

Confidential Filing

Access to Papers by Members of the
PM's Policy Unit.
Organisation and Function of the Policy Unit.
Relations with CPRS.

DOWNING STREET

PART ONE: May 1979

PART TWO: April 1987

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3007

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
9.4.87							
27.87							
17.2.88							
4.5.88							
8.9.88							
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27.3.90							
22.1.91							
31.1.91							
24.6.92							

PREM 19 / 3659

Papers removed from file

Date 25/1/91

SH to AT 24/1/91

HMT to AT 22/1/91

AT to Dawie (C) 22/1/91

All passed to Honours
for Lindsay to keep.

Alex,
You may wish to discuss with me and/or
CF. The system of distributing papers from CF is



extremely efficient, and I
am confident that any
errors (and the few
quoted are clearly not)
are extremely rare.

10 DOWNING STREET

MCA
24/6

~~Alex~~

Re the attached - in CF's defence:

1. The PM have always received
copies of OPD (E), but they are
not on the distribution list for
OPD which is why Lucy didn't
get the minutes last week,
when OPD, unusually,
discussed EC matters.

||| Would you like us to add them
to the distribution list?

||| or just give them copies of the
minutes when it deals with the
EC?

2. This paper is secret. CF don't
copy secret papers to the PM,
unless they ask & then we clear
it with the relevant PS. Content

for us to continue with this practice?

3. Previously, all foreign affairs PPS - including EC issues, have been copied to the Foreign Affairs Adviser.

Would you like us to copy PPS on EC issues to the PU as well as RB?

Or perhaps we could copy them to the PU instead of RB?

4. The Lisbon briefing was distributed on Wednesday morning - including a copy to Mrs Hoeg. Lucy didn't get a copy because we didn't know that she wanted one.

If you like, I'll have a word with the PU to find out exactly what Ms. Fisher need to see so that there is no confusion in future.

Lesley
2/16

MR ALLAN

24 JUNE 1992

cc Mrs Hogg

DOCUMENTATION

You kindly suggested that I let you know of any problems in obtaining incoming papers.

We do not always seem to be seeing EC papers. Recent examples are:

- * last week's OPD minutes (not received here until 23 June);
- * Brian Bender's minute of 17 June on EC frontier controls on people (supplied to me following a request);
- * the Foreign Secretary's paper on subsidiarity of 19 June (supplied to me following a request);
- * Briefing for the Lisbon Council (which I assume exists, but have not seen).

It would be extremely helpful if the Policy Unit could be sent such papers when they arrive.

LNR

LUCY NEVILLE-ROLFE

058.LNR



10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

MISS PHIPPARD

CABINET OFFICE

THE CALLAGHAN POLITICAL OFFICE

You asked me to investigate the structure of the Political Office as it was in the Callaghan years. Memories are rather dim but I believe the position is as follows.

1. The rooms now occupied by the Political Office which deals with correspondence, the so-called Wiggery, were occupied by Bernard Donaghue and two members of the Policy Unit. The remaining members of the Policy Unit were through the door in the Cabinet Office.
2. The room next door to the Cabinet Room was, as now, occupied by the Political Secretary, Tom McNally and the PPS, Jack Cunningham/Roger Stott.
3. The Political Office, ie. the equivalent of the staff we now have in the Wiggery, were where the Policy Unit is now on the Downing Street front. At present we have one Correspondence Secretary plus four PAs/typists, ie. five in all. In those days I think they made do with three, Jenny Jaeger plus two others. The flow of correspondence was probably a great deal lower than it is now in the word processor age.
4. As now there was a Constituency Secretary, Ruth Sharpe, also on the Downing Street side of the building.

There are two significant changes:

- a larger Policy Unit offset by the abolition of the CPRS; and
- two extra PAs/typists in the Political Office.

AT

ANDREW TURNBULL

29 January 1992

K

STAFF IN CONFIDENCE



10 DOWNING STREET

From the Principal Private Secretary

5 February 1991

Dear Rex

POLICY UNIT

You minuted me on 15 and 29 January with the names of candidates for the Policy Unit. In the recent past two out of a Policy Unit of 7 or 8 have been Civil Servants. Mrs Hogg is content to maintain that balance. My expectation is that Miss Sinclair and Mr Mills will remain in the Unit until the election. We do not, therefore, have any vacancies at present but I will keep the names you have provided in mind should any vacancies occur.

Yours sincerely

Andrew

ANDREW TURNBULL

Rex Davie Esq
Cabinet Office

STAFF IN CONFIDENCE

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CENTRE FOR POLICY STUDIES, 8 WILFRED STREET, LONDON SW1E 6PL. TEL: 071-828 1176.

31st January 1991

NEW CHAIRMAN FOR THE CENTRE FOR POLICY STUDIES

After twelve years Lord Thomas of Swynnerton has expressed his wish to resign as Chairman of the Centre for Policy Studies on 1st February 1991. Professor Brian Griffiths has accepted the Board's unanimous invitation to succeed him.

Sir Ronald Halstead has accepted the new post of Deputy Chairman, combined with his present position as Hon Treasurer. The Board also expressed its appreciation for the work of David Willetts, Oliver Knox and Sheila Lawlor and asked them to remain in post.

The Board is delighted that the Prime Minister, The Rt Hon John Major MP has accepted its invitation to become Patron of the Centre for Policy Studies.

At its meeting yesterday the Board of Directors passed the following resolution:

"The Board of Directors express their gratitude and admiration for the leadership of the Rt Hon Margaret Thatcher OM, FRS, MP over the twelve years of her premiership; and their great appreciation of all the support which she and the co-Founder of the CPS, Lord Joseph have unstintingly given to the work of the Centre. The CPS will continue to work on the policies which support the Conservative principles of the free market, personal choice, individual enterprise and social responsibility."

Professor Brian Griffiths said:

"I am very pleased to become Chairman of the CPS. The Centre has made a huge contribution to the changes in Britain over the last decade and I know it will continue to be a major force in political thinking and ideas."

On becoming Patron, the Prime Minister said:

"The Centre for Policy Studies has played an important role in developing and explaining Conservative ideas. I am keen for that to continue. I am delighted to become Patron and look forward to the CPS continuing to contribute to the making of Conservative policy."



PM has seen and Oked his Sarah

CENTRE FOR POLICY STUDIES

8 Wilfred Street, London SW1E 6PL. Tel: 071-828 1176. Fax: 071-828 7746

Benny announced this pm

30th January 1991

CHANGES AT THE CENTRE FOR POLICY STUDIES

The Board of Directors of the Centre for Policy Studies met this afternoon. They passed the following resolution:

"The Board of Directors express their gratitude and admiration for the leadership of the Rt Hon Margaret Thatcher OM, FRS, MP over the eleven years of her premiership; and their great appreciation of all the support which she and the co-Founder of the CPS, Lord Joseph have unstintingly given to the work of the Centre. The CPS will continue to work on policies which support the principles of the free market, individual enterprise and social responsibility.

The Prime Minister, The Rt Hon John Major MP has accepted the Board's invitation to become Patron of the Centre for Policy Studies. He said:

"The Centre for Policy Studies has played an important role in developing and explaining Conservative ideas. I am keen for that to continue. I am delighted to become Patron and look forward to the CPS continuing to contribute to the making of Conservative policy"

After twelve years Lord Thomas of Swynnerton has expressed his wish to step down as Chairman of the Centre for Policy Studies on 1st February 1991. Lord Griffiths has accepted the Board's unanimous invitation to succeed him. Lord Thomas said:

"It has been an enormous privilege to serve as Chairman since 1979. I am delighted that Brian Griffiths has agreed to succeed me.

Sir Ronald Halstead has accepted the new post of Deputy Chairman, combined with his present position as Hon Treasurer. The Board also expressed its appreciation for the work of David Willetts, Oliver Knox and Sheila Lawlor and asked them to remain in post.

BOARD OF DIRECTORS Lord Thomas of Swynnerton (Chairman) Sir Ronald Halstead CBE (Honorary Treasurer) Tim Bell Jonathan Gestetner
 Professor Julius Gould Dr Richard Haas Oliver Knox (Director of Publications) Shirley Letwin Professor Kenneth Minogue
 Ferdinand Mount Sir Cyril Taylor Sir Charles Tidbury Dr George Urban David Willetts (Director of Studies)
 Jennifer Nicholson (Secretary)

FOUNDERS Rt Hon Margaret Thatcher Rt Hon Lord Joseph CH (President)

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10 DOWNING STREET

Prime Minister

Did you see this report
from the Independent on Sunday.
Helpfully it portrays the events
at CPS as a squabble
within the Thatcher camp
rather than an attempt to
he-jack the CPS away from the
party as a whole.

AT
2.11

Thatcherites squabble over think tank

By Stephen Castle
Political Correspondent

MARGARET THATCHER and Lord Joseph have been caught in an acrimonious struggle for control of the Centre for Policy Studies, the radical and influential think tank they founded in 1974.

The dispute, involving accusations of betrayal and disinformation, has pitched some of the most influential figures of the Thatcher era against a faction which is keen to align the centre with the Major administration.

Mrs Thatcher's first choice for the vacant chairmanship of the centre has been rejected by the board amid fears that the think tank risks going out on an unfashionable Thatcherite limb.

Observers believe that the former prime minister will disassociate herself from the centre if it rejects her second choice for the job. In that eventuality a rival Thatcher Foundation would try to supplant the centre.

The quarrel has made the atmosphere distinctly frosty between colleagues at the centre's offices in Wilfred Street, Westminster.

The extraordinary power struggle began with a decision by the historian, Lord Thomas of Swynnerton, to resign as chairman. Lord Thomas had been at the heart of controversy for taking a pro-European view which was at odds with the Brugesist instincts of the majority of the centre's directors and staff.

At the same time speculation arose about the departure of David Willetts, director of studies and one of the centre's two paid officials, but now a prospective parliamentary candidate in the safe Tory seat of Havant.

Mr Willetts's enemies hinted that he had failed to support Mrs Thatcher during the leadership contest last November. In fact he had been signed a letter in support of the then prime minister.

However Mr Willetts did argue that the cash-strapped centre should reposition itself in the post-Thatcher era to work more closely with Downing Street. The centre was looking increasingly passé, his backers said, and unless it adopted a new vibrant approach, it would be starved of funds.

Unimpressed, Mrs Thatcher wrote to the centre directors suggesting its leadership should be replaced by a Thatcherite "dream ticket". She suggested that Robin Harris, who was drafted into the

Downing Street policy unit last year to write the next party manifesto, should be the new director of studies. A convert to Roman Catholicism, Mr Harris combines the politics of the party's right with the air of an Oxbridge academic.

The chairman of the centre, Mrs Thatcher argued, should be Lord Joseph, formerly Sir Keith Joseph, co-founder, former Cabinet minister and one of the architects of Thatcherism.

Mrs Thatcher's backers argued that only this type of combination could take an independent free-market line without fear of upsetting the government. But the directors demurred, arguing that, while they held Lord Joseph in great respect, he would not give the centre a bold or vigorous new direction.

At that point Mrs Thatcher's second eleven was hastily assembled: Mr Harris, again as director of studies, and his former boss at the Downing Street policy unit, the newly ennobled Lord (formerly Brian) Griffiths, as chairman. Lord Griffiths, an evangelical Christian and a former lecturer at the London School of Economics, helped to provide Mrs Thatcher with the moral framework to justify free market capitalism.

But the imposition of this arrangement reckoned without Mr Willetts. He told leading figures at the centre that he had no intention of resigning before the next general election.

With Mr Harris's prospects receding, attention returned to the post of chairman, with Lord Thomas due to retire on 1 February unless prevailed on to stay. A compromise candidate, Sir Cyril Taylor, a London businessman, emerged as a rival to Lord Griffiths.

Last week the smart money was on Lord Griffiths assuming the chair but Mr Willetts remaining in his post. Mr Harris's future looked uncertain, with a post in the alternative Thatcher Foundation up to two years away.

Meanwhile a whisper which last week passed through Whitehall may prove to be the ultimate in disinformation. It was said that Mr Harris was out of the running because he had decided to become a monk.

Heading

On

RED RUM
Grand National
after 17 years
a car show

The horse
equivalent
100), has had
nearest neighbour
exercise among
the busy streets

Now his
found a 180-acre
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other occasions

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and betting
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temper. Only on
appearances, has

Million pound re

A CANCER charity and a British pharmaceutical company

By Steve Connor, Science Correspondent

meeting Record

CC MASTER



C:\PPS\ADVISERS

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No 2nd carbon taken

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

SIR ROBIN BUTLER

POSITION OF PARLIAMENTARY CANDIDATES IN THE POLITICAL OFFICE
AND THE POLICY UNIT

You discussed with the Prime Minister yesterday the constraints which exist on the appointment of adopted Parliamentary candidates to the Political Office and the Policy Unit.

It was agreed that there was no impediment to appointing adopted candidates to be Political Secretary. The Political Office is funded by Conservative Central Office, as is its support staff. Although there was a degree of subsidy through the provision of accommodation, this was not considered to be significant. It was also agreed that it would be possible to appoint more than one Political Secretary/Adviser, though finding the finance for this would be difficult. It would also be necessary to distinguish their roles.

There were, however, drawbacks to appointing adopted candidates. First, they would be required to speak publicly in their constituencies and would need to do so circumspectly if they were not to cut across the Government's position or disclose internal advice and policy discussion. Candidates would also want to head for their own constituencies once an election was declared rather than staying behind to support the Prime Minister's campaign.

The Prime Minister said that in the light of the above he wished to appoint Mrs Judith Chaplin to the post of Political Secretary. The Chief Whip was asked to discuss finances for the post with Central Office.

Discussion then turned to whether adopted candidates could be appointed to the Policy Unit. It was accepted that there could be no question of candidates being appointed to the Civil Service as Special Advisers and being paid at public expense. You also advised that, even if an alternative source of funding were found, a problem would still remain. The Servants of the Crown (Parliamentary Candidature) Order stated that a person who is "employed in the civil service of the Crown" cannot publicly announce himself or allow himself to be publicly announced as a candidate or prospective candidate. You advised that even if such a person were not paid from public funds, he could be regarded as a civil servant if he worked for the Prime Minister in his capacity as a member of the Government. It would not be proper for such a person to see Government papers or work on Government committees.

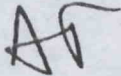
M101

The effect of this was that it would be possible to set up within No 10 a group of political advisers as if they were an out-station of the Centre for Policy Studies, but their effectiveness would be reduced by the fact that their access to "persons and papers" within Government would be no better than if they were at the CPS itself.

Concluding the discussion, the Prime Minister said there would be little to be gained from appointing political advisers on this basis. Not only would there be a heavy cost to Party funds, but the contribution such people could make to the policy debate would be circumscribed.

The Prime Minister said that, in the light of this, he proposed to approach Mrs Sarah Hogg to see if she would become the new Head of the Policy Unit. He proposed to offer her the same terms of employment as Professor Griffiths received.

Contact was made with Sarah Hogg later in the evening and she accepted the offer. This was announced at 4.00 pm this afternoon.



ANDREW TURNBULL
5 December 1990

Free

PRIME MINISTER

SIR CRISPIN TICKELL

As you are aware, we have been exploring the possibility that Sir Crispin Tickell might formally be attached to the Policy Unit on a part-time basis as an adviser on environmental matters. To make this work, however, it would have been necessary to insist:

- (a) that he confine himself to environmental matters in order not to trespass on the work of Sir Percy Cradock;
- (b) that he should not speak publicly on environmental questions in order to ensure that he did not find himself caught between disputes between different Secretaries of State.

I have now discussed this further with Sir Crispin. When he leaves the public service in August, his main responsibility will be as Warden of Green College. In addition, however, he proposes to take on a large number of other assignments, e.g. President of the Royal Geographical Society, Chairman of the International Institute for Environmental Development, Council member of Earthwatch, and a Trustee of the Climate Institute in Washington. He will also be giving ad hoc advice to the EC Commission.

In the light of this, it is clear that he will not be able to take on a formal assignment with the Policy Unit. In part this is because he will not be able to allocate time on a regular basis, but more importantly he will be speaking on many public platforms on environmental issues.

In these circumstances, it would be better to regard him as one of the group of experts who are not your advisers in any formal sense but who offer you advice or respond to requests for advice or for help with speeches. He would join the happy band which includes George Urban, Patrick Minford, Alan Walters, Hugh Thomas and Jack Peel. This would give you access to his expertise but not impose any constraints on his freedom of action.

2

Sir Crispin would be happy to retain informal links of this kind.
Agree that I should indicate that you would be happy also?

AT

ANDREW TURNBULL

27 March 1990

c:\pps\tickell (ecl)

MR TURNBULL

24 February 1989

cc. Professor Griffiths
Mrs Cole
Mr Clack

SPS FOR SIR ALAN WALTERS/EXTRA SECRETARIAL HELP FOR POLICY UNIT

I have now spoken to Mrs Clack about the extra secretarial help we are looking for in the Policy Unit, and what would be involved. Mrs Clack has spoken to Sir Walters about his secretarial needs.

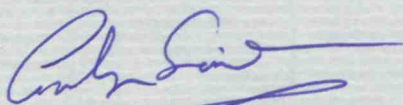
All concerned seem content that:

- i. Mrs Clack should act as Professor Walter's secretary;
- ii. in addition, she should spend roughly 50 per cent of her time providing secretarial help for members of the Policy Unit;
- ii. will involve being on the late night duty roster (1 night in 4), and more typing than is usual for an SPS. Mrs Clack says she is not bothered by this.

On this basis, there would be 2 SPSs and 2 PSs working for the Policy Unit. I am sorting out budgeting cover for 1989-90 with the Cabinet Office.

We have placed an order for a typewriter for Mrs Clack of the kind used by the other ladies. We have already set in hand the other practical arrangements to accommodate a fourth person in our secretaries' room. I am minuting separately to Mr Catford about this.

I understand that Mrs Clack might be able to join us on 10 April. This would certainly be welcome, as the pressure on our 3 secretaries is becoming intense.



CAROLYN SINCLAIR

MR CATFORD

24 February 1989

cc. Mr Turnbull

Mrs Cole

Mr Taylor

Miss Frier

OFFICE ACCOMMODATION ETC

Thank you for your minute of 10 February addressed to Professor Griffiths. He has asked me to reply, since I have taken on responsibility for administrative matters in the Policy Unit.

As a result of the arrival of Mr Hughes in the Policy Unit, it will be necessary for another desk, telephone, reading lamp and two security filing cabinets to be placed in my room. Mr Taylor has already kindly set arrangements in hand. The desk and telephone have already arrived.

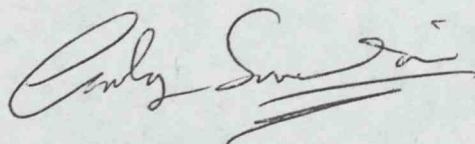
In the meantime Mr Hughes, with Sir Alan's permission, is using the room allotted to the latter. Mr Hughes will vacate that room when Miss Frier informs me that Sir Alan is paying a flying visit. He will move out permanently when Sir Alan arrives on 1 May.

At present we do not know when Mr Guise may leave. Whenever that is, Sir Alan will move into his room. We will then be able to reduce the amount of sharing in the Unit.

It has now been agreed that Mrs Clack will work half-time for Sir Alan, and half-time for the Policy Unit. We are hoping that she can begin work as soon as Mr Turnbull can release her, since the pressure on our ladies is intense. (A date of 10 April has now been mentioned).

I confirm that she can, with some difficulty, be fitted into the present secretaries' room. Orders have already been placed for an additional typewriter, desk and chairs. Mr Taylor knows all about this, and is helping us.

We do not at present have budgetary cover in 1989/90 for a fourth secretary, or her equipment. I am sorting this out with the Cabinet Office.

A handwritten signature in cursive script, appearing to read 'Carolyn Sinclair', with a double underline beneath the name.

CAROLYN SINCLAIR

NOTE FOR THE RECORD

cc Mr. Ingham
Professor Griffiths

I met Bernard Ingham and Brian Griffiths today to discuss Policy Unit contacts with the press. This arose out of a letter from the Department of Transport complaining of a briefing given by Greg Bourne for Joe Rogaly. Mr. Ingham said this was an example of a wider phenomenon whereby the quality papers, particularly the Independent and the Guardian who were not in the lobby system, were seeking direct access to officials, by-passing departmental press officers

Professor Griffiths said that when this issue had been raised last November he fully accepted that the Policy Unit should not give briefings to the press. He also accepted that the Bourne/Rogaly contact was an abhorration. He pointed out, however, that the Policy Unit members, and particularly himself, could not avoid meeting with the press at social functions though he recognised that the press should not be allowed to use these to obtain information on current policy issues or to set up meetings for that purpose.

Mr. Ingham said that if the Policy Unit were approached directly by journalists they should refer callers to the Press Office. Professor Griffiths agreed to remind the Policy Unit members of this and to ensure that new entrants were properly briefed.

AT

ANDREW TURNBULL
23 February 1989

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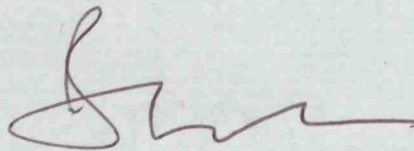
PS

MR TURNBULL

From time to time I have to complain about the way in which Policy Unit brief the media. The pattern of events is usually that I get aerated and Professor Griffiths calms things down until the next time.

The next time has occurred and this time has brought a letter (attached) from Department of Transport which is couched in more restrained terms than their feelings on the matter.

I really do think we are entitled to know what is going on, and to control it.



BERNARD INGHAM
February 16, 1989



*cc Professor Griffiths
There is a genuine issue here
Can you, Bernard and I get together
Department of Transport to discuss it*

Room S12/02b
2 Marsham Street London SW1P 3EB
Telex 22221 Direct line 01-212
Switchboard 01-212 3434

AG
16/2

13 February 1989

Telephone: 01-276 5160

Bernard Ingham Esq
Press Secretary
Prime Minister's Office
10 Downing Street
LONDON
SW1

Dear Bernard

We had a word about the attached article in Friday's *Financial Times*.

Mr Portillo gave an interview to Mr Rogaly on Wednesday, but when he agreed to be interviewed, he had no idea that Mr Bourne of the Downing Street Policy Unit had also spoken at length to Mr Rogaly. Fortunately we were tipped off about Mr Bourne's input (from a third party) a few hours before Mr Portillo gave his interview and we were able to avoid the pitfalls.

I am sure you share my concern about the potential for presentational damage in this chain of events.

I should be grateful for your comments.

Yours sincerely

GILL SAMUEL
Head of Information

State planning fights back

By Joe Rogaly

When it comes to transport Margaret Thatcher is beginning to look more like Mrs Barbara Castle every day.

Like who? Mrs Castle was Britain's Minister of Transport more than 20 years ago. Civil servants still remember her as a pillar of the Labour Left, a planner whose purposeful finger pointed to maps. Surely Mrs Thatcher, the apostle of free markets, is not becoming like that?

She is and she isn't. Mrs Castle's notions are not discussed in polite society. She used the favourite 1960s' phrase, "an integrated transport policy", and meant it. Mrs Thatcher decided some time last year that transport was "a nettle that must be grasped." This means that the central government must make strategic decisions about roads and railways and, well, er, integrate them.

There are important differences. Mrs Castle started with her perception of social need. Mrs Thatcher starts with a realisation that growth will be held back if there is not sufficient infrastructure. Mrs Castle assumed that the planning decisions she fought for in the Labour Cabinet would be financed by the taxpayers. Mrs Thatcher assumes that the plans she expects her Ministers to make will as far as possible be carried out by private businesses, using their own money (although she has to accept that taxpayers will continue to provide most of the capital).

This acceptance of central accountability for road and rail transport is a major change. As recently as a year ago transport was low on the list of Thatcherite priorities. Education was to be the triumph of 1988 (perhaps it was) and health the victory of 1989 (we shall see), but few people were talking about transport.

The change began when a member of the Downing Street staff prepared a paper on the privatisation of British Rail. This was leaked, with the consequence that public opinion was softened up for the announcement made by the Transport Secretary, Mr Paul Channon, at the Conservative party conference last autumn. Meanwhile traffic jams and crowded commuter trains were causing Conservative voters to grumble. The Government needed to be seen to be doing something.

At about the same time the Prime Minister's staff put up a paper showing the likely effect of the Channel Tunnel on British industry. This indicates that if the road and rail networks that head down from Glasgow, Manchester-Liverpool and the Midlands are left as

they are, the South East will get all the business and the rest of the country will become a declining hinterland. Investment in road and rail should be tailored accordingly. Surely, it was argued, ministers and officials ought to stop thinking "transport" and start thinking "infrastructure?" It is my understanding that Mrs Thatcher and, by extension, Mr Channon, have bought this. They have a natural ally in the Department of Industry under Lord Young.

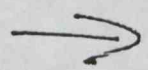
Mrs Thatcher, Mr Channon and Lord Young would doubtless not accept the way I have put it. Tory ministers prefer to put it. Tory ministers prefer to dwell on the extension of private enterprise. National Bus, National Freight, British Airways, BAA, have all been privatised; BR's time will come. The Channel Tunnel is privately financed. There will soon be a green paper on the private funding of roads. In recent speeches Mr Channon has insisted that the Government does not believe that the

provision of roads, railways, ports and airports is a state monopoly. Mr Michael Portillo, his promising junior at Transport, said on January 25: "We believe in allowing market forces to shape the provision of transport infrastructure and services."

Wait a minute. Mr Portillo also said something else. "The fact is," he went on, "that the Government is immensely involved in large areas of transport provision, and so whilst we wish to move towards the greater emergence of market forces, we are some long distance from their unfettered operation." In truth, this Thatcherite hands-off, free-market administration runs virtually all Britain's railways, London's subway and buses, and even London's traffic lights. It still builds all the trunk roads. It may not have a "Grand Plan", to use Mr Portillo's phrase, but planning is what it does. Its decisions will even help determine whether London will develop in an east-

wards or a westwards direction. US conservatives might be shocked, but French planners would see no mystery in this.

Some Department of Transport officials are puzzled. From 1979 until 1988 they were told that words like "planning" and "integrated" could not be uttered, and especially not in the same sentence. Now, whatever the words, the sentiment has returned. The way their political masters put it is that state finance must be provided to build the infrastructure that the market would provide if the market was there to do the job. Sometimes the Government's ideas are almost pure



|||

bara Castle, as with proposals to build new railway tunnels under London. These will probably cost around £100m a mile. A honest business plan would justify an unsubsidised private investment. In the end some general taxpayers' money will probably have to be provided.

Even when the Government brings in private capital, as in the scheme to increase the capacity of the Docklands Light Railway, someone in a Whitehall department has to prepare policies, make drawings, submit proposals to ministers, perhaps let the case go to a Cabinet committee. The frontiers of the state are easier to roll back in rhetoric than in reality.

All of this has enhanced the role of Mr Channon. The Transport secretary and his opposition shadow, Mr John Prescott, have recently been

brought into the headlines as a result of a series of transport disasters. The awful list is well-known. It includes the bomb that brought down the Boeing at Lockerbie, the subsequent airline crash on the M1 motorway, and the rail tragedy at Clapham. Yet even if none of these had taken place, the political spotlight would have been on transport this year.

There is some irony in this. Mr Channon does not usually score highly in the generally meaningless "who's up, who's down" gossip that so preoccupies many politicians. He is now being given a chance to show how far he can be stretched. The series of disasters has come at the same time as the emergence of a strong prime ministerial will to ensure that her transport strategies are pushed ahead. She also has a political need to be seen to be tackling congestion.

Mr Prescott reminded her of this in the House of Commons on Tuesday. "When the Prime Minister said that she intended to put Britain back on its feet," he said, "I did not know that she meant that we would be walking, because that was faster than using public transport in the inner cities." The Labour spokesman has made good use of a portfolio allocated to him last year because it was hoped that he might vanish into it.

He would do better still if he had the wit to attack the Conservatives from the Right. This is where they are vulnerable, especially when it comes to transport policy. For the Government's Achilles heel is road pricing.

Let me explain. There will be no level playing field between road and rail until both have the same financial structure. Railway users pay separately

for each journey. The fare is supposed to cover all BR's costs. Road users pay no tolls. They do pay for a licence to use the road, and they pay a petrol tax. This more than covers the cost of providing roads. It is not, however, an efficient pricing mechanism.

Tolls would do the trick. Yet there is a huge and understandable reluctance to erect toll booths for all of Britain's major roads. Even if this were to be done, minor roads would still be free at the point of use. We may soon see proposals for tolls for new privately-built roads, as is now the case for privately-financed bridges, but there appears to be no plan around for a general programme to build toll booths.

Technology could come to the rescue. It would be possible to put meters on private cars. In a famous experiment in Hong Kong these were read by roadside scanners. The drawback was that the police would then be able to tell where everyone had been. Meters need not do that. They could be fed by smart credit cards, just like Britain's new telephone booths. Drive with a full meter and the scanners will let you pass. Only when the meter is empty would you be billed, or turned back.

It has been calculated on the back of a 10 Downing Street envelope that if motorway users were charged an average of 10p per mile to feed their in-car meters, the revenue thus collected would about equal what is now collected in vehicle licence fees. The political trade-off is obvious: cut or abolish the licence fee in turn for a per-mile user charge. Petrol tax would remain as a revenue collector, or a lever to control the demand for environmentally undesirable gasolines. The 10p could be introduced as 1p, which would cover road upkeep, and increased when new construction programmes were announced. It could be varied by place, and time of travel. It would be a proper, flexible, road-pricing mechanism.

All this is intellectually attractive in Downing Street, but I doubt if they have the guts to do it. They talk it down at Transport. They might try an inside-London experiment, perhaps with special licence discs to enter the City, but they fear the wrath of motorists too much to go ahead with full per-mile charging. Yet it will happen eventually, either as a result of an environmentally-based rejection of juggernauts, or as a form of rationing inner-city road usage, or a combination of these. If Mrs Castle were in Mr Prescott's shoes today she would see the opportunity, and seize it.

1/2.

~~PG.~~ As main customer (as is contractor)
of PU, you may like to have a word.
AT
25/11

FROM PROFESSOR GRIFFITHS

23 January 1989

TO ANDREW TURNBULL

COPYING PAPERS TO THE POLICY UNIT

We are experiencing some difficulty in getting the papers we need as quickly as we need them. Can I put forward some suggestions which could improve life from our point of view while minimising the burden on you and others in the Private Office?

Incoming papers

At present the rule is that papers classified Confidential or below are automatically copied to the Policy Unit or to Sir Percy Cradock as appropriate. By and large this system works well.

The difficulty arises with incoming papers classified Secret or Personal. Here we rely on the Private Secretary remembering our interest in a given topic. This is a chore for you, given the enormous amount of paper reaching the Private Office. We can well understand why you may fail at times to remember our interest, particularly when a new topic comes up.

Would it be possible for the Confidential Filing clerks to bring such papers specifically to your attention by asking whether you agree that they should be copied to the Policy

Unit? Such a system could help to speed matters up while retaining your discretion over the copying of sensitive material.

Outgoing papers

At present there is no systematic arrangement for outgoing letters from you and your colleagues to be copied to us. I receive a copy of the Private Office float. But this involves a critical time-lag.

Would it be possible for Private Secretary letters classified Confidential and below to be copied to the Policy Unit or Sir Percy automatically as they issue? Where letters are of the higher classification, the Confidential Filing clerks could be instructed to ask you whether you are content for us to receive a copy.

Arrangements on these lines would greatly help business. I am sure you will appreciate that it is difficult for us to operate convincingly where departments have seen letters from the Private Office, but we have not. Carolyn tells me that she sometimes finds it quicker to get copies of No 10 letters from the Treasury than from Confidential Filing. This weakens the Unit, and casts doubt on the efficiency of No 10 as a whole.

BG.

BRIAN GRIFFITHS



10 DOWNING STREET

J. Gwynn

With the compliments of

Please see the attached
papers, which are relevant
to our discussion.

I raised the issue at X
(Nigel Weeks' minute) at
PWS meeting on Wedy.

J. Gwynn 17/2

PERSONALMR. INGHAM

Thank you for your minute of 10 November. I have discussed its substance with both Robin Butler and Brian Griffiths.

X Robin suggests, and I agree, that you should raise the topic of the Qualities' infiltration of departments when you see Permanent Secretaries about the televising of Parliament.

Robin thinks that this will provide a good occasion for making your points to them. He would warn Permanent Secretaries the week before the discussion so that they could brief themselves about their own department's practice for officials' contacts with the Press. My recollection of Treasury practice is that it is a strict one - officials should not speak to journalists except with the approval of the Press Office and then only with a Press Officer present or listening in. Telephone calls are to be referred to the Press Office. Other departments certainly should operate similar arrangements.

As regards the Policy Unit, Professor Griffiths has spoken to you following my talk with him. He agrees that members of the Policy Unit should not talk to the Press. An Independent journalist has been pursuing Ian Whitehead for an interview about the NHS. But Ian had steadfastly refused to talk to him. So far as he knew, that was the standard Policy Unit response. He would certainly make clear to members of the Unit that that was how he expected them to respond to any journalistic enquiries. Brian Griffiths agreed with me that, besides the arguments you adduced in your minute, there was the extra one that Policy Unit members were just not up to dealing with a sophisticated press. Journalists would find it only too easy to extract information from them.

I suggest that if you have any evidence of Policy Unit talking with the Press, you should let me know immediately so that we can take it up with Brian Griffiths.

N.C.W.

N.L. WICKS11 November 1988PERSONAL

PERSONAL

MR WICKS

I do not want a row with Policy Unit, but some very disturbing information has come to my attention. This morning Caroline Sinclair very properly telephoned me to say she was being approached by an Independent journalist. Did I know anything about it?

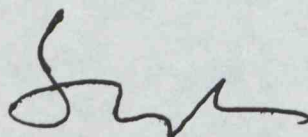
I did not, so I charged a press officer with ringing the person she named who, it turned out, wanted to ask her about her role in the Football Membership Card Scheme working party. It was clear from what this journalist said that he was wanting to pursue alleged differences she had had within the Group, no doubt in order to damage the report.

In the course of conversation the journalist said that the Independent often talked to Policy Unit.

This is something I have long suspected in view of the material that appears in the Independent. If it is so it is, to repeat, a disgraceful state of affairs. It is one thing to bypass No 10 Press Office; it is entirely another thing to encourage a newspaper that won't attend No 10's collective briefings to believe they can have their own inside track relationship with No 10.

There is of course a wider issue here for the Civil Service as a whole. It is perfectly clear that some of the so-called quality newspapers seek to ingratiate themselves with officials in order that they can get briefing (which no press office in its right professional mind would give) that opens up divisions within Government.

I think we should deal with this with Policy Unit and that Sir Robin Butler should consider the wider issue. If action is not taken soon, it may well be too late to prevent the Americanisation of the British Civil Service.



BERNARD INGHAM

10 November 1988

PERSONAL

PERSONAL

S.03602



FROM: J W STEVENS
DATE: 7 NOVEMBER 1988

Principal Establishment Officer and Principal Finance Officer

A handwritten signature in blue ink, appearing to be 'JW'.

SIR PERCY CRADOCK

CC -

Mr Wicks ✓

TALK ON BBC

Thank you for your minute of 7 November 1988. Your assumption is quite right - it would be inappropriate for you to accept a fee from the BBC given your present circumstances and the subject matter of your talk.

A handwritten signature in black ink, appearing to be 'JW'.

J W STEVENS

R7/11

Mr J W Stevens
Cabinet Office

cc Mr Wicks

TALK ON BBC

1. I have been asked to give a talk on the BBC World Service and with the agreement of No.10 and the Foreign Office have accepted. It will be mainly recollections of the Hong Kong negotiations and a defence of government policy on Hong Kong. The BBC now tell me they will offer me a fee of £176.20. I assume that I should tell them I cannot accept any fee.

2. Grateful for confirmation.

PC

PERCY CRADOCK

7 November 1988

Mr. Wicks

I think this is

MR WICKS

8 September 1988

c Mr Powell ✓
Mr Ingham

*an excellent
idea.*

TALK ON BBC WORLD SERVICE

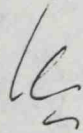
CBP 12/4

1. I have been asked by the BBC World Service to give a talk in their series 'Personal View' on my past experience as a diplomat. As the title implies, it would be personal recollection and comment. They would hope that I would say something of my experience of China and also something about Hong Kong. The talk would for a little over 10 minutes - 2,000 words. There would be no interview or questions.
2. There is one complicating element. It emerged from my discussion with them that they are putting out soon a talk in the same series by a journalist, Jonathan Power, critical of British policies on Hong Kong. (I am obtaining a transcript). They would like to balance this and see a talk by me as contributing to that end.
3. Despite this complication, my reaction is that the occasion would be harmless and might be made mildly constructive. I should concentrate most of my time on China in its various phases, cultural revolution, modernisation etc. On Hong Kong, I should say no more than in the 1984 White Paper and in various public articles and talks by Ministers and officials, although I would add a little local colour. I would, however, bring out the obvious points in favour of the 1984 settlement, as the Foreign Secretary did recently in the Evening Standard in reply to the egregious article by Christopher Monckton. This might be some counter to Jonathan Power, although I would not attempt a detailed rejoinder.

CONFIDENTIAL

4. If there was time I might be able to say something very general about East-West relations and the advantage of the modern British diplomat in operating from a position of some strength.

5. I told the BBC that I would reflect and take advice. As you will see, I favour saying yes. I should be grateful for your agreement. If you agreed, I should also clear with Patrick Wright.



PERCY CRADOCK

POLICY UNIT MEMBERS

At the risk of sounding over-bureaucratic, I propose to introduce a couple of ground-rules for the handling of papers going into the evening boxes that I deal with. For the most part these are already in operation de facto but there have been one or two exceptions!

First, I should be grateful if any papers you want to go into the evening box are with the Private Office by 1930 (including Friday's for the weekend box). For any papers arriving after that I reserve the right to hold them over until the next day's box.

Second, if, exceptionally, you want to put in any papers on Saturday and Sunday please let me know in advance.

PAUL GRAY

9 May 1988

VC2ATS

MR. BOOTH

PRIVATE FINANCE IN PUBLIC EXPENDITURE

Thank you for showing me your draft speech for tomorrow. I do have a number of comments.

Page 1

You refer here and several places later to the "Treasury" position. I suggest you use "Government" which is of course undivided on this matter.

You have followed the Treasury in talking about "private finance". I think it is a shame they have used that term because in reality all finance is private. Maybe you could use your speech to lodge an alternative better description of "indirect finance".

Page 2

In the first sentence it might be better to refer to "infrastructure" projects rather than "public".

Page 3

I think you are on very dangerous ground here. Talking about public provision "clearly bursting at the seams" or a similar phrase is surely guaranteed to get you the headline that "No.10 adviser admits Government infrastructure spending is grossly inadequate". Surely it would be better to cast this paragraph more in terms of rising demands and the scope for greater imagination to demonstrate how things can be done in future.

Page 5

In the second paragraph I think your CEGB example would be most unfortunate. What about instead the PSA, dockyards or

FILE
DA

the new Manchester transport system.

In the penultimate paragraph it is the Chief Secretary who has put the statement in the House and it would be better to say "... the House of Commons in reply to a Parliamentary Question ...".

Page 7

In the last paragraph there is another reference to the "Treasury" and at the end of the same sentence you might say "welcome" rather than "justified". This point might also be a good one to expand the reference to cost-effective solutions by saying that this is simply the same approach the Government adopts in looking at any expenditure question.

Page 8

The last paragraph would be another place where you could pick up the point that all borrowing has to come from the private sector. I would re-phrase the second sentence to read "borrowing by the private sector to finance public sector projects cannot go on unchecked".

Page 9

You could expand your reference to Bolivia to emphasise that our approach has been very different. Our public sector finances are very strong and we are not allowing them to be undermined by fiddling our statistical presentations. I am also doubtful about the last sentence of that paragraph.

Page 10

I suggest you drop your ferry example at the bottom of the page. If you want to have an example on this point it might be better to look at the problem the other way round, and talk about the appropriate public sector response if in a particular area of provision we see that the private sector

has already decided to invest heavily.

Page 12

In the second sentence the reference to "today's welcome" implies a change of policy, so I would leave that out. But after that sentence I think you might have a more up-beat section along the lines:

"Important that it is the right opportunity, not fancy financing just to fiddle the totals or even to finance work for ambitious construction companies. It is the right opportunity to provide gains all round - better services for the consumer, lower costs for the taxpayer, greater responsibility and involvement for the private sector's flare, enterprise etc. An opportunity that is relevant not just for this country but also in identifying opportunities for UK businesses overseas."

After that you could move on to your material about red tape etc.

(PAUL GRAY)

17 February 1988

DA1ADV

PRIME MINISTER

BILATERAL WITH BRIAN GRIFFITHS

Brian has half a dozen small items to discuss with you, and would like Hartley Booth to join the meeting to discuss Hartley's note on crime, below, which you have already seen.

mf

DKS

DN

2 July, 1987.

file DS



10 DOWNING STREET

PROFESSOR GRIFFITHS

If you agree, I propose to
reply to David Willetts' letter
to you of 6 April, a copy of
which he has sent me, in the
terms of the draft attached.

N.L.W.

9 April 1987

✓6

DRAFT LETTER TO DAVID WILLETTS

Thank you for sending me a copy of your letter of 6 April to Brian Griffiths.

First, congratulations, not only on the award of the Haldane prize, but also on the essay itself.

You asked whether I had any comments on the draft before it was published. First, let me say that I can see nothing in the draft which offends the "Official Secrets Act". The paper does, however, disclose a good deal about the inner workings of the Policy Unit. I leave it to Brian to make any comment on that aspect. But I would not be worth my place as a civil servant if I did not offer a few glosses on particular points in your draft. They are as follows:

Page 1, Paragraph 2: The reference in the third sentence to the Policy Unit being "... on the Prime Minister's side" carries the strong implication that the Cabinet Office is not on her side and raises the shade of "if you are not for me, you are against me". I hope that this is not the meaning that you are intending to convey. Could I suggest that the third and fourth sentence might read:

"The locked door between Number 10 and the Cabinet Office serves a constitutional as well as a security function. The Policy Unit is very much a part of the Prime Minister's own machinery in Downing Street and is only just slightly removed from the Private Office, where the Prime Minister is served and supported minute-by-minute."

Page 4, Paragraph 1: The last sentence of this paragraph beginning "..... if they were radicalised" is an obvious dig at John Hoskyns. I doubt whether the Prime Minister would want to see one generation of Policy Unit members knocking an earlier generation. The last sentence of the paragraph might read:

"If they were radicalised by their experience, this may suggest the Unit's uphill task in this period in persuading Whitehall to embrace the Thatcher programme."

Page 13, Paragraph 3: The sentence "But the Cabinet Office cares about procedure and the Policy Unit about substance" together with the subsequent reference to "elegant briefs" gives a quite wrong impression of the Cabinet Office's role. Certainly, the Cabinet Office is interested in procedure. But it is just as much interested in substance. Its function is different from the Units. Could I suggest that the sentence quoted above should be replaced with:

"But the Cabinet Office seeks the outcome acceptable to the Cabinet as a whole. The Policy Unit seeks the solution which the Prime Minister wants."



CENTRE FOR POLICY STUDIES

8 Wilfred Street, London SW1E 6 PL. Tel: 01-828 1176

6 April 1987

Dear Brian,

The Royal Institute of Public Administration have awarded me their Haldane prize for my paper on the Role of the Prime Minister's Policy Unit (copy attached).

They now want to publish it in their journal, 'Public Administration'. But, as I assured you before submitting the essay, the rules of the competition allow one's home department to check the essay and suggest changes before publication.

If you or Nigel Wicks (to whom I am copying this letter) think there is anything indiscreet, or embarrassing, or just plain wrong in the paper, I would be happy to amend it before publication.

Yours ever,
David

David Willetts
Director of Studies

Professor Brian Griffiths

THE ROLE OF THE PRIME MINISTER'S POLICY UNIT

Panjandrum

The Prime Minister's Policy Unit, also known as the Number 10 Policy Unit, comprises a team of eight advisers each responsible for briefing her in a major area of policy (excluding such issues as foreign policy and security). Together with three secretaries they occupy a set of rooms straddling 10 and 11 Downing Street (a modest encroachment on the Chancellor's residence of such long standing that it appears not to be resented).

Location is of course crucial in the higher realms of administration. The Number 10 Policy Unit is not part of the Cabinet Office at 70 Whitehall. The locked door between Number 10 and the Cabinet Office serves a constitutional as well as a security function: the Policy Unit is on the Prime Minister's side. But the Policy Unit is just slightly removed from the Private Office where the Prime Minister is served and supported minute by minute. If necessary a competent member of the Policy Unit (just like a good official anywhere in Whitehall) should be able to produce a good clear piece of policy advice within an hour of a problem coming up. But normally the Policy Unit works on a timetable determined by that night's box, the weekend box, or a meeting planned several days in advance.

History

Although only created in 1974, the history of the Policy Unit already falls into three clear periods matching the Parliaments of 1974-79, 1979-83, and since 1983. The changes in the Policy Unit's role in these periods have been marked.

First Phase, 1974-1979

The Policy Unit was created by Harold Wilson when he came back to power in 1974. Bernard Donoghue, its head in that period, has written about his work then. There doubtless were many similarities with the work carried out now. But there were also some crucial differences.

No Whitehall officials worked in the Unit then. And with the Central Policy Review Staff still a major presence, the Policy Unit's work may have been more narrowly party political. It would be wrong to press this suggestion too far however as members of the Unit certainly became known around Whitehall during this period.

The work of the Unit under Bernard Donoghue seems to have focussed more heavily on economic policy than is the case now. This was doubtless because the economic crises of 1975 and 1976 made economic policy a much more time consuming part of

the Government's agenda than has been the case subsequently. Bernard Donoghue's account makes clear that the Unit played a major role in economic policy, partly as neither Harold Wilson nor James Callaghan trusted the Treasury (Harold Wilson because he had not worked there and James Callaghan because he had).

Second Phase, 1979-1983

During this phase the Policy Unit was afflicted by a wider uncertainty about the best arrangements for serving the new Prime Minister. There were several important changes at the centre:

- Value for money scrutinies were pioneered by Lord Rayner and then institutionalised in the Efficiency Unit.
- Political Advisers, after some initial reluctance, spread further around Whitehall.
- The Civil Service Department was abolished.
- The CPRS changed leader several times and searched for a new role.
- Economic policy advice - a crucial role in the earlier Policy Unit - was carried out ably by Sir Alan Walters

as the Prime Minister's Economic Adviser a post which was not part of the Unit.

- The Policy Unit itself appeared to be pulled in different directions - the first officials arrived from Whitehall and worked effectively with Private Office whilst on the other hand the new outside members were closely identified with the radical new Thatcher programme.

Those outsiders who worked in the Policy Unit during this period have subsequently displayed more fundamental hostility to Whitehall than either their predecessors or successors. If they were radicalised by their experience it may suggest that in this period the Unit was less successful in achieving significant influence over policy.

Third Phase, 1983-

The latest phase of the Policy Unit's activity begins with the demise of the Central Policy Review Staff in May. Today's Policy Unit is in some ways as much a successor to the CPRS as to earlier Policy Units.

The abolition of the CPRS was controversial then and remains so. It is almost de rigeur for any self respecting politician or commentator with a plan for reforming Whitehall

to advocate the recreation of the CPRS. The intelligent, articulate former members of the CPRS provide powerful advocates. But they need to confront the four crucial reasons underlying the Prime Minister's decision to abolish it.

First, this Prime Minister is better aware than most that a strategy is nothing without the right tactical decisions. The strategic direction of her government has been clear from the start - the reduction of inflation, extending the operation of markets, and allowing greater scope for personal responsibility and choice. The challenge is to ensure that the day-to-day decisions coming before Ministers fit in with these strategic objectives. Yet the CPRS seemed to become more donnish and detached from hard day-to-day decisions. When an awkward problem comes up, it may be most helpful for the Prime Minister and her team to get a short paper within a few days setting the decision within its strategic framework. But instead the CPRS - partly at the behest of Ministers - was more orientated towards providing a 100 page report within 3 months. The CPRS carried out this work with distinction, but other Whitehall departments often believed they could do it themselves.

Secondly, the CPRS was a Cabinet Office body serving all of Cabinet. So any major review would get wide circulation. It was very likely that at least one Minister would have such an interest in opposing the CPRS's recommendations that he would

be sorely tempted to leak against them. Unfortunate episodes like this afflicted the CPRS in its later years.

Thirdly, CPRS papers could divert the conduct of Cabinet and Cabinet Committee business in a way unwelcome to other departments as much as to the Prime Minister. If a department circulates a paper with a major policy proposal it legitimately expects that its paper will form the centrepiece for Ministerial discussion. But a CPRS paper, circulated to all Ministers attending the meeting, could overshadow the original work and itself set the framework for the meeting. Whilst this might seem as an advance - the neutral central body setting the terms of the debate - in the long run it could undermine the Department's morale and sense of lead responsibility for policy in their areas. The Policy Unit by contrast only briefs the Prime Minister leaving the relevant Minister (and maybe the Treasury with a counter proposal) much more influence over the agenda. It is an irony that the Policy Unit is sometimes seen as undermining departments whereas in this important procedural respect it returns the focus of Ministerial debate to where it properly lies, the ministerial head of the responsible department.

Finally, and perhaps most importantly, institutional innovations at the centre may have an inherently short life. The grit in the machine is worn smooth. Prime Ministers all need arrangements around them with which they personally feel comfortable. So perhaps it is a delusion to pursue a "right"

organisational answer. Instead, Whitehall is engaged in a permanent process of creative destruction.

The demise of the CPRS was followed by another change which was important in setting the style of the Unit in its third phase. Professor Alan Walters had been established separately as the Prime Minister's Economic Adviser, a post in which he exercised considerable influence. But he took on heavy academic commitments in America so his work at Number 10 became increasingly part-time. Economic advice came back within the purview of the Policy Unit.

When the CPRS was abolished, two of its most recent and most promising outside recruits were moved over to the Policy Unit, boosting its strength. Under the leadership of Ferdinand Mount in 1982 - 1983 the Policy Unit went through a period of transition with the new style emerging clearly under John Redwood who arrived in November 1983 and became head in January 1984. Professor Brian Griffiths, who became head of the Unit in October 1985, carried on in the framework that John Redwood had successfully established.

It is this new model Policy Unit which now must be investigated. Some of the information provided will be of a rather elementary, factual kind. But the Policy Unit is a shadowy body about which little has been written so an introductory account of its workings may be useful. This focus on elementary information is also born of necessity - it

would be a breach of faith as well as the Official Secrets Act to discuss specific advice given by the Policy Unit and issues where its interventions have been effective. Such evidence would probably be misleading anyway - no-one this close to events can match the historians' perspective. An account of individual examples of the influence of the Unit no more reveals its overall role than accounts of individual daring comprise a military history.

Composition

For the past three years the Policy Unit's membership has stayed pretty stable at 8 to 9. As at 1 November 1986 it comprises:

Professor Brian Griffiths, former Professor of Money and Banking at the City University Business School: Head of the Unit, specialising in education and economic policy.

Norman Blackwell, on secondment from McKinseys; specialising in employment, EEC, agriculture, and trade.

Hartley Booth, Barrister and former Conservative Parliamentary candidate: specialising in Home Office and "Green" issues.

George Guise, on secondment from Consolidated Gold

Fields: specialising in industry and research and development.

David Hobson, retired senior partner of Coopers and Lybrand: part-time adviser on accountancy issues.

Peter Stredder, civil servant on secondment from DTI: specialising in the Department of the Environment.

David Willetts, formerly a civil servant in HM Treasury: specialising in DHSS and Treasury issues.

John Wybrew, on secondment from Shell: specialising in energy and transport.

The Policy Unit aims to cover most areas of domestic policy. Its style is collegiate and friendly - the whole Unit will discuss any major issue before advice is sent to the Prime Minister. Peer review helps to keep the Unit's advice sharp and purposeful. The range of experience and skills of its members is crucial to the Unit's success. A lawyer, an economist, a management consultant, an industrialist can all give their angle on a problem. In this respect the Policy Unit is very different from the Civil Service which recruits early and for life. A Permanent Secretary is a Principal with 25 years of experience. He may be more wise and more experienced, but all members of the team below him are likely to have fundamentally similar backgrounds and experience. This relative homogeneity may be one of the main reasons that

the Civil Service can be hierarchical and deferential - officials are only differentiated by age and rank. The crucial distinctions in the Policy Unit are not vertical but horizontal - one individual may have the small businessman's perspective whilst another takes the "Treasury view".

Neither John Redwood nor Brian Griffiths have behaved at all autocratically, though they have provided leadership. Above all, the head of the Unit acts as a quality controller. Important pieces of work are, if time permits, shown to him so he can ensure it is up to the Unit's normal standards of clarity and vigour. But each member of the Unit establishes their own character with the Prime Minister and the department in the areas they cover. Work goes in under their signature, not that of the head of the Unit.

One, rather bland way of understanding the functions of the Policy Unit is to consider how members spend their time. So the account below begins with the pattern of the Unit's work. At the opposite extreme would be a rather broad account of the Policy Unit's commitment to and exposition of the Thatcherite agenda. That is covered because of the issue of 'politicisation' which it raises. But the most useful and interesting analysis lies between the understated and over-blown. So the account then focusses on the seven practical functions which the Policy Unit carries out for the Prime Minister. Major lines of criticism are then considered - that the Unit is a dangerous step towards

Presidential Government and that it is unnecessary and ineffective.

The Pattern of the Unit's Work

The pattern of the Policy Unit's work is largely determined by the papers and meetings coming up for the Prime Minister. Liaison with the private office helps ensure that the Unit sends the Prime Minister work that is relevant to her immediate preoccupations. The Unit meets collectively on Monday and Thursday mornings to review the Prime Minister's diary, discuss issues coming up and allocate tasks. Some of the rooms where the Unit works served as a flat until a few years ago - so a serious discussion of a tricky point of policy make take place against the incongruous background of flowery 1950s wallpaper and domestic curtains.

Papers sent in to the Prime Minister concerning domestic policy (but not covering appointments, foreign affairs, security etc) would normally be copied to the Policy Unit giving an opportunity for comment. Of course, if a department sends in a paper late in the day needing an urgent decision there will be little time to prepare a properly considered appraisal. That is one reason why contacts with departments are essential to the smooth running of the machine - if a paper recommending a certain course of action is known to be on its way then advice can be prepared before it arrives. But members of the Unit must be prepared to stay late and brief at

short notice so that departments don't believe they can escape Policy Unit scrutiny simply by sending a paper in after 6 o'clock with a reply needed the following morning. Private Office are crucial allies here in ensuring that departments do not bring issues to the Prime Minister at short notice without good reason.

The next step after papers have come to the Prime Minister may be for her to chair a meeting. The relevant member of the Unit will normally provide the Prime Minister with a brief for such a meeting and will expect to attend. The member would usually not speak unless asked to or unless the meeting was particularly informal.

The Policy Unit's work is not entirely determined by the actions of departments. An important part of the job is to send in free-standing think pieces to prompt Prime Ministerial interest in an issue. If she thinks it worth pursuing then the responsible department can be approached.

The head of the Unit has a regular Friday morning meeting with the Prime Minister. Other members may occasionally brief her personally before major meetings. But communication in writing is probably more important than personal discussions. Members of the Unit should develop a distinctive and lively prose style which attracts the Prime Minister's attention when confronted with an unappealing pile of papers on some tricky issue. Members of the Unit should be masters of the

classic civil service art of the crisp and fair precis.

Ideally, members of the Unit spend one day a week outside the office visiting factories, hospitals, schools etc. This ensures that members of the Unit do not lose touch with valuable outside experience.

Furthering the Government's Strategic Goals

At its grandest, the function of the Unit is to act as support to the Prime Minister in implementing the strategic goals of her government - improving and extending the operation of markets, controlling public expenditure, maintaining the social fabric of the nation by initiatives such as controlling drug abuse, and improving the efficiency and sensitivity of essential services like health and education.

This reveals what is perhaps the crucial distinction between the Policy Unit and the Cabinet Office. Some of the work carried out by the Unit may resemble tasks normally ascribed to the Cabinet Office. But the Cabinet Office cares about procedure and the Policy Unit about substance. The Cabinet Office ensures the machinery of government runs smoothly. A remarkable number of elegant briefs to steer Ministerial discussions are prepared by remarkably few people at remarkably short notice. Lucid minutes of meetings appear with similar speed. But a Cabinet Office official with a strong view about the right conclusion of a meeting would be a

menace, because then the task of elucidating decisions and communicating them to Whitehall would be corrupted by someone with a policy interest. The Policy Unit is the opposite. A Policy Unit brief without solid practical policy conclusions would be useless. And because of this the Policy Unit does not minute meetings or sign letters reporting the Prime Minister's views: the Unit would be seen as *parti pris*.

This role of giving substantive policy advice to further the objectives of the Government, raises the question of whether the Policy Unit is simply "party political".

One reaction to the charge of politicisation would be to accept the description with pride. Certainly, some members of the Unit have been active members of the Conservative Party and nobody would wish to join the Unit unless they relished the prospect of working with this Prime Minister. But it would be wrong simply to settle for this as conclusive evidence of politicisation. First, it would be unfair to the civil servants who have done a useful job within the Unit as part of a normal civil service career. Secondly, it is but a short step from accepting party political loyalty to appearing to accept that the Unit is merely a group of sycophantic courtiers. Thirdly, the very concept of politicisation is difficult and complicated. It is worth investigating in more depth.

The conventional view is that the Civil Service gives "objective" advice to Ministers and that the Policy Unit because of its close personal loyalty to the Prime Minister cannot be objective. Historians and philosophers of science have invested enormous energy in investigating notions of objectivity in their own disciplines but this has not yet been fully reflected in the Whitehall formulations of the role of a civil servant. Whilst not advocating any jejune relativism, it is clear that one can't just treat objectivity as unproblematic.

First, there is no such thing as policy advice resting solely on objective facts. Hume's famous statement about the move from 'is' to 'ought' should rest on the desk of every "objective" civil servant. Any piece of useful policy advice must involve evaluative as well as descriptive statements whether implicit or explicit. Some evaluative judgements will have to be implicit because it would be clumsy and wooden for every piece of advice of Ministers to bring out the range of policy assumptions embedded in it. No serious official would put up to a Minister in the current Government the proposal to solve a major industrial problem by nationalising the industry concerned. But similarly it would be a waste of everybody's time if every brief began by stating that the policy framework was one in which nationalisation was ruled out. That just forms part of the unstated common currency of Whitehall advice under this Government and there are equivalent examples for other Governments. Ministers and

civil servants work together within this shared framework which is a mixture of the programme of the elected party and the classic values of Whitehall.

The second problem with a simple notion of objectivity is that it is not clear what constitutes an objective descriptive analysis. The very choice of the relevant data will reflect a certain view of the world. As Keynesianism came to dominate the conduct of British policy one of the first tasks was to start collecting the macro economic statistics which a Keynesian policy required. Nowadays, any attempt by the Treasury to model the economy "objectively" has to take a view about for example the role of financial aggregates in determining the rate of inflation.

Thirdly, we can all fall into the trap of believing that "I am objective, you have strong views, and he is politicised". The average Whitehall civil servant may have a view of the world which tends to believe in the public sector's basic rationality and capacity to do things, so he may well also favour modest increases in public expenditure though nothing too extreme. Anybody who doesn't share these attitudes may stand out and be thought rather viewy. But is the neutral base case against which his views are measured itself any less viewy? Civil servants as sophisticated policy advisers must be expected to develop their view of the world and it will be influenced by their professional experience as with anybody.

else. That is not wrong. But it is important to be self aware and to think rigorously.

It may be best therefore to abandon ideas of "objectivity" though not simply to replace it with empty and cynical relativism. The best approach may be to use the terminology of the modern philosophy of economics and think in terms of the 'research programme' of an elected government. All advisers in Whitehall, whether in the Policy Unit or not, work within that research programme. The task is to do so with rigour and without sycophancy.

Seven Practical Functions

Seven working functions of the Unit can be identified. The Unit is distinctive in that all are brought together within one institution - but other bodies such as the Private Office, the Political Office and the Cabinet Office may carry out some of these functions.

First, the Policy Unit is a small creative Think Tank, members of the Unit are always on the lookout for new policy ideas, the fresh angle, the policy proposal worth putting before the Prime Minister. Most Cabinet Ministers must have had the experience of expressing interest in an idea and 3 months later getting a 50 page report. In the Policy Unit the tendency is to put in a short note to the Prime Minister at quite an early stage rather than delaying for too long and

carrying out abortive work. If the Prime Minister is interested in an idea the Private Office can commission further work on it. The Policy Unit does not have the resources of departments and any idea which has the Prime Minister's authority will need a major contribution from the relevant department in working it up. This is one of the many reasons why it is not in the interests of either departments or the Unit to get into confrontation - the relationship is one of mutual dependence.

The second function is that of adviser. The Policy Unit has many opportunities to comment on the work of departments. This function has to be exercised with tact, and self restraint because it is departmental Ministers who are running policies in their areas and departments have enormous accumulated wisdom and expertise. They would get justifiably irritated if they thought the Policy Unit was constantly interfering from the sidelines. But when a department puts a paper to the Prime Minister the relevant member of the Unit can ask himself some basic questions such as:-

Is there a less interventionist solution which has not been properly considered or has been wrongly rejected?

Is there a less expensive option?

Are the arguments consistent?

What is the evidence to back them up?

Are there other relevant facts which the Prime Minister needs to know?

Just a few elementary questions like that can get one a long way in assisting the Prime Minister to decide how to respond to a departmental proposal.

A third function is to follow-up on the implementation of policy decisions. Departmental Ministers are so enormously busy that once one policy problem has been resolved, they then move on to the next one. Civil servants may encourage them in this - much higher status is accorded to baking fresh new policy advice than to ensuring that an agreed policy doesn't go stale. This is a hazard for members of the Unit also, but it is one to fight against. The Policy Unit can help the Prime Minister by sending her progress reports on where a policy is heading.

The fourth function is to raise important issues which might not otherwise have been passed to the Prime Minister. Issues tend to be thrown up for Prime Ministerial consideration because different departments have different interests. Policy issues which do not cross many department may not get such review. The involvement of several different departments is not necessarily a good guide to their inherent

significance. Subsidising a third world ally to buy a warship from a British shipyard in a deprived area may well involve the MOD, ODA, FCO, DTI, Northern Ireland Office and Scottish Office and of course the Treasury in elaborate manoeuvres. The Cabinet office machine will swing into action. Reconciling our interests in a vigorous drugs industry, the safety of medicines, and a fair deal for NHS from its £2b+ annual drugs expenditure is by contrast largely an internal DHSS issue though with the ubiquitous Treasury interest. The Policy Unit can help bring out important issues not thrown up by the chance divisions of Whitehall.

The fifth function is to lubricate relations between Number 10 and departments. If a departmental Minister is bringing a subject to the Prime Minister he may feel that he is shooting in the dark. What are her concerns? Is she deeply worried or is the meeting simply to report progress? Members of the Policy Unit, without in any way comprising their prime loyalty to the Prime Minister, may be able to help by answering such questions in advance. That saves time at the actual meeting, helps focus on crucial issues and avoid unnecessary conflict.

Sixth, by the time departmental advice reaches the Prime Minister it can sometimes have a strangely generalised fuzzy abstract quality. And if there are concrete facts they don't seem to be fully real, but rather the details in an accomplished surrealist painting. It is refreshing and useful for the Prime Minister to have a direct report from someone who has visited the real world, seen it unadorned and heard it

uninhibited. So the Unit can help give a non-Whitehall perspective drawing on outside visits or contacts with outsiders.

Finally, there are a lot of good ideas swimming around in Whitehall and outside in Universities etc which don't get fertilised by contact with someone with sufficient influence. Without suborning civil servants, the Unit tries to discover the frustrated reformer and help give his or her ideas another chance - this function could be called "repechage". The Unit operates as a grand suggestions box. The ideas may indeed be defective, but sometimes the reformer may be constrained by someone else's overcautious political judgement. And that political judgement may be part of the problem. Few things irritate Ministers so much as feeling that their officials are eliminating politically "impossible" options too early when that is what the Minister is there to do. A crucial achievement of this Government has been to roll back the frontiers of the "politically impossible". The Policy Unit, because it is directly subordinated to the most senior and astute politician of the lot, is not afraid of putting forward what might initially appear to be politically far fetched.

This description of the functions of the Prime Minister's Policy Unit leaves it open to two main lines of criticism - that it is a dangerous step towards presidential Government, and that the Policy Unit is unnecessary, simply getting in the way of good Government. These criticisms will be looked at in turn.

Presidentialism: a Prime Minister's Department?

This is not the place for a detailed assessment of the difference between the American President and the British Prime Minister. Suffice it to say that any American Presidential staffer with whom one compares notes is amazed that the British Prime Minister has a staff of advisers directly helping her in No 10 which totals at most 15 - 20 (including the Private Office and Political Office). The only thing which amazes them even more is that this should be regarded in some quarters as a dangerous step towards Presidential Government. Virtually every other Western leader would expect to have much more direct official support. To create a Prime Minister's Department would be a major and misconceived constitutional departure. This Government has rightly been constitutionally conservative - unless there are exceptional circumstances it is more productive for Ministers to use their limited time and energies to get on with the real job of pursuing their policies rather than the less fruitful game of reorganising Whitehall.

It is the pure traditional doctrine of the Prime Minister's role which has a sort of perverse Presidentialism to it. A caricature of the traditional doctrine would be that all other Ministers are provided with carefully considered official advice to help in reaching policy decisions or replying to proposals from colleagues. But the Prime Minister should stand alone receiving advice solely from other Ministers and reaching decisions by the exercise of pure political intuition. This puts the Prime Minister in a more unique and distinctive role than the mundane view that maybe the Prime Minister could be helped with a little bit of in-house advice, just like any other Minister. Of course, there would be serious problems if the Prime Minister only took in-house advice and did not listen to Ministerial colleagues. But that is far from the case. The role of the Policy Unit is to supplement the Prime Minister's sources of information and advice, not to undermine those which already exist.

The charge of Presidentialism also needs to be looked at alongside changes in the pattern of Cabinet work over the decades preceding the creation of the Unit. Generalism has been in retreat. Other Cabinet Ministers have become departmental experts, strong on their own subjects and reluctant to intervene where there is no direct departmental interest. This creates the problem that when a particular

policy comes up for discussion the Cabinet debate may tend to involve the specialists with the others remaining silent. The Prime Minister is one of the few remaining generalists trying to participate in the discussion. One role of the Unit is to help the Prime Minister deal on more equal terms with a departmental expert armed with a weighty brief.

Perhaps the most sophisticated version of the argument that the Policy Unit is a dangerous step towards Presidentialism is that it encourages the tendency for No 10 to be seen as the active area of Government, suggesting ideas and pushing forward initiatives, whilst Departments become passive, reacting to ideas from elsewhere. This certainly can happen if a policy vacuum is created by a weak Minister or a weak Department. But it is not in anybody's interests and certainly not something to be encouraged by No 10. It is much healthier if Departmental Ministers are coming forward with proposals and trying to persuade the Prime Minister of their value. One of the difficulties is that Cabinet Ministers tend only to put proposals forward for wider Ministerial deliberation when they have already been heavily worked upon. They are understandably reluctant to try out ideas at an early stage and have them knocked down. The Policy Unit can help here by trying out proposals at a much earlier stage than a Departmental head would wish to see them circulated to colleagues.

The conclusion is therefore that to see the Policy Unit as an agent of Presidentialist encroachment on the responsibilities of Ministers is hysterical in the extreme.

Is the Policy Unit really necessary?

The wheels of Whitehall would turn perfectly smoothly, perhaps more smoothly, if there were no Policy Unit. Civil servants would still advise Ministers. If the subject were important enough they would take the matter to a Cabinet Committee chaired by the Prime Minister or a senior colleague. Decisions would emerge. The Private Office and Cabinet Office would ensure the efficient conduct of business. And perhaps there are some officials in Whitehall - if they were Christians they would be Unitarians - who still hanker after this way of doing things. But even if such a world ever did exist it doesn't exist now. Ministers understandably and legitimately want other sources of advice and information to supplement that of the classic civil servant. Sir Robert Armstrong's remarks to the Treasury Committee recognised this when he said that

"I think that their [Ministers'] duty, if they have a duty in relation to civil servants or a responsibility, is to read, mark, learn and digest the information and advice which the Civil Service has to offer, to put it together with whatever advice or information they have from other sources, and to take that seriously. (my underlining)

Paradoxically, the Policy Unit's strength and effectiveness may partly be attributed to the very fact that in some narrow sense it is unnecessary. Members of the Unit are remarkably autonomous and independent compared with civil servants. They do not have to draft Parliamentary Answers or handle the day to day work of a department. So to some extent they are free to choose to focus on issues where most progress can be made. Moreover, there is no better guarantee of quality than knowing that nobody is obliged to read anything one writes. The Prime Minister can skip anything written by the Policy Unit and the work of government will continue. If she reads the Unit's work - and it gets remarkably close attention from her - it is because she believes it will offer her striking facts, new ideas, and practical proposals.

Any person trying to break into the world of Whitehall policy advice wants to get into the virtuous circle of being recognised as influential and therefore worth providing with information which in turn increases one's ability to provide influential advice. The vicious circle, into which the Policy Unit may have fallen in the past, is not to have Whitehall sources of information and thus to lose influence with the Prime Minister and then to be further cut out of Whitehall deliberations. (In passing, journalists fail to understand that the leak is only rivalled as a Whitehall weapon by the accusation of leaking. If one can successfully create the impression that another organisation or person is leaky then

its sources of information may dry up and it can be easier to cut out of decision taking. Most members of the Policy Unit have experienced this). To get into the virtuous circle it is important to have good relations with knowledgeable, conscientious, and intellectually honest Whitehall officials. They will deal with the Unit once it is clear that the Unit exists to help carry the business of government forward, not just to throw a spanner in the works, nor to write fanciful briefs of the "Wouldn't it be nice if the weather were better" variety. Over the past few years the Policy Unit has successfully got into this virtuous circle without in any way surrendering its prime loyalty to the Prime Minister and commitment to this Government's strategic objectives.

PANJANDRUM

PART ONE ends:-

"The Role of the Policy Unit"
by D. Willets

PART Two begins:-

D. Willets to B. Griffiths 6.4.87

Grey Scale #13



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