't actually totally rational in these discussions. They weren't lighthearted, they were very vigorous exchanges, and her ministers and officials who didn't see her very often, found it a lot more difficult than the small team of people who were always working with her, Deputy-Secretary of the Cabinet Office and David Hannay who was Under-Secretary at the Foreign Office, and I. We'd been through all this before, so we didn't think at 3.00 in the morning that the whole of the following day was going to be a total disaster. On the contrary, we thought that she would negotiate toughly and skilfully and come out with a rational result."

M.McB: "She obviously wanted to have men of steel around her, and I suppose if you were not up to that, you were banished."

Sir M.B: "Yes, she certainly banished quite a lot of ministers. I never made any secret of the fact that I was a pro-European, but she used to say to other people about me 'Michael is so loyal'. I did negotiate with the utmost zeal to get the British budget problem settled, and in the end, at Fontainebleau in '84, five years after we began, we got 66% of our net contribution refunded, as opposed to 66 2/3% which is what we'd asked for five years earlier. She knew that I was doing my job properly, and I don't think she ever held it against me, or others like me, during these long confrontations far into the night that we put a totally different point of view to her. Luckily, European Councils never went on for more than two nights, so one could go back to base and have

a good sleep. I don't suppose she did it quite the same way when in London, but she hardly ever failed to do it when we were abroad.

She always had a meeting of ministers and officials before each European Council in order to get herself briefed. She had usually read her briefs with great attention with a lot of side-lining on her copy, but it was quite difficult for her ministers, particularly if they were relatively new in the job. Francis Pym was a very good example. You remember, Carrington resigned in 1982 and Francis Pym was drafted in to be Foreign Secretary at very short notice. We were in the middle of several difficult negotiations, including as usual the British Budget problem, and she really wasn't at all kind to her ministers when they were in such a position. I used to sit beside Francis and scribble out, say, three points on a bit of paper dealing with what she'd been saying, and saying 'Why not say ...'. Francis would hunch his head down and pass it back saying, 'You say it.' I think in a way it was very difficult for her ministers unless they were really as fully cognizant of the subject matter as she was, and the longer she stayed in office, the more she knew, and the more she didn't put up with her ministers not being as briefed as she. I think this, as a matter of fact, was partly what led to the total change in the situation after the '87 election because during all the six years that I worked for her, she always did, in fact, have discussions with ministers and officials. After the '87 election she saw fewer and fewer people and was convinced she didn't need much briefing and began to be cut off from the cut and thrust of argument. EMU was the worst example of this. Long before there was any question of a formal opt-out, in '88 I think when the Delors committee was appointed, she, in effect, opted-out. She didn't argue about the text of the remit to the Delors committee. The text proposed the organisation of a committee of the Central Bank governors under M. Delors on which Robin Leigh Pemberton, as he then was, therefore represented us. I suppose she thought nothing would come of EMU, which, I mean, was a possible line of thought because we had agreed in 1972 to have a complete economic and monetary union by 1980 and nothing had happened, and now we were in 1988. All the same, she really did opt out of the discussion completely. She gave Robin Leigh Pemberton no instructions."

M.McB: "What about the Chancellor? The Chancellor would have been Nigel Lawson then, in 1988, surely he would have given the Governor (of the Bank of England) instructions. Oh no, he couldn't give the Governor instructions, could he, constitutionally? Could she?"

Sir M.B: "Yes, in those days, the Bank of England wasn't independent. I don't remember whether Nigel Lawson did (he must have been still there I suppose) By that time, if he was still there, he was in a state of such loggerheads with her that ... yes, he would have still been arguing with her about the exchange rate mechanism and all that. All the same, there wasn't a formal government position on EMU which was one reason why, jumping forward a bit, why I took on the chairmanship of the City's European committee in 1988, and why the City committee and I originated the hard ecu plan in order to try to get us back into the game, because we were already, long before John Major started to try to negotiate a formal opt-out from EMU, we were opted-out long before, which was very disadvantageous to the national interest. I believe if we'd been in there fighting on a rational line for a more market-driven evolutionary approach to EMU, such as the hard ecu plan, at an earlier stage, we might have carried the day. By the time we put it forward it was already quite late in June 1990, and, as a matter of fact, Margaret Thatcher sabotaged it herself, because after arguing for three months with ministers and with me about whether a hard ecu plan would be an alternative to monetary union or an evolutionary market-driven approach to it, she

agreed a formula with her ministers on 9 June 1990, which John Major, who was by then Chancellor, used that evening which was that 'it would be a common currency which could become a single currency one day if the governments and parliaments so wished' which we thought just about gave her ministers and officials the possibility of arguing that this would be a preferable route to monetary union than taking a leap in the dark such as the Delors plan involved. But then, two or three weeks later in the House, one of her supporters said, 'Prime Minister, you would never under any circumstances give up the pound, would you?' And she said, 'No, of course Britain would never under any circumstances give up the pound.' So all the others members of the European Community thought that the hard ecu was purely a diversionary tactic.

I've gone rather far ahead, but it's important for historians to know that during her early years, she certainly had a lot of discussion with her ministers and officials at which in the end she always took a rational line. The single European Market is an even better example where she was convinced by discussion with us in '83 that we ought to make this a major plank of our position, that the Treaty of Rome simply hadn't been implemented and that there wasn't a single Market. She got the European Council in Copenhagen in '83 to declare the aim of completing the Single Market, and this led on to the outcome of the first inter-governmental conference in '85 in the Single European Act, which she herself negotiated in Luxembourg in December '85. Without her personal push and her readiness to accept a very big increase in majority voting in order to get the single European act implementable, it would never have happened. Cockfield and his 300 draft directives wouldn't have passed, because there would always have been somebody who prevented them. "

M.McB: "So you see 1987 as the watershed?"

Sir M.B: "Yes. I think after the '87 Election she really stopped listening to people. She also, in my view, was ill-served by Charles Powell, who had been on my staff for 4 years before he went to her, and was always one of those people who emotionally is anti the whole concept of the European Community. Charles claims credit for what I think was one of the most unfortunate turning points in relations with the Community. He drafted for her the famous Bruges speech in which he suggested that there was a choice lying before all of us between a free-trade area and a government of the United States of Europe. As I said at the time, and as I continue to say now to Eurosceptics, neither of those options were then open to us, and neither of them are open to us now. We are miles down the road beyond a free trade area, we have common policies on the environment and transport and all the single market regulations and we're going to have an economic and monetary union. But we are not going to have a government of the United States of Europe because the politicians in the other members states are no keener than we are. They like running their own countries and they don't want there to be a super state which is run by somebody else."

M.McB: "How does a private secretary get his position of being able to sew the seeds for ideas of that sort? They can't come from any government department or from the Cabinet."

Sir M.B: "No, they didn't. I'm sure the Cabinet were never consulted. Margaret Thatcher was never a great one for collective Cabinet responsibility. No, it was part of the business of her making policy on her own without arguing it out, because I'm quite sure that ... Geoffrey Howe was still Foreign Secretary at the time and (David) Hannay was my successor in UKREP ... I'm quite sure that neither of them would have agreed with the substance of the speech. And not just that it was a matter of policy, which you could have legitimate differences about, the options in front of us were

fundamentally misportrayed. But you ought to get hold of Charles. If he would do it, it would be extremely interesting, after all he was a member of the Diplomatic Service. A highly able and intelligent man. He was the Counsellor in UKREP in charge of external relations with the Community and did it absolutely brilliantly, though, I mean, in those days, in private, he clearly was an anti-marketeer, what people now call a Eurosceptic. This is a very interesting phenomenon. Lots of people, who on other subjects don't seem to be ruled by their prejudices, whereas on the subject of Europe, the European Community, European union, they are."

M.McB: "Just before we move on, you must have retired formally in late 1985? So what were you doing after that?"

Sir M.B: "Well I became an executive director of Hambros in April '86 and I chaired a European strategy board for ICL. Then, as I have already mentioned, I accepted an invitation from Robin Leigh Pemberton to chair a European committee of the City in the beginning of '88 which was basically a private sector committee but of very senior people like Jeremy Morse and heads of insurance companies and so on, but it also had sitting on it all the time, representatives of the Bank of England and the Treasury and the Foreign Office who played an active part. The hard ecu plan, which I sent to Mrs Thatcher at the end of March in 1990 from the City committee, had been worked on all the winter by the Bank of England and the Treasury, so the technical bugs had been ironed out of it before it was sent to her, and the official advice to ministers was to put it forward. When I went to see her shortly after in mid-April, she'd obviously been briefed about it. She was perfectly favourable to the plan as presented, the only trouble was that she wanted it to be an alternative to monetary union and not presented as an evolutionary market-driven approach to it. I said to her that I was quite certain that she wouldn't have to accept a monetary union coming into effect in her political lifetime, and perhaps not even in her natural lifetime, if she put forward this plan and it prevailed. But, as the later exchange in the House of Commons which I recounted to you, shows, she simply couldn't stomach the idea that at some point in the future Britain would give up the pound. It seemed to her to be quite beyond the bounds of possibility. I think it was this total conviction that Britain wasn't going to have anything to do with EMU that caused her to abstract herself from the discussions. She played no part in the discussions leading up to the Delors committee at the European Council in Brussels in '88 (I wasn't there, but I heard about it), setting up the Delors committee. Until these discussions about the hard ecu plan in the spring and summer of '90, she really showed no interest in the subject. It was a tragedy really from her point of view as well as the national interest (and I personally think the European interest because I think this present approach to monetary union is very high risk) because, as you remember, it was in the autumn of that year that Europe unhorsed her, and that the split in the Conservative party, which resulted in a Labour majority of 179 at the last election, was very much the result of the split in the Party. The split in the Party originated with the Bruges speech which led to the creation of the Bruges Group. This is an interesting point. During the first six years, all the time that I worked for her, even though Sir Teddy Taylor and others were her natural friends in the Party, if they ever put their head above the parapet in the House of Commons or in the Press, she managed to ensure that they were slapped down. She never allowed any anti-European movement, any anti-Market movement to gather steam even though the people who were wanting to run it were the people who were her friends and who had backed her in getting her elected against Ted Heath as the leader in '75.

An example of her not being a prime minister who was paying a lot of attention to collective responsibility, there was an incident which wasn't on my subject, and I don't therefore remember it in great detail, but the decision about the Channel Tunnel was taken at a bilateral meeting with President Mitterand in Paris in, I suppose, '85 (it might have been late '84). This was after Fontainebleau, after we had secured the British refund and written it into the Treaty so that nobody could take it away from us without our consent. We then had a discussion about the Channel Tunnel when she was very adamantly arguing against it. Nick Ridley was backing her. She had taken the position that it couldn't be financed with public money, but if it could be done with private money that was another matter. She wanted to have a bridge, or a tunnel you could drive through. Nick Ridley must have been Minister of Transport, or something like that. Anyhow, we had an argument at one of these briefing meetings in No.10, and Robin Renwick, who was by now the Under-Secretary in the Foreign Office, in succession to Hannay, and I argued that since the government's position was that it could be built with private finances and since private finance was now apparently available, that it would be illogical for her to oppose it. Whether that had any effect on her or not, I've no idea, but anyhow she went off the next day and agreed with Mitterand that the Channel Tunnel should be built. I only came into it because a lot of people started saying that we had promised Mitterand the Channel Tunnel at Fontainebleau in return for getting our settlement of the budget problem. But that was definitely not the case, and even the day before, ministers and officials couldn't have known that she was going to agree to it with Mitterand the following day from the way she spoke."

M.McB: "Once again that raises a lot of questions, doesn't it. I mean, an important financial decision of that sort taken off the cuff."

Sir M.B: "Well, it wasn't public money. The Channel Tunnel advocates had got private sector backing."

M.McB: "But there was some undertaking, wasn't there, there was a public signature upon agreement."

Sir M.B: "Yes. I don't remember. It wasn't my subject. I don't remember all the details of it. I only really came into it, partly because I was at the briefing, and partly because people started to allege that it was the result of a deal which we'd done at Fontainebleau, which it wasn't."

M.McB: "And you were brought in as UKREP Brussels?"

Sir M.B: "I was at this briefing meeting because the brief on the EU subject, taking the European Community subjects which would be discussed with Mitterand."

I have noted down a couple of other things, which might be of interest to historians. The first concerns the Luxembourg compromise which dated to 1966 which ended the empty chair which General de Gaulle ... he had emptied the French chair at the full European Community meetings and Council meetings in order to try to knock majority voting out of the Treaty. He had always disagreed on principle with the concession of national sovereignty involved in the possibility of being out-voted. He also was against it on the practical grounds that Germany, Italy, Benelux were pretty well in the pockets of the Americans, and he was trying to free Europe from American

influence, so he wasn't in favour of allowing himself to be out-voted by them. He left the French chair empty, and there was a period of six months, I think, when everybody was quite worried that he was going to embark on a policy of trying to take France out of the European Community, which was very unpopular. So there was a meeting of the Six in Luxembourg, which produced this Luxembourg compromise which was not actually an agreement, it was an agreement to differ, but what it said was that when very important national interests were at stake, the discussion would continue. I can't remember exactly what the wording was, but it was always regarded by the French as the ability to veto things even when there was a majority, and quite soon by other people. The French were not, by any means, the only people who invoked the Luxembourg compromise. Several delegations, including the Germans, have used it, and when in 1980 or '81 we were in the first round of negotiations about the great British budget problem, we had voted against rises in common agricultural prices on the grounds that this was going to increase our net contribution to the budget. Therefore it was a very important British national interest. We'd used this as a lever for getting the interim solution in 1980, '81, '82. When we got to '82, we needed to have a successful negotiation about the figure that we were going to get for an ad hoc refund for '82, so we indicated that we couldn't agree to price increases in the Common Agricultural Policy as before. This was pretty unpopular; Stevie Davignon, the Belgian Commissioner, mounted a campaign to get the rest of the Community to vote us down, even though we'd invoked the Luxembourg compromise. I think that they partly had in mind that Mrs Thatcher was fighting the Falklands War at the time, and I very well remember the afternoon in the Agriculture Council when Peter Walker, who was the Minister (and I sat beside him although he didn't sit there the whole afternoon, he sat there for the beginning and the end), when we were voted down 62 times. We invoked the Luxembourg compromise 62 times, and we were voted down 62 times. The French then invented some rather implausible-sounding excuse, that matters had to be of very important interest directly involved or something, and maintained with a straight face that they hadn't damaged the Luxembourg compromise in any way. But, actually, it was, in a way, a turning point, because although it was invoked several times after that, it became very much more difficult for anybody to invoke it. I think, after about '85, I don't believe it was ever invoked again. It was never in the Treaty, it was only an informal agreement, a compromise, an agreement to disagree amongst the Six. Ironically it has now reappeared in the Treaty in a slightly different form in regard to common foreign and security policy actions in the Amsterdam Treaty signed last June (1997) where, in the last resort, a country can now exercise the veto even where the majority voting applies. At the time, I must say, as we were voted down 62 times, I thought that this was going to be a terrific cause celebre. Parliament and the Press and Mrs Thatcher and everybody else would demand that we do something absolutely terrific to counter this action. Luckily, everybody was far too busy with the Falklands War, so really it passed without a murmur in the United Kingdom. That would have been in May '82, I think. We were just getting on for winning the Falklands War.

There is one other story I might tell which brings out an important point about relations between ministers and officials. In late '83, when we were still fighting this great British budget battle, we were still completely blocked because the French and the Germans and the Danes and several other people, argued that there wasn't any such thing as a net contribution. We had been arguing for 4 years by then, that we should have a refund of two thirds of our net contribution. By this time the Belgian and French and Dutch and German ministers had been intoning with such vigour that there wasn't such a thing as a net contribution, it was quite difficult to see how they were going to get out of it. At that time, contributions to the Community budget were made up partly of the product of

the tariffs and levies on the import of goods into the European Union, and partly of a contribution of up to 1% of the product of the VAT. The product of the tariffs and levies was not sufficient so that the VAT always came into the equation, and Hannay and I said to ourselves, 'Why don't we invent a new formula which says that the refund will be based on the difference between the VAT share and the Community expenditure share and the refund will be two-thirds of that.' We discussed this informally with Brian Unwin at the Treasury, and the Treasury consulted about it, and pointed out that at that time, the net contribution looked as though it would be 100 or 200 million more than the VAT share expenditure share gap. I pointed out that the way things were moving on the tariffs and levies, it looked quite likely that before at all long the VAT share expenditure share gap would be slightly bigger than the net contribution, although it would obviously always be the same at the margin. We weren't getting anywhere and time was pressing and I had grave misgivings about submitting this matter to arbitration by the Prime Minister since it was going to be a very complicated matter to explain, and I thought that the Treasury would sound frightfully macho and she would back the Treasury. Also it would be tactically much better if some other country put the idea forward as a compromise. Confident that this VAT share expenditure share gap was in the national interest, I invited Hans Tietmeyer, now the Governor of the Bundesbank, to dinner alone, just him and myself, in the dining-room in the Embassy in Luxembourg. Humphrey Maude was the ambassador at the time and kindly let me have his dining-room for the night. I sold this formula to Tietmeyer on the slightly devious grounds that it was less, which was indeed still the case, that the VAT share expenditure share gap was less than the net contribution (though not for long), and that we needed to break out of the deadlock. Hans, who in the end accepted the proposal, went away, and the Germans tabled this proposal at the next Council meeting, and then we had to have a row with the Treasury. I never told the Treasury what I had done, and I never told Margaret what I'd done. And, of course, I had it in mind that the British Government was perfectly free to reject the proposal if they really thought it not to be in the national interest. In my book, I simply said that this formula emerged from a conversation which Hans Tietmeyer and I had had at the Embassy. This, I think, is rather an interesting illustration of the point that, if you are in that sort of position, as British Ambassador in UKREP, obviously it is absolutely vital that you carry out your instructions and that you aim with zeal to achieve the aims of the government of the day. I did exactly that with the so-called renegotiation in '74, '75, bringing myself into opprobrium with people like Nico Henderson who thought that I'd sold out to the enemy. I didn't have a moment's doubt that this manoeuvre that I'd carried out in the British Embassy in Luxembourg was in accordance with the thrust of my instructions and the national interest. In the event, Hannay and I were right, because within 2 years the VAT share expenditure share gap was a little bit more than our net contribution, so that our refund was very soon a little bit bigger than it would have been if we'd won on the net contribution. Sometimes I think that if you're in that sort of position, you just have to take a punt. If you make a mistake and you're found out and it doesn't work, you're probably sacked. Equally, if it does work, you don't get the credit. So it's a fairly altruistic thing to do really, but Hannay and I judged that it was the only thing that was going to get us through, and four months later we got the solution at Fontainebleau on this basis. So I am pleased now that I did it, and I'm pleased now that I am able to record it, because my book is strictly truthful but it isn't the whole truth.

One got to see a lot of, especially, the Foreign Secretary, and I'll just tell one story which illustrates the human side of life. I suppose it was April or May 1980, we were working up to try to get a solution, a first interim solution, to the British budget problem. The Italians were in the chair, and

they suggested that the foreign secretaries should have an informal meeting in Naples to carry the discussion forward at the weekend. Peter Carrington was extremely allergic to working at the weekend; however, he sacrificed himself for the purpose. So we piled into the Foreign Secretary's plane, about six of us, and went to Naples. We got there in time for lunch on Saturday and the foreign secretaries had lunch on their own, and then we were told, after lunch, that the meeting would continue at foreign secretary level only. We thought that was quite promising, because quite often things get settled at foreign secretary level only. It was a lovely day, rather hot, but absolutely lovely day. We sat all through Saturday afternoon in the sun waiting for the ministers to come out. Finally Peter came out in a very bad temper, and we all said, 'What's happened, what's gone on?' And he said, 'Absolutely nothing's gone on. We haven't even discussed the British budget problem. We've been discussing all kinds of rubbish.' So we were a bit disconsolate about that and we went off and had dinner. We got up on Sunday morning and Peter said he was absolutely determined to get back on the Sunday afternoon. He was due to leave at 4 o'clock come what may. We went up to the meeting place which was some nice palace. It was foreign secretaries only again, and we sat in the garden and Peter went into the meeting. We reckoned it was going to be a long hard morning because they hadn't touched the British budget problem yesterday, they were bound to get down to it today. And about half an hour later Peter emerged looking extremely happy. I didn't think he could possibly have solved the British budget problem in half an hour. He said, 'Nobody wanted to discuss our budget problem, so we're all going home.' Then he said to his private secretary, 'Get my plane and we'll take off as soon as possible.' The private secretary went off, made a phone-call, came back about 10 minutes or quarter of an hour later looking rather gloomy and said, 'It's not so easy as I'd hoped Foreign Secretary. The pilot and the co-pilot have gone off to Pompeii.' The Consul sent somebody to try to find them. I remember getting into the car with Peter, and Peter saying, 'I must behave well, I really must behave well.' He did behave extremely well considering that we sat around on an extremely hot day for another three and a half hours before these wretched pilots could be found to fly us back to England.'

M.McB: "Thank you very much for a superb interview."