In his memoirs, Roy Jenkins, President of the European Commission from 1977 to 1981, recalls Margaret Thatcher’s refusal to accept the proposal made by her European partners concerning Britain’s contribution to the Community budget at the Luxembourg European Council, held on 27 and 28 April 1980.


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The offer, put forward by Schmidt, was that the British deficit for 1980 should not be allowed to grow beyond the average for 1978 and 1979. As the 1978 figure had been low this was a convoluted way of transferring a surprisingly large sum of money. Giscard then capped the offer (illogically but generously) by proposing that the amount paid to the British should be the same in 1981 as in 1980. This held out the prospect of a payment for the two years combined of 2400 million écus, whereas no one was previously contemplating a yearly figure of much above 1000 million, certainly not over 1100 million.

When we adjourned for a typically late lunch at 3.45, the expectation was that Mrs Thatcher, after a suitable interval for reflection and consultation and for not giving the impression of snatching at the offer, would come back and accept. Even such an experienced journalist as Peter Jenkins, when the terms had duly leaked out at about 4.30, decided that the offer was unrefusable and, being almost as serious a gastronome as he was a journalist, set off for an early dinner in some notable Luxembourg country hostelry, thereby missing the last act. Over our more modest high tea at about the same time, Giscard, with his liking for long conversational snooker shots played diagonally down the table, suddenly asked me in the hearing of almost all the Prime Ministers and Foreign Ministers whether I thought the offer was reasonable and should be accepted. ‘Yes,’ I said, and he looked half pleased that he had got my endorsement and half disappointed that he had not exposed me as a British agent.

Mrs Thatcher meanwhile cogitated in private and decided against. I understood that Peter Carrington and her two senior advisers, Robert Armstrong and Michael Palliser, were in favour of acceptance, and that the only influence the other way, apart from her own bellicose instincts, was Peter Walker, who was attending an Agricultural Council in the same building and, perhaps provoked by his experience in that provoking body, where he had just agreed to an agricultural price increase he ought not to have accepted, was on the side of intransigence on the BBQ.

When we reassembled in the Council chamber at about 5.00 p.m. it was obvious from Mrs Thatcher’s face that she was not going to accept. I went round the table to her and said that I thought she was making a great mistake. Perfectly good-temperedly but also impregnably complacently she said, ‘Don’t try persuading me: you know I always find persuasion very counter-productive.’ She then announced her refusal, I announced my disagreement with her, others expressed more amazement than dismay, and the proceedings ground to a stunned end. No one had much idea what was to happen next.

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