

Subject

RECORD OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND
M. GASTON THORN ON WEDNESDAY 7 JANUARY 1981

M. Thorn: Hullo. How are you?

PM: I was all right until I heard one or two things which I wanted just to make certain with you. We have learned that there has been a ~~proposal~~^{proposal} being considered to separate the supervision of the ~~restructuring~~^{budget} from the portfolio of Mr. Tugendhat, who is, we hope, the budget Commissioner and to allocate the restructuring to some one else as supervisor - BLANK - Christopher with the ordinary budget. We are very concerned about this. I must tell you that if that is true, I think such a curtailment of Mr. Tugendhat's responsibilities would be seen throughout the United Kingdom, and I think throughout the Community, as a deliberate insult to Britain and to the Senior Commissioner nominated to the Commission by the British Government, and by me personally, and I just don't see how he could possibly accept such a curtailment of his responsibilities. If it is not true then I needn't go any further. If it is, then I think it would have grievous consequences for the whole relationship of Britain with the Community, at a time when this Government has supported the Community to the hilt and, of course, supported the new President.

M. Thorn: I am sorry. It is difficult to understand you.

PM: Difficult to understand?

M. Thorn: Yes. Yes. Your voice is very very low.

PM: That is better than being very high. Shall I start again?

M. Thorn: No, no, no. Towards the end. May I just have a word of explanation. I understand, of course, because Christopher Tugendhat told me what was his problem, your problem, national problem. It is honestly quite wrong to think that somebody wants to take something away from him. Yesterday, Edward Christopher and Ivor, speaking on behalf of the United Kingdom, insisted that Ivor Richard should get the major responsibility for the moment. Michael O'Kennedy was ready to take just social affairs. So you have to give it to Ivor Richard so this is essential for us, and in the night we thought what can we give Michael O'Kennedy. And when we found no good portfolio, nothing worse than that, then I said, Michael, I am going to associate you to my job and I am going to give you some delegation to help me. Because within three months, I have to make proposals on the mandate. I have a strike here on in a week. I need somebody to help me for the first weeks. And we should not forget that under Roy Jenkins' Presidency the Commission decided that it was the Commission's job to prepare the answer to the mandate under the Presidency of the President with the participation one as Christopher Tugendhat secondly, somebody else, so on and so on. And we are not changing that. But I said that in my absence the Committee would be shared by Michael. So I am not specify-

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ing that all the competences now in the hands of Christopher Tugendhat will remain fully as his only competence.

PM: No Gaston. No. I am sorry. It will not do. Christopher is a senior Commissioner now. He is my nominee. He is a British Government's nominee. He is the Budget Commissioner who you would expect to be in charge as the Commissioner of the restructuring. We fully expect him to report directly to you because you are in charge. This is the most single important thing the Commission has to do. And we would expect, therefore, that you would carry it out as your firm and first responsibility. But to suggest that there is any overlordship of the Senior British Commissioner in this job will be seen for what it is. A calculated insult to Britain and I do not see how Christopher Tugendhat could accept it. He certainly could not accept it and retain my confidence. It is an insult and it would be bitterly and deeply resented. There is no way of talking yourself out of it, Gaston. There just isn't. And I feel deeply about it myself. We have supported the Community. We have got everything back on to an excellent relationship. And just when this Government has done that, and just when I have done everything possible I could to support the Presidency and to co-operate I am faced with this. Christopher is the Budget Commissioner. He cannot have his powers curtailed like this. I feel deeply about it which is why I have tried to get you on the telephone and it would have grievous consequences for the whole view of Britain of the Community. As I say, we have done everything to support, and we just cannot take this in any way.

M. Thorn: ...This is incredible, because honestly nobody is taking something away from Christopher.

PM: I am sorry. They are. It is showing that you have no confidence in a Senior British Commissioner and there is no way of getting out of it. And he cannot accept that. I do not think he can possibly accept it as a Senior British Commissioner and retain the confidence of the people who appointed him. I simply don't understand you Gaston. The most important thing in the next year, and I shall be President of the Commission in June to December, is the restructuring. We expect you to take it as the main thing.

M. Thorn: Exactly. But I

PM: But not only as an overlord or supervisor.

M. Thorn: No. He will help me

PM: I am sorry, I... Gaston stand back and look at it as a politician. You are curtailing Christopher's powers and indicating a lack of confidence in him. If you attempt to give any one supervision other than yourself over what is done, and I am making it very very clear that the United Kingdom and the Government will take it as a deliberate insult. And that would be very very serious indeed. I mean an extremely bad start.

M. Thorn: Oh my. I never would have thought it.

PM: Neither would I have thought it Gaston, particularly as you have the support and co-operation I have tried to give you.

M. Thorn: It was quite honest in doing so and I tried my best, and the worst thing is that the idea only came up at the moment when I tried to leave Christopher's portfolio untouched and to give to the second British what he wanted too. That was the problem. Michael would have taken that and no discussion at all. That's the drama.

PM: Gaston, if Christopher has that Budget portfolio, and I assume he will, because we have made it clear that was our first priority, he must not have his powers curtailed. He must not have a supervisor. He reports to you as President of the Commission and we obviously expect you as President to make that your first and main duty.

M. Thorn: I do I promise you.

PM: Well Gaston, I have made my views very clear.

M. Thorn: Yes you made it very clear ..

PM: And I feel very strongly about it and so will the British people. But I do not see how Christopher could possibly accept a truncated responsibility like that.

M. Thorn: ... now we are going to discover from it

PM: All right Gaston. All right.

M. Thorn: Nevertheless, thank you

PM: Thank you for 'phoning. Good bye.

M. Thorn: Good bye.

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cc: Amt
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10 DOWNING STREET

From the Private Secretary

8 January 1981

Dear Francis,

Allocation of Commission Portfolios

As you know, the Prime Minister spoke to both Mr. Christopher Tugendhat and the President of the Commission, M. Gaston Thorn, last night about the unsatisfactory way in which the discussion over the allocation of responsibilities within the new Commission appeared to be developing.

Mr. Tugendhat briefed the Prime Minister on the situation and explained why he thought it was unsatisfactory that Mr. O'Kennedy should be given "a special mission of co-ordination" in regard to the preparation of the Commission's proposals for restructuring the Community Budget. The Prime Minister strongly agreed with Mr. Tugendhat that it was unacceptable that Mr. O'Kennedy should be given a role in this area at Mr. Tugendhat's expense and agreed to speak to M. Thorn.

When, after some delay, M. Thorn came to the telephone, the Prime Minister told him that she had just learned of a proposal to separate the supervision of the budgetary restructuring from the portfolio of the Budget Commissioner. Such a curtailment of Mr. Tugendhat's responsibilities would be seen by the Prime Minister personally, throughout the United Kingdom, and throughout the Community, as "a deliberate insult" to Britain, and to the Senior Commissioner nominated by the British Government.

She did not see how Mr. Tugendhat could accept such a curtailment of his responsibilities. It would have grievous consequences for Britain's relationship with the Community at a time when the British Government was supporting the Community to the hilt and had been supporting the new President.

M. Thorn said that it was wrong to think that it was proposed to "take something away" from Mr. Tugendhat. On the insistence of the British Commissioners Mr. Ivor Richard had been given the major portfolio of social affairs. This created the need to find something for Mr. O'Kennedy. The proposal was that he should be associated with the President who was mandated to make proposals on budgetary restructuring within three months. M. Thorn needed someone to help him. It had been agreed by the previous Commission that Mr. Tugendhat and Mr. Gundelach should participate in preparing the response to the mandate. This would not be changed but Mr. O'Kennedy would be given a role and would chair the relevant committee in M. Thorn's

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absence. All the competences now in the hands of Mr. Tugendhat would remain fully under his control.

The Prime Minister made it clear that she was not satisfied with this explanation. She expected Mr. Tugendhat to be in control of Budget restructuring, reporting of course to M. Thorn who would be in overall charge. To suggest that anyone else should be in a position of "overlordship" of the senior British Commissioner would be seen as a calculated insult and would be bitterly and deeply resented. It would show that M. Thorn did not have confidence in Mr. Tugendhat. If Mr. Tugendhat were to accept the situation, he would not retain the confidence of those who had nominated him. Confirmation of the present proposals would have serious consequences and would get the new Commission off to an extremely bad start.

M. Thorn indicated that he was taken aback by the Prime Minister's reaction. The situation had only arisen because of his efforts to give the new British Commissioner what he wanted while leaving Mr. Tugendhat's portfolio untouched. The Prime Minister repeated that it would be unacceptable for Mr. Tugendhat to have a supervisor other than M. Thorn himself. She expected that Mr. Tugendhat would report to M. Thorn alone and that M. Thorn would regard the restructuring exercise as his main responsibility in the early months of his Presidency. M. Thorn confirmed that restructuring was his first priority.

The Prime Minister's conversation with M. Thorn ended at 1905.

I am sending copies of this letter to John Wiggins (HM Treasury) and David Wright (Cabinet Office).

Yours ever

Nicholas Alexander

Francis Richards Esq
Foreign and Commonwealth Office.

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