



## «*Very Helpful and Effective*». *Cossiga-Thatcher Entente During the 1980 Italian Presidency of the European Council*

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### Abstract

*In a complicated international scenario, the Italian-British bilateral relations lived a renewed partnership based on the mutual understanding between the Italian President of the Council Francesco Cossiga and the British Prime Minister Margaret Thatcher. The European question was the main topic of their meetings, Mrs. Thatcher was determined to close a good deal for her Country and Mr. Cossiga wanted to make a satisfying compromise for the whole Community, mostly because he was aware that the impasse was slowing down the integration of the Community itself. Italian Presidency had to unravel multiple strategies and proposals from London, Paris, Bonn, and the Commission, in an internal struggle that was slowing down the Community. Cossiga and Thatcher were conscious that the URSS was taking advantage of the European weakness in international relations, mostly because the European Community, at that time, had not a common foreign policy nor a strong internal policy as well.*

### 1. Impasse

*Impasse* is the best way to describe the situation after the 1979 Dublin European Council. Following a difficult meeting, the British Prime Minister Margaret Thatcher requested a rebate and spoke about the necessity to find a solution for the future of the Community. As decided at Dublin,

the following President pro-tempore of the European Council would have called for an additional meeting of the leaders to find a solution for the United Kingdom budget contribution problem. About that decision, British Prime Minister «was glad that it was Cossiga who was due to host the next European Council»<sup>1</sup>. Margaret Thatcher and Francesco Cossiga knew each other because of the kidnapping of the Schild family in Sardinia in August 1979, the same month Cossiga became new Italian Prime Minister<sup>2</sup>.

Francesco Cossiga, even during a complicated internal political situation – the fall of the Italian government and the parliamentary procedures to appoint a new one<sup>3</sup> – considered the British budget issue very seriously, aware of the European and international implications of the crisis. During a bilateral meeting between Italian and British representatives in Brussels on 18 March 1980, Renato Ruggiero<sup>4</sup> reassured the British delegation that a solution for the UK budget contribution would have been «an added incentive to bring back a success»<sup>5</sup> for the new Italian government. On the same day, the Prime Minister requested the

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<sup>1</sup> The mutual trust, respect, and positive relations between Thatcher and Cossiga come to light from the analysis of the Prime Minister papers (Margaret Thatcher Foundation, hereafter MTF, Prime Minister's Office: Operational Correspondence and Papers, hereafter PREM), the diplomatic papers (National Archives, Kew, London, hereafter TNA, Foreign and Commonwealth Office, hereafter FCO), the memoirs of Margaret Thatcher (M. Thatcher, *The Downing Street Years*, Harper Collins Publishers, London 1993, p. 83, and President Cossiga Private Papers (Archivio Storico Camera dei Deputati, hereafter ASCD, Fondo Francesco Cossiga, hereafter FFF).

<sup>2</sup> The Schild family was kidnapped in August 1979 in Sardinia, where President Cossiga was born, and the Prime Minister Thatcher asked to her Italian counterpart to do whatever he could to bring the family safely back to the UK.

<sup>3</sup> A. Varsori, *L'Italia nelle relazioni internazionali dal 1943 al 1992*, Laterza, Roma 1998, p. 196. For an overview on bilateral relations between Italy and the UK see G. Bentivoglio, *The Two Sick Men of Europe? Britain and Italy Between Crisis and Renaissance*, Peter Lang, Brussels 2018. About Italian foreign policy see G. Andreotti, *Foreign Policy in the Italian Democracy*, «Political Science Quarterly», 109 (1994), pp. 529-537; R. Gaja, *L'Italia nel mondo bipolare. Per una storia della politica estera italiana: 1943-1991*, Mulino, Bologna 1995; M. De Leonardis, *Guerra fredda e interessi nazionali. L'Italia nella politica internazionale del secondo dopoguerra*, Rubbettino, Soveria Mannelli 2014; E. Di Nolfo (ed.), *La politica estera italiana negli anni Ottanta*, Marsilio, Venezia 2007; A. Varsori, *L'Italia e la fine della guerra fredda. La politica estera dei governi Andreotti (1989-1992)*, Mulino, Bologna, 2013; L. Riccardi, *L'ultima politica estera. L'Italia e il Medio Oriente alla fine della Prima Repubblica*, Rubbettino, Soveria Mannelli 2014; A. Varsori, B. Zaccaria (eds.), *Italy in the International System from Detente to the End of the Cold War: The Underrated Ally*, Palgrave Macmillan, Basingstoke 2018.

<sup>4</sup> Italian diplomat and former European official.

<sup>5</sup> *Preparation of the European Council: 31 March-1 April*, 18 March 1980, TNA, FCO 30/4279/27.

Foreign Office to obtain a change in the order of the items of the proposed agenda to move the British budget problem before the discussions on the Commission Report and the European Monetary Fund<sup>6</sup>. Beyond the Community implications, on the internal political side the budget issue was considered by the Thatcher's Government fundamental for the rehabilitation of the EEC position in the UK, with an agreement that had to keep the Community out of the discussions of the British General Elections campaign. On this point, as underlined during the '80s by Parfitt and Wertman, Italian role was fundamental<sup>7</sup>. Even if, according to internal and foreign rumours, Italy was not part of the key players of the West, its commitment towards European integration was fundamental to keep Europe united. Relations between the United Kingdom and the Italian Governments during the first semester of 1980 when Francesco Cossiga led the Presidency pro-tempore of the Community will be analysed through the British diplomatic papers of the Foreign and Commonwealth Office<sup>8</sup>, completed with the private papers and the memoirs of the protagonists of the negotiations<sup>9</sup> and the files of the Archive of President Francesco Cossiga<sup>10</sup> and the Margaret Thatcher Foundation<sup>11</sup>.

### **1.1. Preparation of the European Council of March 1980**

The matter of the British contribution was yet again sent to the Foreign Ministers to try to settle<sup>12</sup>.

Carrington, as British Foreign Secretary, had the responsibility to find a solution on the budget issue. The March Foreign Council was preceded, as usual, by the Coreper meeting, dominated by the contrast between Luc de Nanteuil and Michael Butler, respectively French and British Ambassadors, disagreement hatched on the French formal request to include sheep meat, fish and other common agricultural talks in the Council

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<sup>6</sup> Alexander to Lever, 18 March 1980, TNA, FCO 30/4279/33.

<sup>7</sup> T. Parfitt, *The Budget and the CAP: A Community Crisis Averted*, «The World Today», 8 (1980), pp. 313-318; D. A. Wertman, *Italian Foreign Policy in the 1980s: What Kind of Role?*, «SAIS Review», 2 (1982), pp. 115-125.

<sup>8</sup> TNA, FCO.

<sup>9</sup> R. Jenkins, *A Life at the Centre*, London, Macmillan, 1991; R. Jenkins, *European Diary, 1977-1981*, London, Collins, 1989.

<sup>10</sup> ASCD and FFF, Esteri, s25-ss7-f29.

<sup>11</sup> MTF, PREM.

<sup>12</sup> P. Carrington, *Reflect on Things Past. The Memoirs of Lord Carrington*, Collins, London 1988, p. 319.

agenda «under convergence as in Dublin conclusions or separately»<sup>13</sup>. Butler «asked for more details of what the French had in mind»<sup>14</sup> trying to understand the French strategy; Italians and Belgians supported his request of clarification because they agreed with the British Ambassador that the French request cannot be accepted. Even if the Commission attempted to find a middle ground, after a long discussion, the French Ambassador had to face the opposition of the Presidency, the Commission, Belgium, and the Netherland.

Butler restated the «UK's Six Points», including the formal request on the 55 percent Cap target, immediately contested by Nanteuil, who declared that the British approach was not «communautaire»<sup>15</sup>. The British statement opened a new discussion, and the meeting was wholly absorbed by the disagreement on Butler's proposal. At the end, Plaja (Italian Presidency) deferred the matter to the Foreign Affairs Council, with the hope that the discussion could go further than delegations' positions expressed at the Coreper meeting.

In this scenario, the FCO decided to keep under pressure the Foreign Affairs Council to set the budget issue as the main topic of the subsequent European Council, to be accommodating on other issues and to generally agree on the proposed agenda by Italian Presidency. At the same time, the FCO was prepared to contrast the French attempt to include Cap and others agricultural issues related to the budget, demonstrating that the French proposal was not supported by an adequate discussion<sup>16</sup>, to do so, a British delegation, composed by Franklin, Bridges, and Hannay, visited Paris on 14 March evening and Bonn on the morning of the following day, before a late-night bilateral meeting with Italian Presidency on 17 March, to summarize the ongoing work of the delegations to try to settle the Budget problem<sup>17</sup>. The Italian delegation, composed by Ruggiero, Alessi, and Cavalchini<sup>18</sup>, described to their British colleagues Presidency's consultations plan, with Ruggiero and Alessi visiting to all the European Capitals for bilateral talks. The British delegation, back from Paris and Bonn without positive results, asked to the Italians to discuss all the outcomes of these meetings at the end of the tour, remembering that the

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<sup>13</sup> *Butler to FCO*, 14 March 1980, TNA, FCO 98/807.

<sup>14</sup> *Ibidem*.

<sup>15</sup> TNA, FCO 98/807, *Butler to FCO*, 13 March 1980.

<sup>16</sup> TNA, FCO 98/807, 14 March 1980.

<sup>17</sup> TNA, FCO 30/4279, 14 March 1980.

<sup>18</sup> Italian diplomats.

British government's position on potential links between budget and agricultural matters was not changed.

Indeed, after the meetings of 14 and 15 March with the French and the Germans, the situation was still frozen, with an increased dispute with the French government that accused again the British government to attempt to the Community principles. Lord Bridges rejected French view and declared that British government «had no intention of damaging the fabric, institutions or principle of the Community»<sup>19</sup> in the search for a solution. The British Ambassador tried to keep the dialogue open saying that the UK «had differences with the French about prices but we had those every year and every year a compromise was reached»<sup>20</sup>. The only point of agreement was on the «Supplementary Community expenditure in the UK» not correlated with coal or coal industry, a condition also posed by the Germans<sup>21</sup>. Even if the discussion with Bonn was more positive than the meeting with Paris, the Germans expressed their doubts about the proposed solutions and asked to the British delegation to «start from zero and build up a series of decisions within the Community framework which would together constitute a genuine compromise»<sup>22</sup>. The position of the French Government was well summarized on 13<sup>th</sup> March by the Brussels correspondent of «Le Monde» Lamaitre to Poston of the European Community Department of the Foreign Office. Lamaitre admitted that «the French Government realised their tactics on sheep meat had been poor and so, to cover their mistake, had hardened their position»<sup>23</sup>. The diplomatic fight between Paris and London was at the highest point, also in the public opinion, with the French press fully oriented to attack the United Kingdom Community membership<sup>24</sup>.

When, on 22<sup>nd</sup> March 1980, the Italian delegation arrived in London to discuss the preparation of the European Council<sup>25</sup>, Ruggiero described the proposals of both the French and the Germans, but the British delegation was unsatisfied. The amount proposed was totally refused because based on gross expenditure, «when discussing the financial mechanism net figures had always been used. It was a net contribution problem, we

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<sup>19</sup> TNA, FCO 30/4279/18, 17 March 1980.

<sup>20</sup> *Ibidem*.

<sup>21</sup> *Ibidem*.

<sup>22</sup> TNA, FCO 30/4279/18, 17 March 1980.

<sup>23</sup> *Poston to Goodenough*, 17 March 1980, TNA, FCO 30/4279/25.

<sup>24</sup> *Hibbert to FCO*, 13 March 1980, TNA, FCO 30/4279/26.

<sup>25</sup> *Armstrong to Alexander*, 24 March 1980, MTF, PREM 19/219.

were dealing with»<sup>26</sup>. Ruggiero said also that in response to the French and Germans proposal of 700 mua, he proposed 1,000 mua, but «the Germans had reacted negatively and had said the final outcome would be nearer 800 than 1,000»<sup>27</sup>. Another problem emerged on the duration, «a major preoccupation for the Ministers. We [British] must be assured the problem would not come back»<sup>28</sup>. The linkage was another irreconcilable issue. Ruggiero reported his plans to visit again Bonn and Paris to try to find a compromise and «put together a first draft of a communique»<sup>29</sup>, and organize a meeting of officials of the Nine, in Brussels or in Paris. Two days later, on 24 March, Ruggiero met the Secretary of the Cabinet Robert Armstrong, the purpose of the «meeting was to discuss preparations for the Venice Economic Summit; in fact we discussed only the forthcoming meeting of the European Council»<sup>30</sup>. The change of topic is the demonstration that the British Foreign Policy's most important target was the solution of the Budget issue. During the meeting, Ruggiero stressed the distance between the governments, with the Germans ready to accept any figure that was acceptable to the French and supporting the mediation action of the Italian Presidency. The discussion between Ruggiero and Armstrong was deeper on the political implication of the Budget issue, indeed, he was very concerned about the duration of the agreement on the budget. The British delegation stressed on the three-year minimum duration of the possible arrangement, but Armstrong said that «it was very important to get an arrangement that would last for long enough not to need to be reviewed during this Parliament», revealing the political and electoral reason behind the long period duration necessity expressed during all the negotiations<sup>31</sup>.

The situation was not delicate just in the UK, because speaking about the Italian internal government problems, Ruggiero said that President Cossiga intended to play an important role in the Community and, conscious of the situation, he would probably postpone the Brussels European Council. The British view was that a postponement was not necessary, but if others agreed, they would accept it for two or at most three weeks. Armstrong, after a discussion with the Foreign Secretary and the

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<sup>26</sup> *Franklin to FCO*, 4 April 1980, MTF, PREM 19/219.

<sup>27</sup> *Sanders to Lyne*, 9 April 1980, MTF, PREM 19/219.

<sup>28</sup> *Franklin to Alexander*, 4 April 1980, MTF, PREM 19/219.

<sup>29</sup> *Ibidem*.

<sup>30</sup> *Armstrong to Alexander*, 24 March 1980, MTF, PREM 19/219.

<sup>31</sup> *Ibidem*.

Prime Minister, repeated to Ruggiero when he was in Bonn that they would agree on a postponement if others agree; Ruggiero said that the Germans were on the same line, then he would go to Paris and, if the French too agree, the Council would have been postponed.

Two days later, Butler informed the Foreign Office and the Cabinet that the Italian Presidency had decided to postpone the Council with the proposal, made by Plaja<sup>32</sup> to set the Council on 28 and 29 April<sup>33</sup>.

### **1.2. President Cossiga's decision to postpone the European Council**

According to the Foreign and Commonwealth Office the postponement was not a good decision, because the delay would have caused a relaxation of political pressure on European partners just one Council before the Holidays<sup>34</sup>. But according to Butler there was a general discontent, and the Presidency was putting «more emphasis on the need for better preparation and a better atmosphere than on the Italian political situation as a reason for the postponement»<sup>35</sup>. Butler reported also the discussion after the long statement on the postponement read by Plaja, with «Nanteuil intervened twice to stress that the delay had nothing to do with France. They had only agreed when they heard that the UK had agreed»<sup>36</sup>. This French intervention caused vigorous protests from the Dutch and Belgians because, as Butler reported, emerged that the Presidency consulted France, Germany and the UK a day before the others. Nanteuil took advantage of the uncertainty and declared that the Budget issue could not be solved without a settlement of the linkage items, particularly the Cap prices and economies.

After the chaos, Italians called a meeting of the «Ruggiero Group» to try to find compromises, and the general feeling was that it had been worthwhile<sup>37</sup>. The principal point was the discussion of the first draft of the conclusions of the European Council, with an historical background of what was considered as an unacceptable situation. On the Budget issue, Paye, the French representative, declared that «anything for Italy

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<sup>32</sup> Italian diplomat.

<sup>33</sup> *Butler to FCO*, telegram no. 1653, 24 March 1980, MTF, PREM 19/219.

<sup>34</sup> *Spreckley to Hannay*, 24 March 1980, TNA, FCO 30/4279/48.

<sup>35</sup> *Butler TO FCO*, telegram no. 1654, 24 March 1980, MTF, PREM 19/219.

<sup>36</sup> *Ibidem*.

<sup>37</sup> *Franklin to Armstrong*, 3 April 1980, MTF, PREM 19/219.

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and Ireland meant less for the United Kingdom»<sup>38</sup>. The position of the French was clear, and the most difficult part of the discussion came over lunch<sup>39</sup>, when the French said that the Agricultural Council should decide the Cap prices in April, and the idea of a postponement of the Agricultural Council until immediately before the European Council was rejected. At the end the Group decided to give the chance to the Presidency or the Commission to produce a compromise proposal on a “take it or leave” basis. After two weeks of contacts and negotiations, the European Council was set by the Presidency on Sunday 27<sup>th</sup> and Monday 28<sup>th</sup> April<sup>40</sup> in Luxembourg.

## **2. The preparation of the European Council of 27-28 April 1980**

In a letter to the Prime Minister, the Treasury reported that the future Economic and Agricultural meetings would have been crucial for the negotiations on the Budget issue. The Chancellor of the Exchequer would try to lobby the other Finance Ministers and suggested «that a special effort should be made to get the two British Commissioners to recognise our case on dynamism»<sup>41</sup>, even if, a Member State cannot ask to their commissioner to act in favour of their Country. The Chancellor said also that Roy Jenkins was «extremely unhelpful» but «a third possibility would be for us to pass a message to Cossiga before he makes his pre-Summit tour of capitals»<sup>42</sup>.

British Government believed in the role of Cossiga and not, as usual, in the work of both the Commission and the Presidency of the Council<sup>43</sup>. President Cossiga was the privileged person for the negotiations, not just for his role. Margaret Thatcher believed in his personal involvement and, to help his efforts, she decided to send a personal representative, Sir

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<sup>38</sup> *Franklin to Armstrong*, 4 April 1980, MTF, PREM 19/219,

<sup>39</sup> *Ibidem*.

<sup>40</sup> *Sanders to Lyne*, 9 April 1980, MTF, PREM 19/219.

<sup>41</sup> *Howe to the PM*, 14 April 1980, MTF, PREM 19/219.

<sup>42</sup> *Ibidem*.

<sup>43</sup> *The PM to Giscard*, 15 April 1980; *The PM to Schmidt*, 15 April 1980, MTF, PREM 19/219. On the foreign policy of President Giscard see P.G. Cerny, *The Politics of Grandeur*, Cambridge University Press, Cambridge 1980; J.R. Frears, *France in the Giscard Presidency*, George Allen & Unwin, London 1981; J. Keiger, *France and the World*, Arnold, London 2001.



Donald Maitland<sup>44</sup>, to Rome, Bonn and Paris. She asked Cossiga to arrange a meeting between Sir Donald and Colombo<sup>45</sup>, asking the same to Schmidt and Giscard respectively for a meeting with Genscher and Francois-Poncet<sup>46</sup>.

As strongly wanted by the British government, the budget issue was, during the last four months of the Italian presidency, the first point of all the non-official and official European meetings. On 21 April, at the end of the Eco/Fin Council, the Presidency distributed a note promised during the previously Coreper meeting. The note explained the Prime Minister's view on the possible solution of the budget issue, a sort of state of play of the negotiations between the Members. The disagreement remained on the amount and on the duration of the financial mechanism, with a proposal of a six-year period and not three-year period as proposed by all the governments except the UK. The conclusion of the Presidency was dedicated on Cap, fisheries and energy, issues that must be settled or, at least, the Council should set common guidelines and a timetable<sup>47</sup>.

### **2.1. President Cossiga's talks with Margaret Thatcher, 25 April 1980**

Despite his illness and the National holiday, two days before the Luxembourg Council, President Cossiga went to Paris, London, and Brussels to prepare the European Council and to try to find a solution on what can be, unofficially, described as the Anglo-French dispute on contribution and Cap.

After a discussion with President Giscard d'Estaing in the morning, Cossiga arrived in London in the afternoon for the meeting with the Prime Minister. The British government was quite confident in the role of the Italian Presidency and, despite the intransigent position expressed

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<sup>44</sup> Sir Donald Maitland, formerly Permanent Representative in Brussel, was Deputy Permanent Under Secretary at the Foreign and Commonwealth Office. *The PM to Cossiga*, 15 April 1980, MTF, PREM 19/219.

<sup>45</sup> Italian Member of Parliament (1946-1992), Foreign Minister (1980-83), former President of the European Parliament (1977-79), Italian Prime Minister (1970-72), and Agricultural, Finance, and Industry Minister.

<sup>46</sup> *The PM to Giscard*, 15 April 1980; *the PM to Schmidt*, 15 April 1980, MTF, PREM 19/219.

<sup>47</sup> *Thomas to FCO*, 21 April 1980, MTF, PREM 19/219.

by the French President to the Prime Minister the evening before<sup>48</sup>, Cossiga came to London with a new approach, conscious of the priority of the community internal political situation. The key to find a compromise without the linkage between Budget and Cap prices but was the simultaneous solution of both the issues. It was his opinion that a solution negotiated at the same time, but in separate meeting, could be the right way to cut the linkage and the inter-relationship between the two matters. After that, Cossiga reassured Margaret Thatcher that the French wish to deal with farm prices before the Budget was a problem and they cannot discuss statements on principles of the Community regarding the Cap omitting the principles connected to the Budget problem<sup>49</sup> even if the agreement on an agricultural package was their one particular interest. Cossiga told the French that it was difficult to contemplate failure when one considered the damage this would do to the image of the Community, and how could the Community take decisions on major foreign policy issue if it was unable to solve its own internal problems. The British Prime Minister was certain that «if the present problem could not be solved, the Community would break down»<sup>50</sup>.

Turning to the budget issue, Cossiga started to describe the points of the new proposed mechanism proposed by Giscard to Cossiga in the morning.

They had suggested guaranteeing for a certain period that the British imbalance would not increase above a certain point. They had suggested taking a figure, say that for Britain's net contribution in 1979, comparing it with the net cost at the end of 1980 (including the new farm prices) and setting up a mechanism so that the latter figure should be no higher than the former; i.e. the annual increase would be restored through the financial mechanism and Community investment. There would be a provision for reviewing the mechanism. This would render the British problem independent of farm prices increases, would leave the Community's

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<sup>48</sup> *Record of the telephone conversation between the Prime Minister and President Giscard d'Estaing at 18:00 hours on Thursday 24 April, 24 April 1980, MTF, PREM 19/219.*

<sup>49</sup> As reported «They [the French] had circulated a paper on this at the last Foreign Ministers' meeting. Signor Cossiga said that he had told the French that he recognised the principles to which they referred were drawn from Community documents. But there were other principles to which they did not refer notably Article 2 in the Treaty of Rome, which referred to the harmonious development of economic activities, and the other Articles referring to the need for the Community to be dynamic not static, for it to promote convergence, and for it to help members in difficulties». *Partial record of a discussion between the Prime Minister and the Prime Minister of Italy, Signor Francesco Cossiga, at no. 10 Downing Street at 15:00 on Friday 25 April 1980, MTF, PREM 19/219.*

<sup>50</sup> *Ibidem.*

principles untouched and would give a guarantee to HMG that, however the Community evolved, HMG's net contribution would be unaffected<sup>51</sup>.

The new proposal was discussed, and, at the end, Margaret Thatcher was sure that the value of the French approach would depend on finding the right starting point. With this mechanism, if the total size of the Budget increased, and hence if Britain's contribution increased, the rebate would increase. A disagreement remained on the amount of the rebate, estimated by Ruggiero after his discussions with the other members of the Community, in 900-950 meua, 60% of the British net contribution; but on this point the British asked to the Presidency to try to obtain a higher rebate.

At the end of the meeting, Cossiga obtained by Margaret Thatcher a "green light" to proceed with the negotiation on the new approach and to set the simultaneous meetings of the groups of permanent representatives, respectively on farm prices and on Budget, the last one under Ruggiero's chairmanship.

The only way to find a solution was to set a compromise between Paris and London but it was not easy, as usual, when in the Community the dispute was between France and the United Kingdom.

## **2.2. The 28-29 April European Council and Cossiga's strategy**

As expected, the Council ended without an agreement on budget and UK contribution to the Community. Opening the conclusive press conference, Cossiga said «he personally thought that agreement had been close but so often, the final small gap could not be closed»<sup>52</sup>. Moreover, the Italian Presidency was determined to continue every effort to bridge the gap, if possible before the Venice summit, also Jenkins thought that after two Councils without an agreement, the issue would have been solved at the Community level. Even if there was a general agreement on the methods and a progress on the amount, the "small gap" was the duration of the measures, for this reason Margaret Thatcher said that with these conditions on the issue, she could not accept the disadvantageous proposal on sheep meat and Cap prices. During the Council, there was also the meeting of the agricultural Ministers where they try to find a

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<sup>51</sup> *Ibidem*.

<sup>52</sup> *Thomas to FCO*, 29 April 1980, TNA, FCO 30/4280/117.

good compromise on Cap, but they reached just a principle-level agreement.

At the end of the Council, Margaret Thatcher changed strategy, she accepted the linkage, but she demanded that all the negotiations must be advance at the same time, without a progress on budget it would have been impossible to reach a progress on Cap, sheep meat or fisheries. This is an important change in the strategy, probably unexpected by the French because of their lack of preparation on sheep meat and fisheries as showed during the previous Council<sup>53</sup>.

During the press conference, Cossiga defended the outcome of the Council, he said that the discussion on internal matters had reached a positive point, nothing more could be done at the end of the meeting, but there was a useful basis for the work of the Ministers of finance. Even if the press talked about the Council as a *debacle* for the Community and for the UK<sup>54</sup>, the common idea was that President Cossiga could be able to find a solution and an agreement, according to Margaret Thatcher and the Netherlands' Prime Minister.

The Italian Presidency decided to discuss the budget problem during the following Council of Ministers of Foreign Affairs, even if Colombo did not want it officially included in the formal agenda, he was determined to settle a political agreement before the Venice summit<sup>55</sup>. The problem was the difficulty to find an agreement between France and UK, Carrington informed the British delegation that the French demand on Cap prices increase was 5%, a “scandalous” increase according all the agriculture Ministers, but «it was the price France demanded for a budget settlement»<sup>56</sup>. The Italians were aware that Cap prices could only be settled in the context of the budget issue and it would be unacceptable that the French could stress for an approval by a majority of 8 to 1, against British position<sup>57</sup>.

In order to try to find a good compromise during the Council, in the duel between France and UK, the German government tried to solve the

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<sup>53</sup> European Council, Conclusions of the Presidency, European Council on 27 and 28 April 1980, pp. 6-7, [https://www.consilium.europa.eu/media/20738/luxembourg\\_avril\\_1980\\_\\_eng\\_.pdf](https://www.consilium.europa.eu/media/20738/luxembourg_avril_1980__eng_.pdf)

<sup>54</sup> *Warburton to FCO*, 30 April 1980, TNA, FCO 30/4280/142.

<sup>55</sup> *Butler to FCO*, 30 April 1980, TNA, FCO 30/4280/135; T. Parfitt, *The Budget and the CAP* cit., pp. 316-318.

<sup>56</sup> *Carrington to British Embassy Washington D.C.*, 5 May 1980, TNA, FCO 30/4280/166.

<sup>57</sup> *Arculus to FCO*, 30 April 1980, TNA, FCO 30/4280/163.

situation with a conspicuous offer to the British Government on the amount of the rebate. Schmidt offered twice the sum he had agreed with his cabinet and opposition but, without an agreement, after the Council he had to face the internal opposition on his own proposal, was considered too high by his Finance Minister<sup>58</sup>. Even if most of the press said that the reason of the breakdown of the negotiations was the intransigence of Margaret Thatcher, German press described the British attempt as the only one serious opposition to an extreme increase of the Cap and budget expenditure<sup>59</sup>.

### **2.3. Presidency's actions after the Council**

The role of the Presidency was crucial at this point, Cossiga and Colombo knew that and focused all the diplomatic efforts on the 6<sup>th</sup> May Foreign Affairs Council. The Presidency attempted to find a common ground for the new round of negotiations. There was a wide consensus on the proposed informal summit by the Presidency for 17/18 May in Naples, where Colombo was sure to reach an agreement by the end of May, even if Francois-Ponchet said that the Luxembourg summit offers were not more on the table, the meeting was not so negative. In fact Simonet (Belgium) said that the Council must to keep focused on the Giscard/Schmidt lines, same opinion of Lenihan (Ireland) worried about the delays on the Cap prices agreement. In fact, the necessity to close a deal by the end of May was based on the British requests and, at the same time, by the end of the Cap prices validity of 31<sup>st</sup> May. Colombo promised the hard work of the Presidency to build the bridge to close the “small gap” of the Luxembourg summit<sup>60</sup>. After this meeting, the cooperation between Rome and London was stronger than ever, both the govern-

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<sup>58</sup> *Wright to FCO*, 30 April 1980, TNA, FCO 30/4280/124. About the role of the European Council see E. Mourlon-Druoi, *Steering Europe: Explaining the Rise of the European Council, 1975-1986*, «Contemporary European History», 25 (2016), pp. 409-437.

<sup>59</sup> *Ibidem*.

<sup>60</sup> At the meeting Ersboell (Denmark) stressed the point that the Venice European Council had to discuss all the political problems and not only the financial details as the British rebate or the Cap prices. He pointed on that a political problem was the increasing costs of the Cap for all the Members of the Community, not only for Britain. He said also that the Presidency paper on Community principles should have been discussed in Venice. Colombo promised a lot of bilateral consultations and he made a list of priorities with the British budget contribution on the top of the list, followed by the Cap prices and the other minor issues. Gilmour agreed on the list and the line that Colombo described, stating again that the UK government had to accept a linkage on budget-Cap even if it was avoided, he asked for the presence of the Ruggiero group at the informal Naples summit of the Foreign Ministers. TNA, FCO 30/4280/151, *Butler to FCO*, 6 May 1980.

ments saw the chance to close a good deal for the UK and for the future of the Community<sup>61</sup>.

The fact that President Giscard and Chancellor Schmidt did not want the British budgetary problem on the agenda of the Venice summit was, according to Cossiga and Thatcher another reason to find a deal by the end of May. To do that, Cossiga decided to delegate all the discussions to the Ministers of Foreign Affairs for the Budget issue and to the Ministers of Agriculture for the Cap prices. He added that, after his meeting with Chancellor Schmidt in Rome, he would probably fly to Paris, Brussels and London to find a good compromise. Margaret Thatcher supported Italian strategy and refused the catastrophic views of the European Council and they both agreed on the necessity to reduce the Cap expenditure in the European budget because, as said by the Prime Minister, «the problem was recognised by every member of the Community»<sup>62</sup>. Cossiga recalled that in Dublin he said that the structure of the budget needed to be changed to avoid similar problems after the enlargement. He promised a solution in one month with hard work for the Foreign, the Finance and the Agricultural Ministers.

After the meeting with Cossiga, Margaret Thatcher met Chancellor Schmidt to talk about the budget negotiation and the Cap reform. German and British interests were aligned on the necessity of a reform of the Cap because it was not working well, and the costs were too high for the other Members; Chancellor Schmidt was confident that London could take the lead in the Cap reform. However, it was difficult for the Prime Minister to accept that even if all the Members said privately that the price increase was ridiculous and the Cap needed strong reform, during the European Council no one said nothing about the reform and the prices<sup>63</sup>. Margaret Thatcher had to accept that other leaders were not ready to clearly say it, but for the first time she was inclined to accept the «ridiculous prices increase» for 1980 in exchange of a good agreement on the budget issue, consolidating the existent link between the two matters, and trying to close the best deal for her Country.

The British Government was certain that President Cossiga was working on any chance to solve the issue in some way or another and at this point the actions of the FCO and the Prime Minister on bilateral meet-

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<sup>61</sup> *Alexander to Walden*, 9 May 1980, MTF, PREM 19/237.

<sup>62</sup> *Ibidem*.

<sup>63</sup> *Alexander to Walden*, 7 May 1980, MTF, PREM 19/226.

ings<sup>64</sup>. Unfortunately, the discussions with the French and the Germans were not easy because of their approach to move over the Luxembourg offer. But Carrington was sure that there were no valid reasons for a withdrawal of the Franco-German proposals because the only problem in Luxembourg was the duration, that could be solved with further discussions<sup>65</sup>. When Francois-Poncet and Genscher argued that the scale of the figures involved over the following two years or so was too big to accommodate a three-year settlement, Carrington pointed out that this only illustrated the size of the problem. It was clear that there was not enough space to restart the talking, there was, again, a stalemate on this issue. During the meeting, Genscher tried to move the discussion on agricultural prices, but it was very easy for Carrington to reply that the agricultural prices were now linked to the budget, that London had not been the first to make this link, but it was not too late to unlink the two issues; Paris reply was described by Walden as «sour noises». Moving on the sheep meat talks, Carrington detailed description of the British opinion on the Commission's proposals revealed the lack of preparation of Francois-Poncet and, for this reason, there was no discussion on oil or fish. The meeting confirmed the positions of the two side, where the French and the Germans reaffirmed their disappointment on the British refusal in Luxembourg, saying that they had come a long way to meet the UK on the budget. Carrington, very diplomatically, replied that also the British had moved on, and with this movements it was «up to our partners to make an accommodation possible»<sup>66</sup>.

### 3. Trying to reach an agreement

Over the financial reason, on the political side, without a good agreement on the budget issue, for the British Government «it will be an uphill struggle to rehabilitate the EEC»<sup>67</sup>, because «there has been a formidable swing against the EEC since 1975, though more people think we are better off in from the point of view of our voice in international affairs and our defence»<sup>68</sup>. This means that at that time Thatcher's Government was fully convinced of the British membership and that, with tangible results, was trying to demonstrate that to the British people. According to confi-

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<sup>64</sup> *Armstrong to the PM*, 9 May 1980, MTF, PREM 19/226.

<sup>65</sup> *Walden to PS*, 13 May 1980, MTF, PREM 19/226.

<sup>66</sup> *Ibidem*.

<sup>67</sup> *Ingham to Franklin*, 12 May 1980, MTF, PREM 19/226.

<sup>68</sup> *Ibidem*.

dential Gallup material, there was an increase of population that wanted to be more independent from the Community with a 59% that wanted to «leave» the Common Market against a 27% of «stay in». This situation was not caused only by the budget issue, but the fact that the British Government was considering the matter as a fundamental possibility to rehabilitate the EEC in the UK was very important to understand the strong efforts to find a positive solution.

To restart the discussions on the Luxemburg positions, the Chancellor of the Exchequer Geoffrey Howe set up different proposals for the Prime Minister and the Foreign Secretary, who was going to have an important meeting with the Italian Foreign Minister Emilio Colombo on 13 May<sup>69</sup>. Colombo and Carrington discussed all the aspects of the issue, the Italian Presidency was forcing for a solution or, at least, sensitive progress at the informal Foreign Affairs Council in Naples on 17/18 May<sup>70</sup>. Moreover, the French idea of a one-year solution plus the reform of the financial mechanism was unrealistic. Even if there was unanimity on the necessity to reform the financial mechanism, Carrington said that the British Government wanted a three-year solution because if the Community had not approved the reform, the British Government would have had a precedent agreement in force. The British line was that «three years was the minimum breathing space necessary» and Carrington proposed an alternative option which consist in a reduction for the 1981 and 1982 calculated on a similar percentage based on the 538 mua contribution for 1980<sup>71</sup>. Colombo was very interested in this new approach even if he did not know if it could be work for the others, Carrington knew it and said that it was the reason of the proposal of a general formula. They both agreed on the importance of the Naples meeting, but reflecting on the French and the German positions Carrington asked how Colombo was thinking to manage the Council. Colombo said that his idea was to start with Ministers only present and discuss the budget issue, after the discussion «there could be a break while they instructed their officials who

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<sup>69</sup> *Howe to Thatcher*, 12 May 1980; *Alexander to Wiggins*, 13 May 1980, MTF, PREM 19/226.

<sup>70</sup> Both the Foreign Ministers known that the Germans and the French decided to withdraw their Luxembourg-proposal and also that the French argued that in Naples the Foreign Affairs Ministers could not discuss figures because it was prerogative of the Finance Ministers. Both the Italians and the British disagreed with this interpretation, Colombo said that everyone knew the figures and that it was not fair that the Foreign Ministers could not discuss a political agreement.

<sup>71</sup> *Rose to FCO*, 13 May 1980, telegram no. 230, MTF, PREM 19/226.



would then meet elsewhere to take matters further»<sup>72</sup>, if this was not enough, Colombo said that he was thinking to call for a meeting with both Ministers and officials. The Foreign Secretary appreciated this wise approach proposed by the Italian Presidency, as a recognition of Presidency's hard work for a solution.

The British diplomacy was working also on the Commission, that had an optimistic view on the solution of the budget issue, except for Roy Jenkins, that was "gloomy" on the chance to obtain a third year in the negotiations. On the other side, to try to figure out fisheries matters, Walker proposed to the Prime Minister to arrange a meeting with his German counterpart, because the major disagreement on the common fisheries policy was between the London and Bonn<sup>73</sup>. Margaret Thatcher agreed with her Agricultural Minister and decided that her Private Office would set up the meeting with the Chancellor's office, a political decision to let the Germans know that the Prime Minister wanted a solution also on this issue. At the beginning Roy Jenkins was the only one negative on Cossiga's chairmanship described as «well-intentioned but ineffective»<sup>74</sup>, and according to him «it was a pity that he had to not adjourned the meeting at an earlier stage to allow for consultations»<sup>75</sup> and supported the two-year solution, but at later stage Rome and Brussels interests in keeping London inside the EEC aligned their positions and strengthen their cooperation<sup>76</sup>. However, this offer was not acceptable in the UK and the only point of agreement between Carrington and Jenkins was to refuse the unrealistic idea of Francois-Poncet to reach an agreement on a one-year solution and proceed with a re-organisation of the Community's financial structure in a few weeks. For Jenkins the cohesion of the Community was the Commission's principal responsibility, giving the impression that the British Government «could not count on the Commission to oppose unorthodox arrangements», but Carrington let him know that «any breach of the Luxembourg Compromise on this issue would have severe domestic political repercussion in Britain»<sup>77</sup>. Carrington probably tried to get leverage over Roy Jenkins because he

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<sup>72</sup> *Ibidem.*

<sup>73</sup> *Alexander to Waters*, 13 May 1980, MTF, PREM 19/226.

<sup>74</sup> *Rose to FCO*, 13 May 1980, telegram no. 229, MTF, PREM 19/226.

<sup>75</sup> *Ibidem.*

<sup>76</sup> N. Piers Ludlow, *Roy Jenkins and the European Commission Presidency, 1976-1980*, London, Palgrave Macmillan, 2016, pp. 220-222.

<sup>77</sup> *Ibidem.*

was a strong European supporter also before his designation as President of the Commission and the Foreign Secretary had a very positive opinion of the work of Jenkins in the Commission<sup>78</sup>. It was during this time that President Jenkins positions were questioned at European level, as his impartiality was under scrutiny for his nationality and British internal political issues<sup>79</sup>.

After all this pressure, the French Government understood that the Naples informal meeting could be useful and let the FCO know that they were looking for the summit as the best chance of making progress<sup>80</sup>, but the situation at the Quai d'Orsay was not clear, because the French officials were still talking about an irreversible withdraw of the proposals refused by the British Government at Luxembourg<sup>81</sup>. The Secretary General of the Quai d'Orsay was not positive on the budget negotiations, also because his government was fighting with the farmers and preparing possible independent measures if there was not an agreement on the prices at the end of May. However, when Hibbert revealed that for the British Government was very difficult to accept the sheep meat proposal, Wahl argued that it was «another example of the British inability ever to accept a community solution»<sup>82</sup>.

Contrary to the expectations, the Naples informal Council was not decisive in the resolution of the budget issue, and the only positive points were that the need for a three-years solution was more widely recognised, also because of the German concern about the figure for 1980 and the effort to identify a formula which would have been more beneficial to the UK in the second or third year and less in 1980 than those previously discussed. Moreover, the idea of a Foreign Council on 28-29 May, in place or in addition of the scheduled for 2-3 June, was left open to keep the negotiations possible<sup>83</sup>. Carrington believed that signalling to the Italian Presidency and to the other Member that the British Government has been ready for a decisive negotiation in the Foreign Affairs Council

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<sup>78</sup> P. Carrington, *Reflect on Things Past* cit., p. 320.

<sup>79</sup> N. Piers Ludlow, *Roy Jenkins and the European Commission Presidency* cit., pp. 199-202.

<sup>80</sup> *Hibbert to FCO*, 13 May 1980, MTF, PREM 19/226.

<sup>81</sup> It was not the first time that the Quai d'Orsay said something different from the French President, as for the French proposal made by Giscard to Cossiga on 25 April and boycotted by the French Foreign Ministry on 29 April meeting of the Ruggiero Group. MTF, PREM 19/226, *Franklin to Alexander*, 15 May 1980.

<sup>82</sup> *Hibbert to FCO*, 13 May 1980, MTF, PREM 19/226.

<sup>83</sup> *Armstrong to the PM*, 21 May 1980, MTF, PREM 19/226.

could be positive at least for tactical reasons, even if he thought that the Presidency was «flattering in their efforts to find a solution acceptable to all»<sup>84</sup>, as normally required to the Presidency, but without clear results during the Council.

The situation was not easy for the British Government, but also the «close relationship» between the French and the Germans was weak. At the Naples informal Council emerged a little mistrust when Carrington asked to Genscher if he was aware that Francois-Poncet left the meeting early to join his President in the meeting with Brezhnev. Carrington hit the target as Genscher was irritated by the French decision because not long time before Schmidt had cancelled his own meeting with the Soviet leader under Giscard's advice to not meet Brezhnev in Moscow. Carrington admitted that he «pressed a little»<sup>85</sup> on this, just to try to let the Germans aware that even if the close relationship with the French was apparently strong, the reality was another. For London the budget issue had high political impacts, as the request of six years was essential to avoid another General Election with Community membership as the main issue, because according to Howe «it was impossible struggling domestically to curb public expenditure and on the other side to allow massive outlays on EC agricultural subsidies»<sup>86</sup>. Among others, Belgians understood the implications and reassured London that they could count upon his «bonne volonté» in seeking a solution to the budgetary problem<sup>87</sup>.

The day before the Foreign Affairs Council, the Chancellor of the Exchequer described the position of the Treasury about a possible new approach over the budget issue. Starting from a «Van Agt's proposal at Luxembourg which envisaged a refund of 1,000 m.u.a. in the years 1980, 1981 and 1982, and 800 in 1983 and 1984», Geoffrey Howe briefed the Prime Minister and the Foreign Secretary and asked to reflect on this option, because it could be on the table and, depending on the negotiations, it could get a refund of 4,800-4,900 m.u.a. in three years<sup>88</sup>. As planned, Emilio Colombo was focused on the Community issues, looking for all the possible chances to find an agreement at the following Foreign Council to avoid the issue at the Venice European Council. He was pursued both by Howe and Carrington on all the proposals and, when he referred

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<sup>84</sup> Carrington to the PM, 21 May 1980, MTF, PREM 19/226.

<sup>85</sup> P. Carrington, *Reflect on Things Past* cit., p. 318.

<sup>86</sup> Hall to the PM, 29 May 1980, MTF, PREM 19/226.

<sup>87</sup> *Ibidem*.

<sup>88</sup> Hall to the PM, 28 May 1980, MTF, PREM 19/226.

German and French worries, Thatcher said that «some of the others heads of government had dramatized their problems», underlining that the situation of the United Kingdom was dramatic. Italian Minister reported that waiting for a radical reform of the finance of the Community, the Germans was having problems on the first-year contribution and the French on the second year, but if Bonn was ready to try to solve the problem, on the other side Paris was asking for British guarantees on agricultural prices for the 1981. While Carrington expressed his doubts about a trade-off between the budget solution and the agricultural prices, that could complicate the reform of the Community's finances and feed the follies Cap prices, Howe said that a solution can be reach on a UK «contribution in terms of a proportion of its unadjusted contribution to the budget for 1980 and then to apply this principle to all subsequent years until such time as there was a permanent solution»<sup>89</sup>. Margaret Thatcher refused the fact that only Chancellor Schmidt has been generous in Luxembourg, she said that she was too forthcoming when she accepted 538 mua for the 1980. It could not be delayed a financial reform, but Renato Ruggiero asked very clearly if the UK was ready to accept a truce, because the higher agricultural prices could be part of the truce in the Community point of view. Margaret Thatcher replied as much clearly, saying that she was ready to accept a truce but it depended on the terms of the truce and Ruggiero said that the terms off the truce had to be negotiated, but at the end of the negotiation «the UK would have all the weapons in its hands to negotiate the peace – the permanent reform of the Community's financial arrangements»<sup>90</sup>. Ruggiero added, very diplomatically, that he was sure that the British Government preferred to try to negotiate the peace while still fighting, and the truce can be found with a temporary agreement for two years and a window on the third. Margaret Thatcher was not fully convinced, she argued that she was not optimistic about a reform of the financial matter in two years, because a smaller issue as it was the budget issue, has been still unresolved after one year. Colombo was sure that if the truce could consist of a formula for the first and the second year, it was «inconceivable that it would not be used for the third year if there had been no reform in the meantime»<sup>91</sup>. The British worry was that after two years the VAT 1% ceiling could be breached and it

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<sup>89</sup> *Ibidem.*

<sup>90</sup> *Hall to PM*, 29 May 1980, MTF, PREM 19/226.

<sup>91</sup> *Ibidem.*

could be a precedent for the breach of the VAT ceiling also for other expenditures as the agricultural prices. It was clear that the most difficult point for the others was the explicit mention of the third year, for this reason Ruggiero putted on the table another proposal, set up an agreement on two-year solution and at the same time say in the mandate for the Commission that the problem of the Community's financial structure had to be solved in two years and if it was not, all the interim solutions would continue. In this way, Ruggiero tried to avoid the explicit third year in the discussions and, at the same time, reassured the British because there was no limit on the application of the agreed formula for the third or for later years<sup>92</sup>. Ruggiero's idea was a good point to start a new approach, but Margaret Thatcher said that she needed a tangible result also for the third year, because even if she shared Ruggiero's wider solution, for internal political necessities she did not want a revamp of the budget issue just before the General Elections, she obviously needed results to put in the electoral campaign against her opposition. Colombo, at the end of the meeting said that the Presidency was trying everything to find a good solution for the whole Community, but he was also aware that if there was not a truce the situation was going to be very complicated for everyone and that could let the Council working on international affairs and on other fundamental issues<sup>93</sup>.

### **3.1. The Foreign Affairs Council of 29-30 May and the end of the budget issue**

As expected, the Foreign Affairs Council of 29 and 30 May was complicated. The Commission was drafting a proposal to solve the issue but after a conversation between Jenkins and the Lord Privy Seal Ian Gilmour, Commission's attempt was very negative for the UK and for all the negotiations. One of the unacceptable points was the fact that the Presidency was working very hard with many member States to find a good compromise and the Commission's initiative could cut across Italians' efforts. The second reason was the subtle attempt to link the refund with the 1981 agricultural prices and it was not acceptable for the British Government<sup>94</sup>.

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<sup>92</sup> *Hall to PM*, 29 May 1980, MTF, PREM 19/226.

<sup>93</sup> *Ibidem*.

<sup>94</sup> *Butler to FCO*, 29 May 1980, MTF, PREM 19/226.

«*Very Helpful and Effective*»

After an unbroken twenty-four hours meeting the discussions ended in the morning of 30 May, when the Foreign Secretary sent a flash telegram from Brussels describing the outcome of the Council. However, at Chequers the telegram did not mention the budget issue, only the sheep meat agreement, and it was during a telephone conversation, that Carrington gave to his Prime Minister a preview of the outcome, that included the three-year agreement. Margaret Thatcher was little doubtful about the amount of the British contribution for the first and the second year, respectively 600 and 730 m.u.a., and for the third year «the guarantee that if the revision of the Community's finance has not taken place they will act as they did in the first two years»<sup>95</sup>. Carrington reported that Colombo and the Italian Presidency had been «very helpful and effective», contrary to the Commission that was not so helpful. He had to face «an unsuccessful attempt by the French, abetted originally by the Commission, to insert a «good behaviour» condition whereby there would have to be a link between our refund in 1981 and agreement on 1981 agricultural prices»<sup>96</sup>. This was not a news for the Fco because Butler reported the subtle attempt already made by Jenkins to the Lord Privy Seal, but it was not expected to be proposed in the Council because it was clearly unacceptable. The outcome of the Foreign Council reflected the proposal made by Ruggiero during the dinner between Colombo and Thatcher reported above, even if during that meeting for the UK it was difficult to be accepted, at the end of the Foreign Council Carrington was convinced that this was the limit of what could be negotiated<sup>97</sup>, a limit described in the line 4 of the Treasury alternative formulae for the negotiation<sup>98</sup>. Carrington did not immediately accept the agreement, he said to other Members that he had to discuss the outcome of the Council with the Prime Minister and his colleagues and also instructed all the British delegations to the member States to avoid any comment on the Council conclusion because it was all still «under consideration»<sup>99</sup>. The agreement was accepted by the whole members, but Carrington officially

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<sup>95</sup> *Record of a telephone conversation between the Prime Minister and the Foreign and Commonwealth Secretary at 10:15 am on Friday 30 May 1980*, MTF, PREM 19/226.

<sup>96</sup> *Butler to FCO*, 30 May 1980, MTF, PREM 19/226.

<sup>97</sup> P. Carrington, *Reflect on Things Past* cit., p. 319.

<sup>98</sup> *Franklin to the PM*, 27 May 1980, MTF, PREM 19/226.

<sup>99</sup> *Carrington to UK Rep. Brussels*, 30 May 1980, MTF, PREM 19/226.

«reserved the Government's position»<sup>100</sup>. Margaret Thatcher, after a meeting at Chequers with Carrington and the others involved, had not been persuaded to accept the proposal. For this reason, she decided to put back the decision to special Cabinet on 2 June, when also Geoffrey Howe firmly supported the deal<sup>101</sup>.

The agreement reached at the Foreign Affairs Council was based on the Italian proposal, and it was another signal of the genuinely impressive work of the Presidency in cooperation with the British and other governments of the Community<sup>102</sup>. As remarked in the Prime Minister's message to President Cossiga, the «invaluable leadership» was deeply appreciated in Britain<sup>103</sup>.

Cossiga, through Berlinguer said that he shared the Prime Minister's view and considered the positive solution of the budget issue as a strong result of the Community, indeed, the future of Europe remained the main topic for the discussion of the Venice European Council<sup>104</sup>.

#### 4. Conclusions

The analysis of the relations between the British and the Italian Governments during the Italian Presidency of the European Council could be useful to understand the scenario after the 1979 Dublin Council and the following decisions. The role of the Italian Presidency was the key to solve the issue, with the Commission ineffective on the proposal and on the negotiations. It was clear that the Italian efforts were the best option for the British Government to obtain an acceptable solution, Margaret Thatcher knew that and kept the dialogue with Francesco Cossiga constantly open. When Cossiga decided to postpone the March Council, the FCO believed that it could be negative because of the strategy of pressure on the partners. However, the Presidency knew that a useless meeting could be worse than a postponement. Even if Cossiga was criticized for his decision, at the end it was a smart move, because there was too much distance between the members and, with the delay, the Presidency could reorganize more useful negotiations. Over the usual diplomatic channels,

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<sup>100</sup> The praxis to pose a «reserve on the Government position» is used, mostly in complicated negotiations with huge internal political impact, at the European Council to close a deal that needed to be voted by a government to be effective and applied.

<sup>101</sup> G. Howe, *Conflict of Loyalty*, Macmillan, London 1994, pp. 183-184.

<sup>102</sup> *Walden to Alexander*, 4 June 1980, MTF, PREM 19/227.

<sup>103</sup> *PM to Cossiga*, 5 June 1980, MTF, PREM 19/227.

<sup>104</sup> *Arculus to FCO*, 6 June 1980, MTF, PREM 19/227.

Margaret Thatcher tried to facilitate the work of the Presidency sending a personal representative to the Community capitals to try to have a better view on the positions of her colleagues.

The diplomatic fight between the French and the British was a constant in the Community, with the French linkage of the budget issue with the agricultural prices initially strongly refused by the British and later used by Thatcher in her new approach to press the French. London and Rome were worried about the close cooperation between Bonn and Paris, weakened by Italian actions and British strategy. But Margaret Thatcher had to face the problem of the increasing Euroscepticism in the United Kingdom, one of the reasons of her dedication on the solution of the European problems. This is important because demonstrate that at the beginning of her office she was convinced that to keep the UK in the Community, she had to avoid the discussions about the British membership during the 1983 General Elections campaign. On the Italian side, Emilio Colombo and Renato Ruggiero were fundamental for the positive solution of the budget issue, especially during the final part of the negotiations. At the end of May 1980, when the agreement was reached, also thanks to the efforts of the Commission<sup>105</sup>, the situation appeared resolved, even if, years later, the British contribution to the European Budget has been reopened, the 1980 agreement appeared as a good compromise in the perspective of the reform of the finance of the Community.

The Italian Prime Minister Francesco Cossiga and Margaret Thatcher had a very fruitful cooperation not only during the Italian Presidency. Their friendship was one of the keys to understand the great dedication of the Italian Government on the British budget issue, the trust of Thatcher in the work of President Cossiga and the strong political relation between the United Kingdom and Italy during the '80s<sup>106</sup>.

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<sup>105</sup> N. P. Ludlow, *Roy Jenkins and the European Commission Presidency* cit., p. 222.

<sup>106</sup> Esteri, s25-ss7-f29, ASCD, FFF.