

BDOHP Biographical Details and Interview Index

JAY, Peter

(Born 7 February 1937)

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(Peter Jay was later Director, Economist Intelligence Unit, 1979–83; President, TV-am, 1983–; Presenter, A Week in Politics, Channel 4, 1983–86; and Economics Editor, BBC, 1990-2001)

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The Hon Peter Jay
interviewed on 24 February 2006 by Malcolm McBain

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Family background and education

MMcB Mr Jay, could I ask you a little bit about your family? I see that you were educated at Winchester and went to Christ Church, Oxford and got a first class honours degree. It all suggests a privileged start in life, but your father was Douglas Jay I believe?

PJ That's correct. Yes, I think I was both lucky and privileged in having a father who was, and indeed a mother, who were, in their different ways, outstanding and interesting individuals. So were the very strong connection each of them separately had with Oxford near where I now still live and in which I've spent a significant minority of my life though mainly I've been a Londoner. My father was born in 1907 in Woolwich, in a very large house which his father had been bequeathed by his aunt – I won't go back into all that ancient history – and my father followed his father to Winchester. I therefore was the third generation and my son also has been there - four generations in that same house so we have a strong Wykehamist connection. My father was at New College where he read Greats. His great friend was Herbert Hart, a Professor of Jurisprudence. He became a prize fellow of All Souls, and that was a very important part of his life. I, as a child and a boy and later an undergraduate and later still as an adult, often went there with him, though when I sat the All Souls exam many years later, I was unsuccessful. My father started his working life after All Souls as a journalist on The Times, and then on the Economist and then on the Daily Herald. Then, during the war he was a wartime civil servant in the Ministry of Supply and various other ministries concerned with war production. Almost immediately after the war he went to work in 10 Downing Street as a sort of speech writer for Clem Attlee. He became an MP in a by-election in 1946 and a Junior Treasury Minister and the first Economic Secretary in 1947. He was later promoted Financial Secretary under Stafford Cripps through to 1951. Then of course, there were thirteen years in opposition but he returned to power with the Wilson Government of 1964 and was a member of the Wilson Cabinet from 1964-67 as President of the Board of Trade. He then went to the back benches where he was involved in various

campaigns – one to protect London from what he saw as the great menace of something called the 'motorway box', which was a sort of inner ring road in inner London which would, in his opinion, have destroyed much housing and caused great environmental damage. Secondly he was, of course, very much involved, and remained active right the way through into his eighties, in the ending of the hereditary House of Lords, and in his scepticism about what he would call the Common Market and its subsequent manifestations.

My mother was also very much an Oxford person, though she met my father in Hampstead when they lived next door to each other in their childhood. Her grandfather, Sir Edward Poulton, had been a Professor of Zoology in the University, lived in a gigantic house on the Banbury Road. I remember visiting him in 1943 during the war, in what is now the University Careers Office. His daughter, Margaret Poulton, my grandmother, married Maxwell Garnett who was an educator and was later very active in the League of Nations Association between the wars. She had a house in Park Town in Oxford, which was round the corner from the Dragon School where I went to school. So that was a further Oxford connection. My mother was active in local government. She was London County Councillor for Hackney where my daughter now lives. When I was born, she was the youngest member of the Council and remained very active in local government, and I'm glad to say still at the age of 93 is the Life President of the old Hampstead Heath Society which fights hard to save Hampstead Heath from all kinds of encroachment by developers and other menaces. She's still in very mentally active form. As you say, I therefore had a very privileged and lucky start in life from the Dragon school to Winchester. From Winchester, I had two years in the Navy doing National Service and then at Christ Church at Oxford I did the proverbial PPE, majoring almost entirely in philosophy. I subsequently passed myself off as an economist which was a bit of a cheek really because I rather neglected my economic studies when doing PPE.

MMcB Probably an advantage.

PJ It may well have been. Then, in the summer of 1960, which was a kind of annus mirabilis for me, I sat the Civil Service exam thinking that I did not want to go into the Civil Service but it was the best way to get my father off my back, because he

thought going into the civil service a rather good idea. My plan was to sit the exam thinking I'd probably fail it and then that would end the argument.

Rt Hon Douglas Jay's opinion of the Home Civil Service

MMcB He wanted you to go into the Civil Service?

PJ He kept telling me that it was a jolly good idea. He'd enjoyed his time in the wartime Civil Service and he was a great admirer of people like Edward Bridges and Norman Brook, William Armstrong, Oliver Franks and so on. He had worked with these officials during the war, and he thought it was a wonderful life although he himself became a politician. He explained this by saying if you feel too strongly about things you ought not to be a Civil Servant, you'd better go into politics. He none the less thought political life was a pretty rotten life unless you had very strong feelings. In Civil Service life, you were much more likely to spend your time doing serious worthwhile things all the time rather than sort of part of the time.

MMcB Why did he become a Labour Minister? Were your parents life long Labour supporters?

PJ No. My grandfather – my father's father – and indeed my mother's parents were what I think you would call sort of liberal, enlightened. My grandmother's grandfather, Sir George Palmer, had been a Liberal MP, in the late nineteenth century. So they were sort of liberals really. My father's socialism, which he embraced during his time studying economics at All Souls as a Junior Prize Fellow I think, which was covering a period of about four years after the General Strike, was right in the middle of the Great Depression, and then led up to a period of Keynes's general theory of 1937 – the year of my birth. His socialism, which was always passionately anti-Marxist, was very much based on, first of all his emotional horror of poverty and gross inequality. He tells the story in his memoirs of his being pushed in his pram by his nurse in Plumstead, South-East London and asking why the children coming out of school had no shoes and was told, well, that was because they were poor. He asked her why they were poor. The nurse was unable to answer that question. He spent most of the rest of his life, as it were, trying to show that it was not necessary to be

poor. So he was an egalitarian and a social reformer and secondly, which sort of links in with this, he became a well-equipped economist. With his fellowship of All Souls and his early command of economics, he, to some extent, originated simultaneously with Keynes rather than imbibing it from Keynes, the notion that you could sustain high employment. He saw unemployment as the great engine of poverty and misery. You could sustain high employment by the application of intelligence and economic science to the management of the economy and particularly through the budget and taxes, spending, interest rates and so on. His book, *The Socialist Case*, published about the time of my birth, develops that argument very strongly. As I say, it's very anti-Marxist. Or un-Marxist. It was driven partly by a moral preoccupation with inequality and partly by an economist's confidence that we now had the tools to combat the great evil of unemployment, anyway. They had experience through the war of managing, with others, a highly planned and controlled economic machine. This was possible during wartime because (a), there was an acknowledged common goal which was to win the war – at least not to lose it. And secondly, government had the power to control things. People accepted it to a degree in war which they would not in peacetime, and I think he was very good at it. He was a very gifted sort of Whitehall mandarin. Secondly, he combined that with very detailed knowledge of Britain's industrial heartland, and most of his work during the war was finding places that could produce the munitions of war, and uniforms and the other things people need. After the war, he was doing much the same thing as part of the Development Areas Policy in addressing areas of exceptionally high unemployment and so on. So it all came together for him in a mixture of moral passion, economic science and administrative can-do.

MMcB Would you say that he was a big influence on you?

PJ Yes, he was an enormous influence on me. He was one of nature's teachers. He had an absolute genius for expounding things he believed in. Much of my childhood was spent going on walks with him and on the walks he would talk for much of the time. He would talk about big public issues. I remember during my final examinations at Oxford, when I did PPE as I told you earlier, I concentrated on philosophy and rather neglected the economic side. I had completely neglected politics. I read the Political History paper with mounting despair and having read all

the questions except the last, I realised there was not a question there I could begin to answer. The last question, however, said explain the dominance of the Conservative Party since 1951 (this was in 1960). Well, this was the story of my life, and I seized a piece of paper and began writing instantly. I wrote non-stop for 3 hours on this one answer, based entirely on my father's table-talk and walking-talk. I got away with that, even though that was the only answer I offered. So in that way, and in a thousand others, my father was enormously influential and enormously stimulating.

MMcB Did he get you to talk?

PJ Oh yes, I talked too. Yes, it was not, it was not simply sitting listening.

MMcB It wasn't top-down?

PJ No, no, no it wasn't. He was exceedingly liberal-minded man though he had very strong, and in some cases one might almost say dogmatic, opinions, which he held to very firmly. And there were certain kinds of opinions that he regarded as just disreputable, intellectually disreputable, as it were. He scorned them as half-baked and silly and so on. In the areas of the big kind of moral political issues of the day, he believed in free speech and free thought and so on and he certainly believed in my right to hold my opinions.

Douglas Jay's views on the Common Market

MMcB Can you explain why he was so strongly against the Common Market?

PJ Yes, I think I can. There are a lot of misunderstandings about this. I was reading the other day the article the late Edmund Dell wrote about Douglas's entry in the Dictionary of National Biography. Edmund was a very fine man, a passionate Europhile and therefore naturally not very sympathetic to Douglas's views on this subject, though he tried a bit in this article, I think, to be fair-minded. But he gives an account of Douglas's views which I think is what you would expect a passionate Europhile to express when talking about the opinions of someone they very strongly disagreed with. A part of the story revolves round this crucial event in (was it 1951?)

when the French communicated with HMG that they had had the idea of forming a Coal and Steel Community and wishing to know whether the UK would be interested in being part of this. Now, the way Edmund Dell tells this, Stafford Cripps was sick at this time and Douglas Jay was acting for the Treasury on this subject. Jay went to the meeting with Attlee at Number 10 and was very much involved. The way Edmund tells the story, the French end pressed quite strongly over a period to bring the British in and the British stood aloof and apart and so on and wouldn't have anything to do with it and didn't even bother to send a Minister to be present at the meeting to discuss the proposal. The way Douglas tells it, it was exactly the other way round. He says that a peremptory message arrived at the beginning of this process from Paris saying we have this plan. Unless you give us an unconditional undertaking to join by the close of business tomorrow, you will be excluded from the Community. We regret that at this stage we are unable to furnish any details of what this scheme is. A meeting took place in Number 10 at which Douglas was present, and he told me himself that it was decided, notwithstanding the extraordinary tone of this communication from Paris, that exceptional efforts should be made to respond positively in every possible way, that a communication was sent by the Prime Minister himself directly to the French Prime Minister saying that the British were very interested in the communication, wanted to know more about it and were going to send their most senior representative, Sir Oliver Franks himself, who in those days, I think he was already Ambassador in Washington but was also recognised as a sort of mandarin of mandarins as it were. They would send Sir Oliver himself, the most prestigious of all men and natural opposite number to Jean Monnet and Marjolin and so on, to Paris that day to discuss the matter further. They received a reply saying, since you have not unconditionally accepted the offer by the end of the day you will be excluded from any further discussion of this matter. Now, historians will mull over the papers and decide what to make of all this. Douglas's version is in his Memoirs which are called *Change and Fortune*, of which, naturally, I have a copy and so that is on the record along with all the other material which historians will look at.

MMcB That's an exceptionally important piece of information.

PJ Well, hugely important.

MMcB Because it contrasts so vividly with the kind of information that I have received from civil servants.

PJ Absolutely.

MMcB Quite different.

PJ Well, there is a conflict of memory, a conflict of records on this subject but as I say Douglas's version should not be taken from my recollection of what he said to me orally but from his written remarks where it's all set out.

MMcB And that was *Change and Fortune*, published by Hutchinson in 1980.

PJ There's its ISBN number. Shall I read it out for the machine: ISBN 0091395305. *Change and Fortune*. Douglas Jay. Published by Hutchinson. Now that hasn't quite answered your question about why he was a sceptic about Europe. He certainly was not particularly an Americophil. He became more Americophil partly, I think, under my influence in his later life. He was not an Americophil in the 1950s and 60s. He was a great admirer of Franklin Roosevelt and he regarded Franklin Roosevelt as the great hero of World War II, and certainly the man who had saved Britain more or less from extinction etc. He was a huge admirer of FDR and also because of the way he dealt with poverty in his the New Deal, the way he dealt with the Depression and so on. But after that, and particularly during the Eisenhower and Dulles period, the 1950s and into the early 60s, he was not a particularly strong Americophil. He was a very fierce British patriot. His love of his country, its long story of democracy, the Glorious Revolution and the progress of the eighteenth and nineteenth century, and Britain's determination to uphold its independence and freedom from continental entanglements and so on, which was not much more than mainstream British foreign policy for, roughly speaking, from the Armada until the end of World War II, was something that he felt very strongly. He felt pretty considerable contempt for the repeated failures of continental countries to develop any comparable, durable democratic institutions.

MMcB Up to that time.

PJ Up to that time. Certainly was ...

MMcB. What did he make of Roosevelt's determination to dismantle the British Empire?

PJ. Yes, I think he was aware of the Americans' hostility to colonialism anyway, as a former colonial power. I think that, as a Treasury Minister at that time, though a Treasury Minister who was much more sympathetic to physical planning and controls and so on, than Keynes himself would have been, but they were both there in the Treasury at that time after negotiations with the Americans. And I think that he did not take the view that Enoch Powell, and the appeasers all took, and the revisionists about World War II, that World War II was a disaster for Britain because it dented and then destroyed the British Empire, and that it would have been better to have sued for peace and so on. He was an extremely strong, committed anti-Munich, anti-appeaser. As a young man in All Souls he had all those troubles at All Souls with Geoffrey Dawson and Sir John Simon and Lord Halifax - the appeasers and the establishment at All Souls. And so he had absolutely no sympathy whatever with that view. He thought the war against Hitler necessary, had been necessary from before Munich, and needed to be fought. And secondly, after the war, he thought that Britain, in order to survive and he was very preoccupied with the immediate physical probability that people in Britain would have no bread next week, and other vital materials, it was essential to come to terms with the Americans. It is true that the Americans at that time drove a very hard bargain, though the loans at the end of the war, lend-lease and Marshall Aid were by commercial standards pretty generous and essential deals. So that I think he was a strong supporter of the Labour Government's policy of independence for India and so on. I think he would both have thought the British Empire in its way, in its time, had been a glorious thing – not just as an instrument of power and self-glorification, but as an instrument for the spreading of economic development, enlightenment and so on and was probably more comfortable saying that than members of my generation would have been.

MMcB Wouldn't it be politically incorrect to do that?

PJ Well, politically incorrect and also, well, some say we do not believe it. What were we doing running all these colonies in places where people didn't want us? The answer to that was not at all clear to my generation and arguments about whether or not, nonetheless, they had better roads or better judges or better courts or better schools or something than they would have had was not really the point to us because if people don't want you to govern them then we shouldn't try to govern them. We would not govern them better. I think he would have been more willing to claim that great benefits had been conferred; I think he would also have agreed that from that time onwards that independence was the right policy irrespective of whether or not it was forced on one by changed economic circumstances, or by the Americans, or anything else. Certainly my generation regarded the withdrawal from Empire, the liberation of the colonies etc, as something to be proclaimed and to be proud of for its own sake, and not something to wring one's hands about. But he was fiercely patriotic.

It was not true, as is sometimes made out, that he had some sort of personal dislike of the European countries. He was a great admirer and lover of the Italian Renaissance. He was very keen to support me when pretty short of money as a family when going on school expeditions to Florence and Venice and Rome and so on. In 1952 he took me himself to Paris where we stayed with William Hayter, who'd been at Winchester and New College with him ...

Lunch with Jean Monnet at the British Embassy in Paris

MMcB And he was the Ambassador?

PJ No, he was the number two at that time. We attended a memorable lunch at which the hosts were William and Iris Hayter. The guests were Douglas, myself aged fifteen, and Jean Monnet. And that was the lunch, which has enabled me ever since, when anyone starts telling me about what Europe was really about, to say, look, I heard it from the mouth of Jean Monnet and therefore don't tell me about it. That's my favourite name-dropping story. Needless to say, at the age of fifteen, I didn't have much to say, but I was there, and I have memories and that also is recorded in Douglas's memoirs.

MMcB But then I understand the point about him not having a high regard for European political institutions in the early 1950s, but what about the economic case?

PJ Well he thought there was an overwhelmingly economic case against it, based on the effect on the balance of payments and therefore on British employment prospects. The terms for joining, which economically dominated it, was, of course, the Common Agricultural Policy, and he wrote many pamphlets and articles. I wrote one or two in The Times in 1967, which set out to estimate the impact on the British economy of joining, and it was a large negative, because of, essentially, the effect on the balance of payments and the effect that that would have on economic growth and on employment and unemployment. Now, looking back, I think one would say that this analysis was certainly correct so far as the Common Agricultural Policy was concerned. It put a lot of heavy emphasis, as was part of economic policy in those days, on the assumption of the existing exchange rate. From which, thank God, we finally escaped in 1967. But in 1964, and earlier, that was supposed to be absolutely ruled out by economic calculations and anyway, even if you did remove the balance of payments difficulty by devaluing, that also imposed very heavy penalties on your own economy in terms of trade against you; your living standards would have to be held back and you would have to make room in your economy by consuming less for the extra exports needed to balance your payments for imports, so ...

MMcB Did the effect of the post-war loans from the United States have any bearing on this? They were fixed at a certain exchange rate against the dollar (before we devalued).

PJ They were, they were part of the balance of payment calculation as were the sterling balances and all the rest of it, but that made the balance of payment situation fairly precarious. We talk about the balance of payments nowadays but we did not then - and the point about the Common Market was that you would introduce a large, new, one-off negative into that already precarious balance. And that that would force us either to use up all our reserves and collapse, or to rein back home demand in order to make room for more exports. If more exports didn't spontaneously occur, you would then have to devalue to increase exports and if you did that you would be

lowering the standard of living of your own people; you would be moving the terms of trade against the UK. It was the right thing to do in my opinion, to devalue, whether or not we were joining the EEC, but to make the amount of devaluation required that much greater by imposing on ourselves this huge one-off burden of the CAP was, in the opinion of those who so argued, a gratuitous self-inflicted wound. And, I think another part of it - I don't want to put words into Douglas Jay's mouth - there's always the danger that I put my own opinions into his mouth - which may not have been his opinions. I mean what was abundantly clear to me from the Jean Monnet lunch was that this was an exercise in creating a country called Europe. He explained that a painstakingly wide, politically speaking public, world was not quite ready for that proposition in its naked form and therefore it was necessary to proceed in a zigzag direction by Euratom, and Coal and Steel and some boring economic trade issues, by anything that disguised the fact that what he was really talking about was the creation of a political identity, and that the purpose of the creation of that political identity was in order to address what he, though he was a passionate pro-American himself, he knew the United States very well, regarded as the unacceptable humiliation of living in a world in which Europeans, and European representatives and European diplomats, were not accorded the same respect and status as representatives of the super powers. And when they talked about the super powers in those days, the Europeans, with a capital E, they were not really talking about the Soviet Union they were talking about America. It wasn't that they didn't fear the Soviet Union but they just assumed that the Americans would take over that problem. The threat that they feared was the challenge, *le défi*, the humiliation, of living in a world which was dominated by Americans, and this derived much of its animus, in my opinion, from just the ordinary feeling that was commonly expressed in newspaper cartoons at that time that the ordinary Frenchman went around on his bicycle with his beret and his onions round his neck, watching fat Americans with cigars flashing past in large cars – there was a lot of that. It was not unknown in Britain but it was stronger in France, and the purpose was to create a European identity. Chirac talks this sort of language to this day about the United States. But it has nothing whatever to do with what has happened over the last twenty years. History has been rewritten to make out this was somehow part of protecting Europe from the repetition of two world wars, and all that, but all that had already been taken care of, never again 1945, by the British and the United Nations, and then by NATO

and Marshall Aid and so on. And that was all part of what you might call the Anglo-Saxon settlement in the second half of the 1940s. The creation of the European institutions and what became the EC, and the OECD, the six Common Market countries and the Treaty of Rome was not at all about protecting Europe from a repetition of the war and so on. It was about creating a country called Europe, which could look the Americans in the eye – maybe even spit in its eye – in terms of global foreign policy.

MMcB And which would not tear itself apart by fighting amongst members of the EU...

PJ There was no possibility, there was no possibility at all of Europe fighting amongst itself because ... well in my perception (and I don't want to put words into my father's mouth) – in my opinion, thanks to the combination of two non-European armies, the Red Army and the American army, there was not the remotest possibility in a thousand years of a war within Europe because the place was absolutely dominated by the two super powers, and that is what kept the peace in Europe for forty years, and I think many of us thought rightly, even though it was politically correct to pretend that we resented the existence of the Soviet Empire, we were extremely grateful for the fact that it was so. The division of Europe was regarded by most British policy makers at that time as something that was a merciful guarantee of the community of Europe from great wars, at least for the time being, and so long as it lasted, which indeed was when Mrs Thatcher reflected that we were so caught off balance when the wall came down in 1989 and we were faced with the prospect of reunification, not only of Germany but of Europe as well – a very worrying thing for any student of British foreign policy over the centuries, which was very much about allowing ourselves to be dominated by a single European great power which was what the EU aspired to be. So that the idea that this was somehow part of building a long-term peaceful Europe immune from the great wars of the past, was an absolute piece of retrofitting history. That was not what it was about at all - that was all taken care of by the Anglo-Saxon settlement and by the division of Europe between the two super powers, and the huge armies sitting on it, which made it absolutely impossible that there could be any conflict within Europe itself at that time. Once, of course, that the Soviet Empire imploded, packed up its bags and went home, it then became

slightly more meaningful to begin to talk again about the possibility of turbulence in Europe and so on and that made it a convenient moment, retrospectively, to invent the theory that the EU had been called into existence in order to address this kind of war and peace problem. But it is historically completely untrue. It was called into existence, I remember Monnet's eloquence about this at the time, in order to ...

MMcB He discounted that?

PJ He didn't talk about that at all. He talked about the need to be able to stand up to the Americans, to look the Americans in the eye and not have the world entirely dominated by Americans. And in order that Europe should have its own identity, the only way to achieve this, he very clearly thought, was if the political genius of France could be harnessed to the economic power of Germany. And that if you could create what was really Greater France by annexing to it the power of the German economy as it was already, under Erhard, beginning to be visible – and much more so as time went on – then you might have an economy big enough, and therefore a taxing power big enough, and therefore eventually a military capability big enough, for Europe to be a power comparable with the super powers. In which case then, European diplomats i.e. the very people who were making the case, would be accorded the kind of respect and attention that they felt they deserved because of their long and proud history. And which they were not receiving in a world in which they were seen to be merely the representatives of medium sized European powers and not a great power. That is, anyway, how it communicated itself to me. I don't want to ... attribute all of that to Douglas because his own views are clear in his writings and I think that he was deeply, deeply sceptical of the political capacity of (a), the Latin nations and (b), of the ? nation to generate durable, democratic, political institutions, and he believed that the interests of this people's island, which is what he identified with, required that we remain independent of such entanglements. He was though, of course, in favour of having close economic and cultural relations, and that we retain so far as possible our Commonwealth links, which he did think were very important, and our American friendships which he certainly considered had been essential in the survival of this country at least twice in the previous fifty years.

National Service in the Royal Navy, 1955-57

MMcB Before we go into your Civil Service career, you did National Service, went into the Royal Navy and became a Sub-Lieutenant in two years.

PJ I became a Midshipman and then I was promoted to Sub-Lieutenant right at the very end of my National Service. In August or maybe September of 1957 when I was twenty and a half - normally you have to be twenty one to be made a Sub-Lieutenant - I was posted to the Admiralty for the last months of my service, which was a kindness on the Navy's part because they knew that I was going back to Oxford that October. I was going to go up about three months before my two years would have been up. They may have given me early release but they couldn't give me all that early release and therefore in order for me to be in London and able to get ready to go to University, they posted me for a month to the Admiralty. I was sent by the Admiralty down to Portsmouth in order to make arrangements for the top brass from the Admiralty to go on board the visiting American battleship, the Iowa. In order that I should be regarded as a respectable representative of the Admiralty when dealing with the United States Navy in Portsmouth harbour, I was told to put on one gold stripe rather than my Midshipman's patches, so I was briefly converted to Sub-Lieutenant.

MMcB Well that was a remarkable achievement.

PJ Well, I had been commissioned before because I'd been a Midshipman. No, it was a perfectly routine route for National Service men to become commissioned in the Navy. The Admiralty Interview Board selected supposedly suitable candidates. They were then put through a sixteen week course as what were called Upper Yardmen, and at the end of that, if you passed the examinations etc, you were then given a temporary RNVR commission for the rest of your time in National Service. I was one of those.

MMcB So you went back to Oxford, got your First Class Honours degree, and then joined the Civil Service.

Appointment to the Treasury as an Assistant Principal, 1961

PJ Yes. I was very undecided what I wanted to do at the end of my time at Oxford. As I say, I took the Civil Service exam thinking I could get my father off my back. But instead of failing it, I passed into the Administrative Class of the Home Civil Service. I was not a candidate for the Foreign Service because, in what I thought at the time was a witty remark, I didn't want to be married to the sort of person my wife would be if I was a diplomat [laughter]. In other words I was rather put off by my experience of Foreign Service wives. I later learnt the error of my ways, but at that stage I thought that was a horrible thing to be so I was a candidate for the Treasury. I did know something of what was going on at the Treasury. Although I was unsuccessful at the All Souls exam, I was selected to go with the Oxford University debating team to the United States but I ended up by just going to Nuffield for a post-graduate year, which I did for a term. By the winter of that year I'd become seriously disgruntled by postgraduate life. I decided I needed to have an office and an in tray and somebody making me actually do something, so I rang up the Treasury, from whom I had a year's postponement, and said could I come a bit earlier than September? I thought they would say no, we have an annual intake and that's it. I telephoned on Friday the 13th of January, I remember, and Philip Nichols, the Deputy Establishment Officer at the Treasury, said, well how about Monday morning? I went into a panic because I didn't have a dark suit or black shoes but I joined the Treasury on 16th January, 1961, where I remained for six years, and had a very fascinating time.

MMcB Then you became a Private Secretary to the Chancellor?

PJ No. To the Permanent Secretary - the Joint Permanent Secretary, William Armstrong, which was exceedingly interesting because he was a most fascinating and unusual man.

MMcB Yes. So that was a good insight into the Treasury?

PJ Well it was, because he had been Private Secretary to Edward Bridges, who was the ultimate Treasury mandarin, Secretary to Churchill, Secretary to the War Cabinet, Head of the Treasury, Head of the Civil Service and all that. With whom I had the fascinating experience of actually working - Bridges, I mean, not Armstrong - because he had written a book for the Institute of Public Administration on the Treasury (there

was a series of books on the Departments) and just as his book was about to come out, the Treasury announced a great reorganisation in 1962, a reorganisation which had been conducted by William Armstrong. I was given the wonderfully sort of mandarin assignment of more or less completely rewriting this book. But it had to be done on the page proofs, which meant that there must be the same number of characters in each line, [laughter] the same number of lines in each paragraph.

MMcB This is before computers.

PJ The same number of words on each page. So it was like being asked to write a sort of framework of The Times crossword puzzle. A very interesting but rather sterile intellectual exercise. And I still have the book and there's a nice acknowledgement of my contribution from Edward Bridges himself, of which I'm very proud

MMcB At the Treasury. The Rt Hon Lord Bridges.

PJ And here it is, inscribed to me in Bridges's own hand. Bridges, April, 1964, so I'm proud of this trophy. So Armstrong, as I say, had that sort of lineage from the greatest of the great mandarins. I served under him for less than a year, it turned out, because the change of government occurred. And George Brown, who was at the far end of the Government Offices Great George Street building, as the new First Secretary of State and Secretary of State for Economic Affairs, presided in a sort of uneasy condominium with the Treasury. It was a typical Harold Wilson non-solution to what was, anyway, a non-problem. George Brown suddenly told Armstrong that he couldn't co-operate with him if he had me in his office because of my then being the son-in-law of the Chancellor. And Brown regarded the Chancellor as his great rival ...

MMcB The Chancellor being ?

PJ Mr James Callaghan. So William Armstrong called me in one day and said I'm sorry you're going to have to leave. I can't tell you why. Maybe one day I will be

able to. And that was that, so I left, then went and did various other interesting things. But ...

MMcB Like joining The Times?

PJ Well, that was three years later. I did two or three interesting other jobs in the Treasury first. One was to write the concordat between the Treasury and the Department of Economic Affairs under the supervision of Otto Clark - Sir Richard Clark as he by then was, the Second Permanent Secretary in the Treasury – or one of the two Second Permanent Secretaries. The other Second Permanent Secretary was Dennis Rickett. And then I went on to the Machinery of Government Division where we wrote the Ministers of the Crown Act 1964, which laid down there should be nine rather than seven Secretaries of State, I think, and various matters of that kind. I briefly became an expert on the machinery of government. And then finally I had about eighteen months in charge of the education budget, which was the largest single budget in the whole government – even bigger than defence. Yes, it was a big responsibility. But, partly as a result of being prematurely pushed out of the Private Office because of George Brown's intervention, I had been promoted to the rank of Principal rather earlier than I otherwise would have been.

MMcB But those are pretty formidable responsibilities for a Principal?

PJ Well, that was part of the Treasury system in those days, and more broadly of the Whitehall system, and perhaps particularly of the Treasury, that real responsibilities were pushed right down the hierarchy. Principals were regarded as the bedrock rank of the Home Civil Service. All policy, as it were, was supposed to originate with Principals and work its way up as necessary. And though, under the pressures of war and post war crisis and so on, inevitably some things had tended to drift higher up the hierarchy, that was still the basic system. Certainly in my last eighteen months in charge of the education budget, I felt I was very much in charge of the education budget, obviously subject to the constitutional proprieties. When something like the school building programme came round, which it did every five years or so, I felt it was my job to enquire whether or not the old, Richard Clark, Otto Clark formula, on which it had been conducted, was the right one, and in fact completely rewrote the

whole thing. And did some quite original intellectual thinking on that. And we were encouraged to do that. That's partly why being a Whitehall servant was an exciting and interesting job.

MMcB But how did you relate to the Department for Education? Or of Education I should say?

PJ Well I related to them in the sense that ...

MMcB You told them what to do!

PJ No, no, no, no, the Secretary of State was a member of the Cabinet and he could go to the Cabinet with anything that he wished. But under the system of prior sanction developed by Gladstone and Warren Fisher and all the other great men, the Department of Education, like any other Department, had to come to the Treasury in order to spend money. Now, there was an extra twist in the case of the Department of Education which was that most of its budget, in public expenditure survey terms (PESC terms), was actually money spent by local government, not by national government, because the education authorities are local government. This was all part of what we felt we were controlling and planning and so on. The constitutional formalities were somewhat different, and in terms of capital expenditure of local government it was very directly under our control. The current expenditure rather less so. But still very much part of the total with which we were concerned. Certainly from the Treasury point of view we were not much interested in the difference between central and local expenditure except in so far as it complicated things like Rate Support Grant and local taxes and so on, which could occasionally be politically difficult for Ministers. What we were basically interested in is what was the total expenditure of the public sector, and that was, those were the Plowden reforms, the Plowden report, which again was almost entirely written and driven by Sir Richard Clark (Otto Clark) in one of his many sort of manic, creative urges which he was always having – after all, he was a most extraordinary man. And that was a most interesting job and certainly, without feeling that we were making final decisions, we certainly felt that we had a leading, initiating and important role in policy making.

Appointment as Economics Editor of The Times, 1967

MMcB Right, well with that background, you then became Economics Editor of The Times.

PJ The Times, yes. That was a curious affair. On New Year's Eve, 1966/67, I went to a party in ... not quite in Hampstead ... sort of Primrose Hill, given by a broadcaster, John Morgan, who used to do the programme, which we now know as Newsnight. It had a different name then – it was called Tonight or something. And rather in our cups, late in the evening, he asked me whether I'd ever thought of becoming a journalist to which I said no. I think he went on to ask me whether I would be willing to become a journalist and I said, well, you never know, never say no to anything until you know what it is. And for some reason he remembered this the next morning and spoke to William Rees-Mogg who had then been appointed Editor of The Times in waiting. The Thomson people had bought The Times from the Astors, but they weren't going to actually take over until the 1st of April I think, and Mogg was planning his team. I received an invitation to meet him and to take the post of Economics Editor of The Times. I was 29 and I thought that was quite exciting. I thought many other complicated things about it but I decided to do it. I then had the usual sort of young man's second thoughts. I remember saying at the annual Treasury party at the Tate Gallery, to Alec Cairncross who was then the Economic Adviser to the government – Senior Economic Adviser – oh dear, oh dear, Sir Alec, I said, I'm not sure I've made the right decision. He said to me, Peter, in life there are no right decisions and no wrong decisions, there are just decisions, so get on with it and stop wittering. And I was irrationally somewhat fortified by this. Anyway, in April of that year, I went off to The Times.

MMcB Did you feel, or in retrospect, do you feel that you'd achieved as much influence as an Economics Editor on the Times as you had as a senior civil servant?

PJ I strongly held the opinion then, and since, that journalists shouldn't be thinking about how much influence they are exercising. They are not there to exercise influence and they should not aspire to exercise influence. They should aspire to do what I've always defined as the three core functions of journalism, which is to find

out, to report and to explain. And that should be your ambition. That should be the height of your ambition. I think, in retrospect, that it is true that some of the stuff that we wrote and that William Rees-Mogg gave me space to write, in *The Times* during that period, did have an impact as part of the debate, which was beginning to develop. Indeed it had an impact to some extent leading the development, though there were other people writing for other papers who also came to play a part, on reconsideration of the fundamentals of economic policy, in the decline of the 'Butskellite' post war consensus and the beginning of an interest in the thing that was loosely known as monetarism, though this was a phrase that had many different meanings over time and in different mouths. But what it fundamentally came down to was, the beginning of doubt, developing into a positive disbelief, in the previous confidence that an equilibrium between inflation and unemployment could be maintained by sufficiently judicious decisions about the budget and interest rates and so on. And, allied to a conviction that in so far as that was getting more and more difficult, or ceasing to be possible, that you couldn't escape from it either by tacking on something called an incomes policy. In other words, that there was some kind of fundamental crisis in the assumptions on which economic policy had been up until then largely conducted. In which case a different approach, or something, was needed. And so I think there was an influence, but I don't think that it would have been right, nor do I think it was the case that we were thinking, or that I was thinking, look, what an influence I'm having. It is true that on one occasion - but this was an absolutely isolated moment - I did write a story, or a piece, with the specific intention of having an influence on a specific event. I knew, from my enquiries, that a matter was coming up for consideration in the Treasury - it was a highly technical and boring matter which had to do with the way in which something called the Relative Price Effect was treated in the Public Expenditure Survey Committee (in the PESC) operation. And I believed that by writing the right thing at the right moment, I might succeed in just heading off what I feared was going to be a bad or a wrong decision on this point. So in that sense I did, on that occasion, intend to have an effect, an influence if you like. It was the occasion on which, what subsequently became notorious has been hung round my neck ever since. A sub-editor on *The Times* came to me and said I don't understand this piece. And I regret to say I said to him: 'it's not intended to be understood by people like you. It's only intended to be understood by three people, two of whom are in the Treasury and one of whom is in the Bank of England'. And this became a very

notorious statement, which was interpreted as though it was a statement about everything that I wrote, but it was actually a statement about this particular story. I was wicked to say it. But in general, no, I deplore the exercising of influence. It is not, in my opinion, the role of the journalist. There is a book, another book ...over here ... by Wayne Parsons, called *The Power of the Financial Press*, who does discuss, and to some extent analyse, the influence which The Times and one or two other newspapers exercised in this period, describes the influence which they had on the development of economic policies and suggests that it was quite substantial. So naturally, I keep a copy of this book.

MMcB Quite right But, you were going home at night. Did you have family gatherings ..?

PJ Oh, tremendously, yes.

MMcB Where these things were discussed with the Chancellor and so on? And possibly, even the Secretary of State ...

PJ Well, you know how families are. Mainly you don't sit down at a family dinner to debate national economic policy ...

MMcB No, no, but how can you avoid discussing the problems of the day?

PJ Well, we did have discussions occasionally. While I was still in the Treasury, that was, well that was maybe one kind of problem because one's colleagues in the Treasury would have thought it was rather off-side if you had a sort of short-cut to the Chancellor, and I don't think I ever raised with him matters of my particular Treasury brief – education budget or whatever it was. After I left the Treasury, there was a different kind of situation because (a), I was on the outside and (b), I was doing a job on the outside, half of whose role was to talk about things that were on the inside. And therefore that could have been, difficult. I never talked to the Chancellor by way of a source for stories. There was a kind of Chinese wall, or invisible line drawn there. The thing got more complicated and more difficult because I passionately believed, with almost exaggerated certainty and warmth, that the attempt to maintain

the old exchange rate of the pound against the dollar was a ghastly mistake and that no policy of any kind could succeed unless we could escape from our attachment to this primitive bauble. I blamed Harold Wilson entirely for this, because it was indeed his particular obsession that really lay behind this. He'd done it before in 1949. Again this is all in my father's book. When the 1949 devaluation was recommended by Gaitskell to Attlee, Stafford Cripps was in a sanatorium in Switzerland. Again, Wilson, who was then President of the Board of Trade, tried to interfere, in order to frustrate this. He was a physical power, Wilson, but he didn't like price mechanism solutions. He liked things where you looked up the statistics and thought in terms of millions of tons of steel rather than in terms of market developments. He did it again in the late 1950s when he produced a series of articles in the *New Statesman*, detailing his four year plan, which was all about his hatred of, or at least the need for, import controls and sort of physical planning and all that sort of thing, and was hostile to any kind of market driven mechanisms like messing about with the exchange rate. It was he who had driven the decision they'd made on the first Saturday of the new government in 1964 to rule out devaluation. And Callaghan was part of that decision, and, moreover, supported it, and indeed when he found the policy failed, felt very strongly that he must resign because he felt he was committed in honour, privately as well as publicly, to this policy and he was unable to sustain it. But I never believed that he was intellectually, dogmatically attached to this policy. It was the Prime Minister who was attached to this policy. The Chancellor was the loyal executor of the policy, if you like, and no doubt believed in it, but not for quite the doctrinal reasons that Wilson did, I felt. But anyway, answering your question. There was this big disagreement, so sort of family life did go on as far as I remember. We by and large avoided the subject because it would have been in private discussions. There was a moment in July of 1966 when Wilson announced his July measures, which I felt were a terrible betrayal of everything the Labour government had been elected to do. And betrayal of the whole idea of getting faster economic growth in the economy, and turning our back on stop-go and all those old evils.

MMcB Getting on top of the balance of payments?

PJ Exactly. And I felt this was a terrible betrayal so I actually wrote out my resignation to the Treasury and I remember I wrote a very eloquent passage in which I

said I took extremely seriously the obligations of official reticence, which applied to civil servants, but that I did think that there could occasionally be situations so extreme – I cited Munich and Suez as examples – where if an official felt that he simply could not accommodate himself to the policy of the government of the day, he must resign and take his case to a wider public. And that I felt was the situation that I was in and so I did act in a pompous way. I put my resignation in a brown internal mail envelope with a red immediate flag on it addressed to the Deputy Establishment Officer – the same Deputy Establishment Officer I was telling you about earlier. And I then went off for a walk around St James's Park – I was rather stunned by my own boldness. And I came back and then I sent a copy as a courtesy to my father, not with a red flag, and in another Department, the Board of Trade, which was sent an hour or two later. Like one of those sort of happenstances of history, the copy that was sent to him arrived almost instantly. It was on his desk, and it was there and he read it. While the copy addressed with the red flag within the Treasury didn't arrive for about four days. [laughter]

MMcB With the immediate flag on it!

PJ With the immediate flag on it. And Douglas invited me to go and discuss it with him, which I did. He argued that I should reconsider etc, but my mind was made up as to what I should do. And then I went to our home in Ealing. Then I got a telephone call that evening from Jim Callaghan saying where are you? It's Audrey's birthday!

MMcB Audrey Callaghan?

PJ Yes. You're supposed to be here for dinner at Number 11. And I said, oh my God. Something's happened. I'm not quite sure that it would be quite appropriate for me to come to dinner and I then rather sheepishly explained the story. He said, Oh come on, you've got to come to Grandmother's birthday party. Don't worry about that! And somehow I began to feel this whole thing was sort of slipping away from me [laughter]. And so I went to the birthday party and by the end of all that I'd come to decide that this whole thing had gone off the rails. And I then, on the Monday morning, rang up the Deputy Establishment Officer's secretary and asked quite what

had happened to the red flag and she said oh it's still sitting in the tray because he'd been away or something like that. So I said well perhaps you might send it back to me! The end of that situation ...

MMcB Situation saved!

PJ Well I don't know if it was saved or not. Anyway, there was not intensive discussion about economic policy, not at that stage, because I felt rather deflated. But he was the Chancellor.

Getting to know David Owen

MMcB. Pretty important. And did you get to know David Owen?

PJ. I got to know David Owen during that period of the Wilson government, very much when I was in the mood that I have been describing (and so was he) of absolute horror at what Prime Minister Wilson was doing. I didn't know Owen really at all well, but we met in the House of Commons and had a discussion – I think there may have been one or two others present - at which we all rather portentously decided we were going to take some great action ... I think it was after I had gone to The Times or was it before? I think it was after I'd gone to The Times ... to come out against this Wilson policy and deflationism and all the rest of it. David was going to put down a motion, or vote against the government, or resign or write an article or something like that. Anyway, we all got rather hot under the collar and excited about this. Next morning, I read that David had accepted appointment as Under-Secretary of State for the Navy and had become a Minister! So, the whips got there first. But we then became personally acquainted ten years later, when he sent me to Washington. It was reported as though we were some kind of buddy-buddy, intimate friends; but that was never the case up to that time, not that we didn't become quite good friends later. But we'd never been close friends before, but I did know him, yes.

Background to appointment as British Ambassador, Washington, 1977

MMcB Yes. Do you happen to have any background information about the decision taken to appoint you as Ambassador?

PJ Yes! I do have background information about that, in this sense: that Debbie Owen (Mrs David Owen) said to me, not absolutely at the time it happened, but a few months later, that she always remembered the moment when David suddenly sat up in bed in the middle of the night and said I've got it! And she said, what have you got? And what he'd got was the idea of appointing me to Washington. And the reason he'd got it – and this latter point never got into the newspapers – was that he had stumbled across the fact that senior officials in the Office and in ...

MMcB In the Foreign Office?

PJ In the Foreign Office and in foreign posts, he was already Foreign Secretary at that time, were exchanging letters in a series that was known as the 'personal and confidential' series. Now this had been a long established practise of high officials, and I think, myself, that the ethos of it was that this was a useful way of exchanging in-depth background information between key players, without people having to be too officially on the record. It gave some flexibility, anyway. However, David stumbled on this. He became persuaded that this was something from which he was excluded and which was therefore, in his judgement, improper and not to be tolerated. He felt that there was a circle or network, or whatever you want to call it (paid for by the taxpayer) from which, nonetheless, the Secretary of State who was the Minister in charge, was excluded and this was something up with which he was unwilling to put. And he explained this to me at the time. He felt that the only way he could be sure that some such exclusive network was not operating without his knowledge, was by appointing somebody whom he could, in this respect, completely trust to a key position in the network. Washington had been a key position in the "personal and confidential" exchanges and some exchange in the series from Washington had actually triggered his awareness of the phenomenon. And there's no doubt in my mind, then and since, that that was what triggered him into saying I've got to appoint somebody who's, as it were, my man, whom I can trust not to be part of a network which excludes me. I think initially he couldn't think who such a person might be until the middle of the night ...

MMcB He had this brainwave.

PJ The brainwave, yes. As described by Debbie. And I think that's what happened. I think that's the heart of the story. I think it's not the whole story. I think that his relations with Peter Ramsbotham had not been, well, had not been much enjoyed by him. Peter Ramsbotham and I got on extremely well, and were good friends. But David had, I think, found his Washington staff slightly uncongenial for one reason or another. It's a little bit like the way Chris Meyer describes relations with the Blair people in his recent book *DC Confidential*. There were some echoes of that. Callaghan certainly never said anything of the kind to me. There was some suggestion by David Owen to me that it was not only him but the Prime Minister also found the residence atmosphere uncongenial, which may have been why he accepted Jimmy Carter's invitation to stay at Blair House. This also does sort of echo the Chris Meyer story ...

MMcB Blair House is what?

PJ An American state-owned building. Right across Pennsylvania Avenue from the Executive Office Building which is the building at 1700 Pennsylvania Avenue next door to the White House . It's a lovely old house – I'm sure it goes back to Colonial times – and it is called Blair House (nothing to do with Tony Blair), and accommodation there is in the gift or in the ownership of the Administration of the day. It is used to accommodate visiting foreign dignitaries if the President wishes to make a friendly gesture. It has been used for that purpose for a long time. And was so used, I think, on one of Callaghan's early visits to see Jimmy Carter. Following Carter's visit to Newcastle in February or March, I should think, 1977, Callaghan stayed at Blair House. Callaghan never said that Ramsbotham was a reason; but Owen, by my recollection, did. But this (my appointment) was entirely Owen-driven. And then there was the problem first of all for Owen, and then for me, which was what is Callaghan going to think? Because obviously it could not happen without his consent. David had, I think, taken some time to broach it with him but he had done so and apparently secured his approval. But then I said to David, when I got over the shock of what he was suggesting... initially at the rather surreal meeting that we had had on the terrace of the House of Commons I thought he was offering me a different, less senior, appointment. Indeed, I very nearly didn't go to the meeting because I had

got back to my office in *The Times* very late after lunch to find two notes on my desk – one from my Editor asking for a leader on the unemployment figures and one asking me to meet the Foreign Secretary in the central lobby of the Houses of Parliament at 4.15pm. And I got this message at 4 o'clock. I thought well there's no way I'm going to get from Gray's Inn Road to Westminster in 15 minutes. So, I remember, I wound a piece of paper into my old manual typewriter and began to type the first line of what would have been, it seemed, about my three hundredth editorial on the subject of the unemployment figures, and I was overcome with such an acute sense of ennui at the tedium of this task after ten years of doing the same thing, that I thought, Oh to hell with it, I will go down to Westminster and see if I can get there quickly. I walked out of the building and it was the only time in the five years that I worked in that building that I ever saw a cab with its light on coming right past the door. I jumped into it. It was one of those extraordinary days in London when there was no traffic at all. And we got to Westminster in about ten minutes, then up to the Central lobby just as David appeared, and he said come out on the terrace. I really can't remember the exact words, but roughly he said I want you to go to Washington. And I remember I said to him, David that's extremely nice of you and very exciting, but I don't think I can. Margaret and I had some idea that something like this might come up. We had talked about it. The children's education was at such a stage that we didn't think we could really interrupt it. It would have been unfair to them to change schools and so on. He looked at me and said, you do understand what I'm saying to you, don't you? And I said well I think you're asking me to go to be the Economic Minister in Washington – the Treasury post - the Number 3 in the Embassy as it were. No, he said. I want you to go as ambassador, at which point I actually fell off my chair.... But when I'd digested all that, I did say to him, this is going to cause an appalling political row ... I've got to hear from him, ... obviously he understands, he's the Prime Minister, he understands the politics... but I've got to hear from him that he really accepts that I don't want to be a source of acute embarrassment and difficulty to him. So it was agreed; and I did make that sort of speech. I looked into his face and said "Look, do you really not mind, because it's going to be a pain in the neck for you". Callaghan said you leave the politics to me [laughter] and I thought "well, if that's what he says, who am I to argue?" And I can't go through the rest of my life wondering what it would have been like if I had accepted this job. I'd better accept it and get on with it to the best of my ability. So that's what happened.

Arrival in Washington as ambassador

MMcB Now, having got out there, and having displaced Peter Ramsbotham, what was the attitude of the Foreign Office staff at the post?

PJ It was very good, with one qualification which I will come to. I was obviously aware that this was highly controversial and obviously I was going there some six weeks or so after the news had been public. So it wasn't the next day. But everything about my background and upbringing and also my brief time in the Navy made me feel that if you are going to take over a large organisation, in these kind of circumstances, you must show yourself and talk to the people – what in the Navy is called 'clearing the lower deck'. Your captain arrives on board. You assemble the crew on the quarter deck, or convenient space, and show yourself and say a few words. Doesn't much matter what you say ... So having been welcomed the day before by Sir John Morton, the Minister in charge over there and a very decent, good, loyal, wonderful person, I said to him that I wanted to meet everybody at 9 o'clock in the morning and asked if there was a space where we could do it, perhaps in the Rotunda. And he said "Yes, would you like me to introduce you?" and I said no, I think I'll just step up there and introduce myself. So I did that and I said a very few simple things, but what I mainly said was "I know absolutely that I can count on your loyalty to me; and I want to assure you that you can count on my loyalty to you". And I said that it was not my plan, as the British press had speculated, to sit around in jeans on the White House lawn drinking beer out of cans or any of the various other stupid things my former colleagues in the press at home had suggested for me. And that I think did help to, to break the ice. I was told subsequently by various people that it had been an important thing to do. Anyway, at least they had been able to see me, as it were, look me in the face and to say well there's this chap and here he is, let's get on with it. I was given outstanding loyalty, in my opinion, by virtually the whole embassy staff of which, of course, the FO bit is only quite a small minority. The second thing I did was to say I wanted literally to visit every room in the Embassy office building and meet people. I dare say there were one or two they didn't show me; but we spent several hours – I think a whole day or a whole morning - just going into each room and saying hello to the people, what do you do? And

again it was basically a naval model that I was drawing on. The captain's rounds - going to look at the spaces and so on and see where people live, how they work etc. And I'm glad I did that and I think that was helpful. As I said, I received outstanding loyalty from almost everybody, not only from the middle ranking people, but also from the very senior people: Tom Bridges, as the Minister Commercial, Rollo Payne as the General in charge of the Defence Staff, Bill Ryrie, who was the Economic Minister and had been an old colleague of mine in the Treasury, though he'd been my superior there. He was a very decent, intelligent sensible sort of person. One of the awkward early decisions I was called upon to make was what to do about a terrible running battle between the Foreign Office and the Treasury over how Bill Ryrie's telegrams to the Chancellor were to be signed. Was my name or his to appear at the bottom? Obviously he wrote them. But the great question had been whether they were signed Ryrie or Ramsbotham. The FO took the position that these were telegrams from the post and the head of the post, therefore, should attach his name to the bottom. And the Treasury took the view that if the Chancellor's principal adviser in the United States needed to communicate with the Chancellor directly, he should be able to do so without this absurd medieval pageantry, with somebody else's signature on the telegram. And I was told I had to decide this question because only I had the authority, so I decided that when he was communicating as a Director of the IMF, he should sign his telegrams 'Ryrie'. No doubt the Foreign Office regarded this as a shocking betrayal on my part. My own background in the Treasury, no doubt, was blamed for this partial decision. But it seemed to me that it was bizarre that my official time should be spent on such a question. Anyway, answering your question: there was outstanding support from all these folk. As you will detect from my tone, there is one qualification to all of this. And this was a sad story - and it's a story I discussed quite recently with Michael Palliser and others. And that was the failure of my relationship with my official deputy, John Robinson. At the time I arrived, my deputy was John Morton. John Morton was an outstandingly loyal, old fashioned gentleman, who came from the CRO side of the business. He, John Morton, was the absolute model, in form and in substance, of the loyal deputy. He could not have been more honourable, more helpful. He was due, within a few months, to retire. Which he did. And Michael Palliser offered me John Robinson. He told me quite clearly and frankly that he wasn't sure this was the right proposal, that he had earmarked John to go to Washington at this stage before he knew about my appointment because

he thought this was the right thing in the progression of Robinson's career. He said Robinson was a forceful person with strong opinions and probably we would find our feelings about the EU were divergent etc. But that none the less he hoped that it would work. I was at this stage absolutely determined, despite the Ryrie story, as it were to fall over backwards to make the relationship with the Foreign Office work successfully. As I say, Michael Palliser was exceedingly helpful to me in that way and I think we both tried extremely hard to make the relationship work despite the controversial nature of my appointment. Michael had told me quite frankly from the beginning that he'd advised David Owen strongly against my appointment. He had been quite open about that, naturally enough. So, on the question of Robinson I said, well let me meet John. We'll talk and we'll see whether we each think it can work. He came, and we had supper together in the Garrick Club and we were both wearing Christ Church ties and it was all very friendly. And ... my view was, yes, clearly we had some fairly lively differences of opinion about some matters but (a) we were both intelligent people and secondly we both understood the rules of the game in a disciplined service with a hierarchical system where somebody is ultimately in charge. There was the appropriate time to discuss and debate things and the appropriate time to make decisions and you accept them. And therefore I thought there would be no difficulty between two people who both subscribed to that basic ethos in working together in ... even if we had some disagreements. It might even be healthy to have some disagreements in the course of the policy-making process. I'm sad to say that it turned out, in my perception, that I was completely wrong. The relationship failed hopelessly. And I have tried, over the years, to analyse this as fairly as I can. One difficulty was the Europe theme. There is no doubt about that. It appeared to me – though you may say this is a caricature (and I would have thought it was a caricature had I not actually lived through it) – that he not only had a passionate and overriding loyalty and commitment to Britain's relationship with the EU, but that he also believed it was a zero sum game in competition with this relationship with the United States. In other words, the one could only gain if the other was diminished. And he seemed to think, as a corollary of that, that since there was not a lot he could do in Washington directly to strengthen the relationship with Brussels, he could best serve that cause by weakening the relationship with Washington. And I began to become aware that that was what he was doing. I had committed myself, another of my bold gestures when I arrived, to visit every outpost, every consul-general, in the

first year. That was on the whole a most important thing to do. It went along, in my mind, with “clearing lower deck”, with visiting people in their offices and so on; and I was given to understand there were many Consulates-General which had not had a visit from an Ambassador in living memory. It was true. But I committed myself to do that and the consequence of that was that I was either away on these visits or consulting in London, on average for ten days a month, I should think. And I began to become aware that, while I was away, the things that I had been doing, which I saw as a key part of cementing the closest possible relationship with the United States, with the Administration, and political Washington, were being, in effect, undone while I was away. That was a problem for me, a serious problem because the greatest difficulty I had was that of just sheer physical fatigue at the scale of the Ambassador’s operation, particularly with doing all the travelling as well. And to find then that the work was being, as I saw it, undone when my back was turned was very difficult; and I didn’t quite know how to deal with this because what I did not want was a big row and a problem for Michael Palliser. My approach had been to try to reassure him, to show him that I could make this [my appointment] work and that I was sufficiently “house-trained” in Whitehall terms to do so. So I was not at all sure how to deal with the Robinson problem; and I found this very frustrating and difficult. Secondly, he had a style which was very different from mine. He was not a person who, in a discussion, was explicit about things. The Camp David Agreement happened while we were there and there was a push to publish a report on the Camp David Agreement and explain it to the FCO. And I discussed this with other advisers, Bill Ryrie, John Weston, Michael Pakenham, Bill Squire, Mark Russell and others. They would give advice which was explicit. They would say this is what this is for, this is what it’s about, this is our recommendation, what we should say is this, and - if you had time for it and they had time for it - this is the reasoning behind it. Occasionally, I’d go and sit on John Weston’s desk in his room just for the pleasure of an intellectual exploration of the issues that we were dealing with from day to day. Robinson was the opposite. I mean he barely vouchsafed more than a wintry smile or a grunt. I remember - and this was a mistake, I shouldn’t have done it - but I did, on one occasion, in frustration, send him a note asking him please to explain to me in not less than three pages his view of East-West relations and its bearing upon current problems. I received no reply from him. I shouldn’t have done it. It was an expression of frustration. But I really did want to know what he thought, and why,

and I could never get hold of it. He clearly regarded Jimmy Carter with absolute contempt. And he clearly thought that that was so obviously the only possible view that one could hold, that it was unnecessary and absurd to explain why he held it. Now, I didn't hold that view. I rather admired Jimmy Carter, in a number of ways. Now, maybe I was wrong. Maybe John was right. But it was to me very frustrating to have to communicate with snarls and grunts and nudges and grimaces rather than with ...

MMcB Decent argument!

PJ Words and language, and so on, that I felt I could understand. No, I mean, I don't want to be unfair and I'm sure he perceived it very differently in ... fair enough ...

MMcB He's dead isn't he?

PJ He is dead, yes. And his subsequent official life was rather a strange one. But I don't know at first hand about that. And so I mention all that because that is the one qualification to my rather long answer to you about how I was served. I was served exceedingly well. Very loyally. Outstandingly I would say by everybody with this one exception.

MMcB How sad.

PJ Well, it was sad. Yes, you're right.

Dealing with the Carter Administration in Washington

MMcB Anyway, you were dealing with the Carter Administration throughout your time.

PJ Yes, I was there from summer of 1977 to summer of 1979.

MMcB Yes. So it was when the change of government took place in the UK that you left...

Impressions of President Jimmy Carter

MMcB But, dealing with Carter: how did you find that?

PJ Well I found Carter an impressive man. I was not sort of buddy-buddy with him. I didn't have the sort of relationship with him that David Harlech reportedly had with Jack Kennedy. Or perhaps, that Oliver Franks had with ... well I don't know that Franks had it so much with Harry Truman, I think he had it more with Dean Acheson and other people around. He may have had to some extent. In the main, my view was that I'm not doing my job usefully if I sit here saying I can only speak to the President of the United States or the Secretary of State, and when I've got anything to say on a subject, I have to say it to them; I'm going to play it the other way. I'm going to make it as clear as I can to the people I deal with in the White House, the State Department, or elsewhere, what my attitude is. This was that there's a job to be done, and I am going to do it in whatever seems to me the most effective way at the time. There will be moments, and there were moments, when it was necessary to call on the President and there were more frequent moments when it was necessary to call on the Secretary of State, and I did so. But I didn't want to stand on ceremony saying I can only speak to the top man, because (a). I think that's unrealistic and rather pompous and, secondly, it means it takes much longer to get the business done because the great man is not available. Now there is a down side to this which is, if you are in fact willing, as I was, to talk to the top White House aides and so on, in a way you cut out your own juniors from doing the same thing, because if the White House aides can talk to the Ambassador, why would they want to talk to somebody less. And I could see that was a problem but a problem to which I couldn't altogether see a solution. I had a job and wanted to get it done and to do it in the best way that I could, and so I talked to the people who it seemed to me useful to talk to to get the job done, whoever, within reason, that might be. But whenever I had to deal with Jimmy Carter, I found him entirely focussed, professional, well-briefed, intelligent and very unpolitical. The most conspicuous factor was that he hated politics. He regarded politics as a low, disreputable activity with which he wished to have nothing whatever to do. And his appointment diaries, I understand, as was explained to me on one occasion, were organised into sixteen hours a day, of which fifteen and a half were

“government”, which he loved, and thirty minutes at the end was for “politics”, which he despised. I frequently had the experience when doing, as I mentioned, all this touring and speech-making on behalf of HMG, that Americans would ask one polite question about Britain because they thought I expected that, and then they would reveal that what they were really interested in about me was not the fact that I came from Britain, but that I came from Washington. And they wanted to know what I thought about Washington and about the Administration. And I would always say well as I’m the Ambassador of a foreign country, I wouldn’t dream of commenting on your internal affairs. But having said that, I would then allow myself to go on to say it appears to me that what the President is trying to do is this and this and this, and often they would say, well no one has ever put it to us like that before. If that’s what he’s trying to do, then it makes a great deal of sense! [laughter]. I used to report this back a bit to Stu Eizenstat and Jody Powell and people in the White House and ask why doesn’t he explain it because it looks so good to me! But American voters say they aren’t getting it. And they would say, well we write him these wonderful speeches, which do explain it all; but he crosses all the good stuff out and he says I’m not that sort of man. I don’t talk in this sort of language. I’m an engineer. And he was very proud of having been a trained nuclear engineer. And he would cross it all out. And his dislike of politics and his refusal to talk as a politician got him into trouble, both in Washington and in the end, in the national audience as well, although, but for the misfortune of the timing of the Iran hostages affair, he might very well have won that second election against Reagan. But he didn’t. But when we were doing actual business, and certainly in the room with him, with Callaghan and with the Secretary of State, he was an extremely impressive executive. Highly intelligent. Very hard working. Very well briefed. Very aware of the issues and making decisions.

MMcB One would expect that I think, on the whole, of an American President. To have succeeded in rising to the top of that greasy pole must be exceedingly difficult. Even if he didn’t like politics, he nevertheless got to the top.

PJ Well, he obviously got there. In my opinion that was partly because the Presidential election is really more like a sort of marketing operation. It’s more like a business sales operation than like a purely political operation. Politics is what goes on

in Washington. National elections are a business/marketing/PR operation and as a businessman, a successful peanut farmer etc, he was very efficient and he could do that.

MMcB We were talking about George Bush and the differences between him and Carter.

PJ Yes

The administrative machine in Washington

MMcB And the system of elections. Or the system of administration. Did you deal with Capitol Hill?

PJ We did. I did. There is a difficulty, which every Ambassador has to tiptoe round, which is that there is a law in the United States which prohibits anybody, except the President and his executive arm, from conducting the foreign policy of the United States. The fact is that a great deal of the foreign policy in the United States, including classical foreign policy in war, peace and security issues as well as even more so trade and economic issues (to say nothing of Northern Ireland), is of course very fully dealt with by the Congress, and if you want to have an effect on all of that, you had to deal with Congress and indeed, the present Ambassador (or at least his predecessor) has appointed an actual paid lobbyist who operates, whom I have listened to giving a seminar in Oxford University about his work, who conducts classical lobbying operations on the Hill, on behalf of HMG. And that isn't to judge how well it works, but I've no doubt of the need for that work to be done by somebody – whether by a lobbyist or by the Ambassador, or maybe some combination of the two – and it is vitally important to have relations on the Hill. And of course one arm for doing that is social entertaining, if you can persuade Senators and Congressmen and others, to come to your house and dine and have a good time and you have a good political conversation in the process. That is very helpful, but also you have to go down there and show yourself and deal with people. And if you want, for example, to have an influence, as Peter Ramsbotham very successfully did, and as I tried to follow through on things like Irish-American issues, they are very much in the Congress. And that's where Pat Moynihan is, that's where Ted Kennedy

is, or Governor Carey up in New York State, and Tip O'Neill who was, at that time, Speaker of the House. And it's no good going along to the State Department and telling them what your message is about some Irish issue in relations with the United States, because there's nothing that they can do about it, or will do about it. You have to be active on the Hill. It's also actually fascinating and it's extremely interesting. It's an exciting place to go. And there are Congressmen and Senators, Lee Hamilton of Indiana was a Congressman, for example, and there were many others, who welcomed the relationship with Embassies – particularly the British Embassy I think. And who were available and who liked to be visited and to be able to say, well I've got the Ambassador coming to see me today. And so that was very much part of the job, but you did have to keep in mind all the time that, theoretically, it was against American law to be doing anything that could be regarded as conducting United States foreign policy other than with the Administration.

MMcB. And hence the State Department. What about organisations like the CIA and the National Security Council and ...?

PJ Well, all extremely important. I mentioned ...

MMcB Department of Defence ...

PJ Well absolutely. I mentioned Zbigniew Brzezinski as he was the National Security Adviser. The CIA was a most important relationship. I used to play tennis most mornings at seven o'clock, with Stan Turner, who was the Director of the CIA. We didn't discuss very secret things over the tennis court, or over our breakfast afterwards, but it was an important relationship. And not only the CIA, but also the other shadowy agencies. The ...

MMcB The FBI?

PJ Well, yes. Bill Webster was another tennis partner. He was the Director of the FBI before he became director of the CIA. But also agencies like the NSA and NPIC - all those sorts of organisations that are the equivalent of GCHQ. I don't think we have an equivalent of NPIC. But NPIC was very important.

MMcB What was that?

PJ They do the photography, from space. National Photographic Intelligence Centre. This was very highly secret at that time. I'm sure it's all pretty well known now. There were cameras in space and these cameras could actually swoop down and photograph things closer up if you had a particular interest in something. And their capabilities were unknown to their targets, so it was quite important that targets should not be alerted to the fact that the US could see a lot more than people might have supposed. So that was that. Those people were important and certainly various Admirals, who were in charge of these agencies were important. It was important to be on good terms with them, which I certainly was. And then there is the ... well there's the whole economic side and the business/industrial side and transport. There was the issue of the Concorde at the time, the issue of the Bermuda II agreement on civil aviation. The scale of the interface, the breadth of the interface between the Embassy and the United States Administration, and all the other things that go on in Washington and are part of the Administration, is just fantastically broad. And no one managed to do it all. But it's important to have a feel of it all and for knowing the key players and for them to know you and to be able to call them when you need to.

Importance of the Consulates-General

MMcB Indeed. Did you find that the visits round the Consulates were worthwhile?

PJ Yes. Hugely worthwhile. First, the visits were, in my perception, an absolute tonic for the morale of the Consulates. Secondly, I came to think they were one of the most valuable parts of the whole operation in the USA. There was a lot of talk at that time in London about cutting down the American operation because it was exceedingly large. It was almost twice the size of the next largest embassy at that stage. And I remember that the reflex of the Foreign Office, under the budgetary pressure from the Treasury, was to say well then, cut out some of the Consulates-General. I said to David Owen on one occasion that it was up to him to decide whether or not he felt there was a necessity for economy, but if he did feel there was such a necessity - I did not recommend it, particularly because I thought staff were

doing good and useful jobs for the UK - but if he did think there was a need, he should tell me what he needed to save and I would tell him how to save it. And ...
[pause in recording]

MMcB And you would say how to save whatever it was ...

PJ. Yes. And my burden would have been, don't cut down on the Consulates-General because, one man and a dog or a very small operation in a place which has a GDP of the UK, or very nearly, and huge significance for inward investment and British business and so on, can achieve extraordinary results. I was really impressed by these people. I thought that I would find a lot of slightly superannuated diplomats who were mildly pissed off that they were not in Ambassadorial posts, who were just eking out their time. I could not have been more wrong. They were senior diplomats, and they were enormously effective. The degree to which they were plugged into their local communities, their ability to introduce me to people who really were helpful and interesting, both in terms of more general Anglo-American relations and in terms of specific business investment, was very impressive indeed. And I thought they were very valuable and I would not have cut down on them. I would have cut down ... well I did cut down, and made myself very unpopular, by offering to cut down on the information services. On one occasion we were asked by the Office - a circular was sent to every post from the Secretary of State - asking us to suggest economies on the information side. I said well, yes, I could. I suggested that the US operation should cut it in half. I was persuaded that it was overblown. That is partly the result of my own experience as a journalist. This made me distinguish two completely different things: There was the pure information operation, whereby you get material people actually need onto their desks swiftly and accurately. I used when writing in London, to thank God for that part of the USIS, which for example, made sure that every time that Henry Kissinger opened his mouth, I had the full text of his speech on my desk in time to write about it that day. That was really valuable. That was completely different from what was not valuable at all, to me, which was being taken out to lunch by some press officer or attaché or someone like that, in order to persuade me to be nice about America, which was a waste of time. When I arrived in Washington, I found that there were two people, both called Director General of Information, one in New York and one in Washington. I was given to understand that

the reason why this extraordinary situation existed had partly been because of the reluctance of my predecessors (I say it in the plural) to rule between New York and Washington as to which was to be the more important of the two posts, so we ended up with everybody being a Field Marshal, as it were. Titular inflation. And at the time I very badly wanted to create a new Counsellor level post for political reporting. I asked Mark Russell, when I arrived, how many people in this embassy of five hundred and seventy five people are focussing on what's happening in the United States politically, and are reporting back to London? And he thought for a few moments and he said, he said well about one third of Jonathan Davidson! That's what he said. Jonathan Davidson was a third Secretary, a very good one, but very junior. And I thought, this is very odd. And I did increasingly come to realise, because I used to apply myself closely to staff matters, that though it was huge, this Embassy was not there in what you might think of as its primary role, namely of actually conducting and reporting on relations with the United States. Every department in Whitehall had to have its man in Washington. Defence had to have about three hundred men in Washington, which was, in my opinion, quite useful and sensible. They weren't doing a political job, but keeping the MOD in London abreast of immensely valuable military thinking and know-how at very little cost to the defence budget. But secondly, the FO people who were there were all there mainly because the chief clerk's department, or POD, had decided it would be good for their careers to have had some time in Washington. There was nobody who was there because they knew about America. And indeed I came to realise I knew more about America as such than they did. My wife, indeed, knew more than I did because she did some years of extensive reporting on it for Panorama, for the BBC. And this was a real problem. So, I said I want to have one Counsellor level person who is really focussing on political America, including Washington, and spending time on the Hill, but also with a budget to travel in the United States, a bit. And the office quite reasonably said, well, adding a new post will create a problem with the Treasury. And I said well look, I will find you a place. I will abolish one of these two Director-Generals of Information. I don't want either of them, but I certainly don't want two of them. And can I have the post back, or at least one of the posts back, to fill? So in the end I got a wonderful man, David Thomas, later ambassador in Havana, who came out as my new Counsellor for internal political reporting, and he did an outstanding job. He was extremely good. Unfortunately, Richard Fyjis-Walker, who was one of the two

Director-Generals, had to be withdrawn; and he was no doubt very cross with me for having removed his post. But you can't do these things on a personal basis. One has to decide what is the right structure. And that's what I thought. But I did also think that the Consuls-General and their staff were very valuable and did a lot of good work. Shortly after I left, Mark Russell, who by then had become Chief Clerk and was no longer Head of Chancery in Washington, came back, with Steve Clarkson, wearing his inspector's hat. There was pressure for savings and, as expected, they did cut down the number of Consulates-General - from twelve to nine, which I think was a pity. It was the wrong priority. I would rather have cut at headquarters either in Washington or in New York ...

MMcB I know that Frank Kennedy when Consul-General in Atlanta picked Jimmy Carter ...

PJ Absolutely!

MMcB ... as somebody to take seriously long before the Embassy in Washington knew anything about him.

PJ Absolutely! brilliant man! Brilliant man!

MMcB And I know that Houston picked Karl Rove as a key member of the Bush team ...

PJ Fox! Foxy! Oh, this time, you mean recently? Yes, yes, yes, yes. Well, Fox was CG in Houston in those days and a very good one.

MMcB Oh was he?

PJ Great man. And who was at that ...?

MMcB Kennedy

PJ Frank Kennedy. He was brilliant. Absolutely brilliant. And you're absolutely right – he discovered Jimmy Carter and was very helpful to Peter Ramsbotham who was covering the election at that time. Absolutely right. So they were very good. I think it was a real pity to cut back on that. I think we could have saved the same amount and done it differently. The other one was Gordon Booth in New York who was also outstanding. He and I mounted together this special drive on Inward Investment taking different parts of the UK, one at a time. We started with Northern Ireland which was a really tough one. And he was a great support. As I was saying about loyalty, the support I had was absolutely outstanding. Then there was Tom Aston in Los Angeles and Tim Kinnear in San Francisco, superb operators covering crucial territories. Tim was a good contact with George Shultz, who was Treasury Secretary under Nixon and Secretary of State under Reagan and George Bush senior..

MMcB So it was a good experience?

PJ Oh absolutely. It nearly killed me!

MMcB ... what, the travelling, the ...?

PJ Physical exhaustion. I mean, you know, my tennis match with Stan Turner at seven in the morning, then breakfast and then the office. Then you work a whole day in the office during which you see people so you can't do any kind of paper work.

MMcB Entertaining in the evening.

PJ Then you ... well you've got about four different groups who come in for drinks before supper. They have to be in different rooms or sequenced. And then there's the supper – either you're entertaining guests for dinner or going somewhere. And then there are the two or three people who pop in after dinner and then it's about midnight by the time you actually get down to the day's paperwork, including the telegrams and all the rest of it. And despatches to write and so on and then you are up at six thirty or six or something in the morning to look at the telegrams and be ready for the tennis. And on top of that, I was doing ten days every month on the road visiting Consuls General, which meant that ten days work had to be caught up with during the twenty

days I was in Washington. And then there were so many different roles. As ambassador you're both the Queen's representative and the representative of the Prime Minister, the Foreign Secretary and so on, the political hierarchy. You are the sort of senior official head and you are doing policy making and you are writing despatches. I'd be sitting there writing a despatch in my journalistic mode in that lovely oak panelled library with my tie loose, with my sleeves rolled up, and the Private Secretary would come and say it's now time to pin these medals on these deserving folks. There they were in the ballroom seated on gold chairs waiting, having worked all their lives in order to get their OBEs and their occasional knighthoods and this, that and the other. They were entitled to have that done properly. So then you had to make a rapid mental change of gear from the intellectual task of writing a despatch to being the Queen's representative bestowing honours. All of which was hugely enjoyable and exciting, but cumulatively this was a big tax on your batteries. My best joke used to be, they need a younger man for this job!

MMcB So that was a great experience. Now, when the, when the election came in England in 1979, what happened to your job then?

End of the appointment in Washington

PJ Well what happened was that it came to an end. It didn't come to an end absolutely on the spot. There was a curious sequence of events. I sat in the library with very bad radio reception trying to find out what was actually going on during the election. We did have a good operation which was organised by Jonathan Davidson in the Rotunda, where we had a kind of mini version of what the BBC does so successfully here, so that the main results were getting through. The general result was very clear. So the next morning I rang up Bryan Cartledge, who was the Foreign Office Private Secretary at Number 10, saying that in view of election result I wanted to place my resignation in the hands of the Prime Minister. Obviously she may wish to make new arrangements. He said oh, I'm very sorry to hear that. Why are you ...

MMcB Why are you going!

PJ I said well, I didn't say that. I'm not slamming my resignation on the table. I'm placing my resignation in the Prime Minister's hands. It's up to her what she wishes to do about it. He then, I think later that day, maybe the next day, came back to me with a message, which he read out: she says you're doing a fine job, why don't you carry on? And I said, well if that's what she wishes, let's see, perhaps we should talk it through sometime. And then I did carry on. About a month went by. Then I got a letter from Peter Carrington, which I think I still have, which said (he was always very friendly – a very nice man) the Press seem to have got hold of the idea that we're going to make a change in Washington, he said, so I suppose we'd better. And I've persuaded Nico Henderson to come out of retirement. You see we had to go to extreme measures in order to find anybody capable of following after your distinguished performance, but I think we'd probably like to make the change quite quickly if that's all right with you. Fine. The Foreign Secretary can and should have whomever he likes as Ambassador. So then I made my arrangements for departure. But there was this slight sort of momentary period when I didn't quite know what was going on. I read in the newspapers that Mrs Thatcher had offered the job to Ted Heath. I've no idea what the truth about that was. But I didn't expect him to accept and anyway I'm not sure it would have been comfortable to stay on; but I don't know.

MMcB I think that there was a feeling at one stage that you'd been appointed to Washington in order to represent more accurately the government of the day and that you were not a typical professional diplomat. And I don't know whether there's any truth in that but certainly there was that idea around.

PJ I think that was around and the second part was obviously true.. I think that, frankly, the first part was more part of the sort of briefing that went on after the fact than the fact itself... I think I've told you already what really went through David Owen's mind. I think that when it came to announcing the decision and explaining it and so on, it was natural in a lobby context, for people to make that kind of suggestion. But I don't believe there was ever - in terms of what actually motivated the decision - there was any feeling that the professionals had fallen down on the job of representing Britain abroad. I think there was a feeling though, as I described to you, that they had maybe fallen down on the job of communicating with the Foreign Secretary, because of the problem of personal, confidential letters. That I think it ...

that suggestion was more some kind of press officer thinking. You can imagine them wondering, well, what can we say? We can't ... they couldn't tell the story of the personal, confidential letters because that was not in the public domain. And so I suspect that was just somebody's thinking to make a plausible story to tell after the event. I don't think there is any suggestion whatever that Peter Ramsbotham or anybody else had fallen down on the representative part of the job.

MMcB So why did you feel you needed to resign? Were you appointed by letter from the Prime Minister or Foreign Secretary?

PJ By the Queen! Absolutely. But obviously I was appointed by the Queen because the Foreign Secretary wished me to be appointed by the Queen. And it was absolutely clear to me that if there was any justification at all for my appointment, it was plainly that the Foreign Secretary could and should have whoever he wanted as his Ambassador, and this must apply equally to Peter Carrington and anybody else. Once the circumstances under which I'd been appointed had come to an end, as they had as a result of the election, it was absolutely the right for the new government to be able to make any appointment they wished. And I thought that it was proper and good manners, as it were, to place my resignation in the hands of the Prime Minister. As I said, I was not slamming it on the table. I was not saying, I'm out of here! I was saying that my resignation is in your hands. And in due course, as I say, they perfectly properly took that opportunity to appoint Nico Henderson, who was a great success. And so I had no sort of difficulty about any of that. It all seemed to me, on their part and mine, to have been conducted with great propriety.

MMcB And of course, you then went on to a huge variety of ...

PJ You don't want to interview me about that. That's not part of the Diplomatic Oral History!

Opinion about the Euro currency

MMcB However, I must ask you what you think about the Euro?

PJ About the Euro?

MMcB Yes. As a person of the Treasury and former economic journalist, and former political appointee...

PJ What I think about the Euro is that it's a really bad thing for Europe and would be a very bad thing for the UK or anybody else - almost anybody else who got involved in it. I'm a strong believer, and have been going right back to things I wrote in the 1960s, in having flexible exchange rates between economies so that the various ... shocks that occur - not really shocks so much as divergent tendencies in their competitiveness and efficiency and natural endowments and so on - can be more easily adjusted between them. If you have fixed exchange rates, it's like a car or a machine which has no shock absorbers. Any juddering in one part of the machine is transmitted in magnified form to other parts of the machine and that, in terms of economies, means that you progressively find that some regions are over competitive, become over congested and everybody wants to be there, and others become depressed areas where investment flows out. Jobs flow out and people either flow out to go somewhere else where they are most unwelcome, or they stay in a kind of depressed condition. So, in my opinion, fixing exchange rates between different economies or different major economic regions, frustrates one of the most important instruments of economic efficiency, which is the adjustment between them with the minimum shocks. So as a matter of economics, I think it is exactly the wrong way to go for Europe. When I say this, people always say, Ah, but it's really a matter of politics. Well indeed it is really a matter of politics but it's still a very bad and damaging piece of economic machinery, in my opinion. But it is of course, driven politically. And it's driven politically by exactly the same thing which drives the Common Foreign Policy and the common military capability and ...

MMcB The Single Market?

PJ ... the Single Market, the common anthem, the common flag and all the rest of it, which is the desire to have all the appurtenances of a nation state, in order to be a nation state. That seems to me a perfectly reasonable ambition, going back to my lunch with Jean Monnet, who wished to create a nation state on the basis of Europe, but it's not an objective that I subscribe to because I think the world would be a more

dangerous and uncomfortable place for us and for everybody else if Europe was a major nation state. I think it's got a long history of aggressive nationalism, which is, and has been, extremely damaging over several hundred years. To engineer a large-scale, continental-scale, nation state in the very place where nationalism had its most vigorous and repressive and disastrous manifestations, would be a profound mistake. So I don't wish to see a nation state of Europe. And therefore, in so far as the motive for imposing the Euro on everyone is to bring about a nation state, because it's one of the things you have to have along with a common foreign policy, army and navy, flags, anthems and parliaments and constitutions and all that sort of stuff, then it's an objective to which I don't subscribe. So I think it is, it is against our interests. And against Europe's interests. So, whether the argument is conducted at the political level or at the economic level, the Euro is a mistake and expresses a retrograde political aspiration. It needn't be so, but it happens to be so, in my opinion. To keep the separate sets of arguments in each case, none the less, points to the same conclusion: this is not good for Europe and wouldn't be good for us whether we're part of Europe or not. I realise that a lot of people, particularly in the Foreign Office, feel that being part of it is a matter of wanting to be a first class member of Europe and that somehow if we are not a first class member of Europe we lose out. But in my opinion that's the language of the prep school and not of serious policy analysis. And I'm therefore unsympathetic to the concept of the Euro. I don't think it's going to collapse. If only it would collapse, it would be a great boon to Europe. But I'm afraid it won't collapse as a mechanism. It will remain in place, but it will remain in place causing significant economic damage to Europe.

Insight into why Mr Blair decided to commit Britain to support the United States in Iraq

MMcB Thank you for that. I know this is straying a bit outside the bounds of this discussion, but do you have any insights into why Mr Blair decided to go into Iraq in 2003?

PJ I don't have an insight in the sense having had a private conversation with him. I did not. But I did, oddly enough, write him a letter. It is virtually the only communication of any kind that I've had with him since he's been Prime Minister. I

suppose it must have been about a month before we went in to Iraq and I did receive a reply, which I have, but I don't regard that as constituting a unique insight. I was a strong believer that we should go in. I believed that it was the right thing to do because I believed that Saddam Hussein was defying the United Nations and that, for all the reasons that as a boy of eight I had felt in 1945, we must construct a new and different world in which never again would we go through what we had been through twice in the previous fifty years, it was essential that Saddam Hussein should not get away with his defiance of the United Nations, and that therefore resolution 1441 should be implemented. And it was apparent to me that we were within a week or two of Saddam Hussein, with the help of his little friend in the Elysee, succeeding in defying the United Nations because if there had been a second resolution, and the French had vetoed it, he would have been able to say, I've taken on the United Nations and they have backed down, and there is now no longer any basis not merely for military intervention in Iraq but there is no basis for sanctions or for any further interference in our affairs. And I think that it was obvious sanctions were already eroding, crumbling. They would have been gone once Chirac had vetoed the second resolution, they would have been gone within months. The oil would have flowed freely and the oil money would have flowed into Baghdad equally freely. I never thought the issue of weapons of mass destruction was remotely relevant at that time. But, once he had the oil money, Saddam Hussein certainly would have been in a position to buy all the weapons of mass destruction that he wanted very shortly, and in my opinion, he would then have been the unchallenged, dominant figure of the whole Middle East area because he would have been the one to have taken on the UN and defied them. And, secondly, he would have been able to use the weapon of oil - Middle Eastern oil supplies - to support his desires for a strong global position. And he would have used it. And I think that would have been an acute threat not only to British national interests but to the national interests of all oil using countries. And also I think it would have been a very serious threat to peace. So in my opinion there were overwhelmingly strong reasons for making sure that he did not succeed in defying the United Nations. In the letter I wrote to Mr Blair, I quoted to him a little piece of doggerel from the Duke of Montrose, who wrote two hundred years ago or whenever it was, 'He either fears his fate too much or his deserts are small, that dare not put it to the touch, to gain or lose it all'. Having delivered myself of this rather corny piece, I then did add a sort of footnote in which I said, in order to introduce a

lighter note in what was a very strenuous time, I'll tell you a story about this little piece of doggerel. When Field Marshal Montgomery had completed writing his D-day orders, he turned to his staff and said, I now need for the peroration something like Henry V at Agincourt to send the troops into battle. And I think it was Dick Crossman, who was on his staff, who suggested the quotation from the Duke of Montrose and it duly went into the Field Marshal's D-day orders. What Crossman didn't tell the Field Marshal was that there was a second verse [laughter] in the Duke of Montrose poem. Do you know the story?

MMcB No.

PJ Well, you remember the rivalry between Montgomery and Alexander? The second verse reads 'Like Alexander will I reign, and I will reign alone, for evermore I did disdain a rival to my throne'. Montgomery never knew! It's just as well! So I slipped that in at the end in order to give the Prime Minister a chuckle, as I hoped. Anyway, I got a nice letter back from him in which he said he hoped to live up to the occasion. But to answer your question, no I don't have an insight. I have a conviction. And I have a conviction that Mr Blair, as he explained in his Chicago speech and his House of Commons speech and so on, saw two big things, which in my opinion are the two big things which I would have wished him to see. One is that the security, freedom and independence of this country has long depended, and is long likely to depend, amongst other things, but very importantly, on our friendship with the United States. And, secondly, that any chance of living in a world different from the law of the jungle, pre 1945, in which might is right, depends on building a credible alternative order based, for want of a better, on the principles of the United Nations Charter and the collective security activities of the Security Council. I think he believed and in my opinion rightly believed, that Saddam Hussein should not be allowed to get away with his defiance of the United Nations and, secondly, that the United States should not be left alone to do the job. I think that's what he believed and I think that he made a strong, early decision that that was the right way to go, though I don't think he was finally committed - you never are finally committed - until the ships sail and the bombs fall! So I think the whole business about, oh well he made his mind up months before is baloney. Of course he had developed a view of the matter and he had made provisional decisions. But he made decisions that he

expected to implement. Until they're implemented, they are not final decisions. And I think he was badly served by that ridiculous dossier mess. And I think he was badly served by the Attorney General who seemed to have had great difficulty in giving straightforward advice. I find it extremely hard, myself, to accept that a duly elected British government, which acts with the consent of the Cabinet and Parliament, is in some way debarred from making the ultimate decisions on war and peace. And that cannot depend alone on some sort of veto by the Attorney General. I think that there's plenty of scope for criticism of the failure to plan sufficiently for the reconstruction of the peace and I think that was an area in which the Americans were culpable. I think the British side did make such efforts as they could make to focus on this. I think that they found their fears in Washington were justified. As Chris Meyer says, you could at that point have said, if you don't do it our way we won't be with you. But you can't say that if you're also acting on the second premise that I described – namely that your friendship with the United States is fundamental to the security, freedom and independence of this country. I think Chris is quite wrong in his argument that the Prime Minister should have haggled and negotiated more toughly about the details. I think that would have been counter-productive, if the point the PM was trying to make, or one of the two points he was trying to make was that we are your friends and on the night we'll be there. We hope that on our night, if ever there is one, you'll be there. You don't at the same time send in your bill or haggle over the details. And ...

MMcB They're carrying the can for that anyway.

PJ Absolutely. The thing that is absolutely obvious (and I say this to the large numbers of people I meet who take a different view) is that there is no possible explanation for the Prime Minister's action other than he thought it was the right thing to do. There isn't another possible motive! It didn't get him re-elected. It wasn't politically smart. It ...

MMcB No, but I think that your exposition, of what you think his reasoning was, is extremely important. And it strikes me as being much, much closer to a true exposition than anything I've yet heard.

PJ Well, I'm glad that you feel that. He did say all this himself. He said it in the House of Commons. And he said it in Chicago and he ... and it's true he said some other things too, and it is true that idiots on his team said some very stupid things, and did some very stupid things. And that is much to be regretted and deplored. It's been very counterproductive for him and for government and for the operation. But if you ask yourself why do you really think he did it, there is no possible explanation, not even to be suggested for a moment, other than he thought that it was the right thing to do. Now, people caricature that by saying he was an American poodle, as it were. However you caricature it, and whatever the exact balance was between the two factors – the American friendship and the support for the United Nations against the defiance of Saddam Hussein – it is impossible to escape the conclusion that he thought it was the right policy, because there was no conceivable non-policy advantage that he was gaining from it.

It hasn't helped his legacy. It hasn't helped his re-election. It hasn't made him popular in Britain. It hasn't led to his being appointed first President of Europe or something. It has done none of those things. And there's no possible explanation of why he did it, other than that he thought it was right.

MMcB You see, he might very well emerge in future times as a courageous right-thinking individual.

PJ Well, I think that he was. Whether he will emerge as such will depend, as always in history, on whether or not it is successful. If Iraq ends very badly, then the sort of official verdict of history will not be what a brave and wonderful thing. Because things that go wrong are not officially celebrated. And we don't know how it's going to end. It doesn't look very wonderful at the moment, though, in my opinion, as compared with Saddam Hussein being the dominant, powerful figure in the world that he would have been, all we're now faced with is the chaos of Iraq, which is a very much smaller problem, than a serious challenge to world peace. It's not very nice. But we shall no doubt see long after he's gone. I think it's quite rare that somebody acts so transparently and indisputably, and contrary to the sort of proximate political pressures, on the basis of what they think is right. I candidly agree it may be a lost cause if they're completely wrong! The last line of that piece of doggerel that I

quoted to you was 'That dare not put it to the touch to gain or lose it all'. He may have lost it all in terms of his personal political fortune, but gained it all in terms of denying Saddam Hussein the Munich that was almost within his grasp.

MMcB Well, thank you very much indeed for that.

Transcribed by Sarah Lewery, April 2006