Margaret Thatcher’s Memoir of the Fontaineableau European Council (June 1984)

Written shortly after the event
This transcript follows the original handwritten text of the memoir.

Studying the text together on 14 September 1992, I asked MT when and why she had written it? She replied that it was done shortly after the event with the aim of refuting misinterpretations, commenting that her Foreign Secretary, Sir Geoffrey Howe, had been making notes all the way through the meeting. The implication is that she was guarding against the Foreign Office version prevailing.

MT mis-spelled ‘Fontainebleau’ throughout the text, writing it as it sounds, i.e., ‘Fontinbleau’ or possibly ‘Fontenbleau’ (the word is a little hard to make out). Her error has been silently corrected in the text that follows. She also got the name of the her hotel wrong: the British team stayed at L'Hôtellerie du Bas-Bréau at Barbizon, not the ‘Hotel Barbizon’.

Christopher Collins

Margaret Thatcher Foundation
27 May 2015
Before we arrived we knew that there was going to be a difficult meeting. We had done as much as we could to prepare a possible solution, but we had not yet seen one. Shortly before the beginning of the election campaign I had been Chancellor (at) 200,000 and flown to Paris to see President Deheerand—all with the same message. If the three of us could sort out the budget, the rest of the country would follow and it would be enormously helpful to do this before the election. But I think President Deheerand didn’t want a solution quite as soon. It would have been difficult for him in electoral terms. Even if the election and before Fautier’s later efforts you made from the President’s office—and the Commission stepped in—then the world would have been only.

We had endless briefing meetings ourselves, considering every scheme with variations.
Before we arrived we knew that this was going to be a difficult meeting. We had done as much as we could to prepare a possible solution but we had not got very far. Shortly before the beginning of the Euro-election campaign I had seen Chancellor Kohl at Chequers and flown to Paris to see President Mitterrand - all with the same message. If the three of us could sort out the budget, the rest of the countries would follow and it would be enormously helpful to do this before the election. But I think President Mitterrand didn't want a solution quite so soon. It would have been difficult for him in electoral terms. Even after the election and before Fontainebleau little effort was made from the President's office - and the Commission stopped D'Avignon from the useful work he had been doing.

We had extensive briefing meetings ourselves, considering every scheme with variations.
We concluded that President Nasser had two possible courses to choose and had not decided which to pursue

1. a solution - i.e. a triumph for
   France in the chain
2. a failure - all due to Britain!

We were not optimistic about finding a good result, although I had said as much in a radio comment. And at the last moment 3 or 4 novel schemes had been proposed. Many different from those we had pursued at Brussels. I thought that was a sticky climate in which (and) will to resolve the matter.

We arrived - having decided our tactics on the Andover - at our hotels. The Bernier - a charming card - very easy to get on with. As always the climate there at this time is irritable, superfinely controlled.

We went to the castle to be received by the President with full honors - all the way up the street to the entrance. Promptly the door was
We concluded that President Mitterrand had two possible courses of action and had not decided which to pursue

1/ - a solution & therefore a triumph for France in the chair.

2 / - a failure – all due to Britain!

We were not optimistic about getting a good result, indeed I had said as much in a radio comment. And at the last moment 3 or 4 novel schemes had been proposed, quite different from those we had pursued at Brussels. I thought this was a stalling device indicating lack of will to resolve the matter.

We arrived - having decided our tactics on the Andover - at our hotel. The Barbizon – a charming and I fear very expensive hotel. As always the atmosphere at the beginning, superficially cordial. [sic]

We went to the castle to be received by the President with full guard-of-honour - all the way up the steps to the entrance. Drinks by the lake and
lunch in a very elaborate room. The meeting they were in the ballroom, heavily disguised by the interpreter's booths.

With no warning at all, President Pétain asked me to open by running up the results of the Economic Summit in London. Other were their views - and so I was passed by. What was his game plan? I soon emerged. The question on the agenda was the budget. Again, I asked off, considering all schemes other than the one we had spent so much time on in Brussels. Between the only hope at all if we wanted to so make with the matter to foreign team. As there was no adventurous voices, I suggested we meet the details to foreign countries at their dinner that evening to report back to us at our dinner. And so it was arranged. President Pétain gave us an account his recent visit to Rome, where he had very finely
lunch in a very elaborate room. The meeting itself was in the ballroom, heavily disguised by the interpreters' booths.

With no warning at all President Mitterrand asked me to open by summing up the results of the Economic Summit in London. Others gave their views - and so 2 hours passed by. What was his game plan? It soon emerged. The next item on the agenda was the budget. Again I started off, eliminating all schemes other than the one we had spent so much time on in Brussels. That was the only hope at all if we wanted to solve the matter at Fontainebleau. As there were no dissentient voices, I suggested we remit the details to Foreign Secretaries at their dinner that evening to report back to us at our dinner. And so it was arranged. President Mitterrand gave us an account of his recent visit to Moscow, where he had very firmly
mentioned the names of the Totenmänner’s mother and
had had a very good Russian press for them.

Three months after leaving the hotel started
off in a rather artificial way. It would have
been better if we had left the Russian wish to talk
about but there was not much more to say.

Conversation turned to world politics and
so forth the dinner itself was delicious.

Over coffee in the lounge, we noticed that
foreign prisoners were taking their own coffee
outside. We concluded that they had finished
their Bolshevik meal. However, our emissary returned
with the news that Chyssen had been jump his
version of the Russian visit and the budget discussion
had not even begun! The President’s disapproval
was made plain and they returned to their separate
debate chairs. We in the meantime talked about the
future of Europe - some of the plans in our (U.S.)
memorandum and others known by the curious title
of ‘Current Events’. The question of the number of
mentioned the names of the Sakharovs & others and had had a very good western press for doing so.

Heads of government dinner at our hotel started off in a rather artificial way. It would have been better if we had left the Moscow visit to talk about but there was not much more to say. [MT changed pen] Conversation turned to weak rather futile anecdotes – but the dinner itself was delicious.

Over coffee in the lounge, we noticed that Foreign Ministers were taking their own coffee outside & we concluded that they had finished their allotted task. However an emissary returned with the news that Cheysson had been giving his version of the Moscow visit and the budget discussion had not even begun! The President's displeasure was made plain and they returned to their separate deliberations. We in the meantime talked about the future of Europe - some of the things in our (U.K.) memorandum and others known by the curious title of "Citizens Europe!" The question of the number of
Commissioners follow enlargement engaged us for a little time. As I was the only one who was prepared to sell for one Commissioner per country - this reduced the number to 12. I was asked whether there were already too many Commissioners and said an emphatic yes.

By about 11:30pm Clysis emerged from say up that foreign ministers had clarified the points of difference: duration at most 500,000 and 650,000 of the US expenditure gap and his year at 1000 new naira. I was in despair and said we had never been dealt fairly and it that was the best they could do for Gambia would be a disaster. It was no good at all backing back to a temporary position.

Clysis, officials and I gathered together to discuss the situation. Michael Fulcher & Wayne Williams was that something could be achieved. They set to work on other officials overnight and early morning.

By the time the session began, they had done so...
Commissioners following enlargement engaged us for a little time. Alas I was the only one who was prepared to settle for one Commissioner per country - thus reducing the number to 12. Thorn was asked whether there were already too many Commissioners and gave an emphatic yes.

By about 11.30pm Cheysson emerged again saying that Foreign Ministers had clarified the points of difference! - duration, at most something between 50-60% of the VAT expenditure gap and two years at 1000 mecu refund. I was in despair and said we had never been treated fairly and if that was the best they had to offer Fontainebleau would be a disaster. It was no good at all harking back to a temporary period.

Geoffrey & officials and I gathered together to discuss the situation. Michael Butler & David Williamson thought something could be retrieved. They set to work on other officials overnight and early morning.

By the time the session began, they had done a
10 DOWNING STREET

THE PRIME MINISTER

...good job. Norway, Finland, and Italy had had... bumpy year together and decided to try for a settlement. As so often happens in these difficult negotiations, a chance move helped a greatly. The agricultural settlement for the E.E.C. had turned out to be more difficult politically for Kohl than he had envisaged. Therefore he was seeking the required permission of colleagues to give a subsidy to his farmers to maintain their income for a period of ten years. A previous amount of £3 was insufficient; he wanted to make it to £5. This meant virtually repaying the C.A.P. agreement to the dismay of several colleagues who had little resources to be so generous with their own farms - but it was clear that Kohl needed that agreement more than any other and that he was in a mood to be generous in other matters if he could.
good job. Moreover Mitterrand and Kohl had had breakfast together and decided to try for a settlement. As so often happens in these difficult negotiations, a chance matter helped a great deal. The agricultural settlement for the F.R.G. had turned out to be more difficult politically for Kohl than he had envisaged. Therefore he was seeking the required permission of colleagues to give a subsidy to his farmers to maintain their income for a period of years. A previous amount of 3% was insufficient, he wanted to raise it to 5%. This meant virtually reopening the C.A.P. agreement to the dismay of several colleagues who hadn’t the resources to be so generous with their own farmers - but it was clear that Kohl needed that agreement more than anything else and that he was in a mood to be generous in other matters if he got what he wanted.
At the beginning of the session discussion reopened and Nutter and suggested that we try for agreement but if we hadn’t succeeded by 1 o’clock we go on to other things. However, as we were going to get it in full session, we had better break and refresh with one another bilaterally.

What had we to gain, what to lose?
If no agreement was reached we were going to be in some difficulty because it was Nutter’s last meeting in the chair.
After that, the President went to Ireland and Nutter would be likely to be much more difficult as an ordering colleague than he would be if he could have the peace for reaching a settlement of this vexed question.
If we had no agreement at all for the current year no pay beyond. Our estimate for them even at £200m was already in excess of £200m in the £12-1300m. Which we
At the beginning of the session discussion reopened and Mitterrand suggested that we try for agreement but if we hadn't succeeded by lunchtime we go on to other things. Moreover, as we weren't going to get it in full session, we had better break and negotiate with one another bilaterally.

What had we to gain -what to lose? If no agreement was reached we were going to be in some difficulty because

(1) it was Mitterrand's last meeting in the chair. After that the Presidency went to Ireland and Mitterrand would be likely to be much more difficult as an ordinary colleague than he would be if he could have the praise for reaching a settlement of this vexed question.

(2) we had no agreement at all for the current year nor any beyond. Our liability for them even at 1% VAT was therefore in excess of 2000 million ecu - £12-1300m -which we
Could ill afford.

(3) Our 1983 refund of £500 million was kept held up - wrongly in our view but more accurately we could not recover it by going to the European Court.

Nevertheless we could not agree to an interim settlement because it would be unfair; nor would it confer a permanent increase in our resources for only a temporary gain. Rather, unless an agreement were reached the whole community would be in financial difficulties in a matter of months with totally unknown consequences.

I saw Holland separately and Kohl separately. We had wanted refunds of £500 million in expenditure gap. The most they were prepared to offer was 60%, but we had for everything else virtually agreed, in particular the link with income in our resources and another settlement for one year only. Eventually all ran...
could ill afford.

(3) our 1983 refund of 750 mecu - (£450m) was being held up wrongly in our view but we were advised we could not recover it by going to the European Court.

Nevertheless we could not agree to an unfair settlement because it would be unfair, nor would we bargain a permanent increase in own resources for only a temporary gain. Moreover, unless an agreement were reached the whole community would be in financial difficulties in a matter of months with totally unknown consequences.

I saw Mitterrand separately and Kohl separately. We had wanted a refund of 70% of the VAT/expenditure gap. The most they were prepared to offer was 60%, but we had got everything else virtually agreed, -in particular the link with increase in own resources and an ad hoc settlement for one year only. Eventually after much
lumps of 3 groups. I told them we would accept 2/3 declared. i.e. 66 2/3, and we accordingly told Jumars. Jumars offered 65 1/2 - and eventually in full session we got it up to 66 2. But difficulties were not over - they never are until an agreement is in writing. Then an attempt was made
to include the 15% of enlargement from this
third amendment. I had to fight that out
and finally we got it in the communiqué as open.

However, the French government agreed to release its
15% refund of £3,650. Jumars said for his
Jumars was afraid of this lengthy discussion. I agreed
I had a good deal of sympathy for his point, but
was not about us to find the money - only for
authority for his bargaining to carry it. I knew how
inviting it is to submit such a request to
other to be bound by their decision. But there was
toing & fro-ing, I told Kohl we would accept 2/3 refunds -i.e. 66 2/3 %, and we accordingly told Dumas. Kohl offered 65% -and eventually in full session we got it up to 66%. But difficulties were not yet over -they never are until an agreement is in writing. Then an attempt was made to exclude the costs of enlargement from this refund arrangement. I had to fight that out and finally we got the communiqué as agreed. Moreover heads of government agreed to release the 1983 refund of £450m. Kohl’s 5% for his farmers was agreed after lengthy discussion. I confess I had a good deal of sympathy for his point. He was not asking us to find the money - only for authority for his taxpayers to do it. I know how irritating it is to submit such a request to others and to be bound by their decision. But there was
Still on other things we had to watch - Caret Fitzgerald suddenly said he assumed that it was agreed that extra reserves would be found for 1986 because the budget was clearly over-pressed. It was an attempt to have us. We fought it down on the grounds that it was contrary to the Treaty - but once again we were alone in our position although our reasons were sound.

At lunch very late that day - by that time very good humoured because we knew the deadlock had been broken, we agreed to a series of committees to discuss other matters - a whole host of them. Then the press conference at the famous Ballarat (miners) school - the customary carrier questions(!) and then home.

The essential point was that we had saved a settlement linked to our reserves, that the net amount we pay to the community under the increased own resources was less than we are liable to pay under other arrangements, and that they would do
still one other thing he had to watch - Garett [Garret] Fitzgerald suddenly said he assumed that it was agreed that extra resources would be found for 1984 because the budget was already overspent. It was an attempt to bounce us. We fought it down on the grounds that it was contrary to the Treaty, but once again we were alone in our opposition although our reasons were sound.

After a very late lunch - by this time very good humoured because we were pleased the deadlock had been broken, we agreed to a series of committees to discuss other matters - a whole raft of them. Then the press conferences at the famous Fontainebleau business school - the customary carping questions (!) and then home. The essential points were that we had gained a settlement linked to "own [MT changed pens] resources", that the net amount we pay to the community under the increased own resources was less than we are liable to pay under present arrangements, and that the refunds do
not have to go through the agony of Parliamentary approval (or any merely annual approval) but are automatically deducted from our following year’s payments.

With regard to the larger matter of control of expenditure, the battle continues. I suspect that it will be 3:1 with only the control embodied in budgetary procedures.

But at least now we can reassess our European strategy. So much will depend upon its execution in the coming years.
not have to go through the system of Parliamentary approval (i.e. Euro Assembly approval) but are automatically deducted from our following year's payments.

With regard to the larger matter of control of expenditure, the battle continues. I suspect again it will be 9:1 with only us wanting the controls embodied in budgetary procedures.

But at least now we can reassess our European strategy. So much will depend upon its cohesion in the coming years.