

CONFIDENTIAL -

## M E M O R A N D U M

TO : KJ  
c.c. SWFROM : AS  
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This is designed to meet KJ's first response to my original note on the Centre's future and structure. KJ argued that division of the Centre into various institutions would be mechanical.

I had thought that my arguments, though brief, dealt proleptically with this objection. However, in light of KJ's response I am expanding my argument.

The CPS did not develop according to a pre-conceived plan, but, because of its structure, has tended to grow by accretion, contracting new obligations without always considering their relation to its structure or capabilities (financial, organisational, and personal) or monitoring their performance and effect on the Centre's total work.

This would have created management, control and budgetary problems at best. Because the Centre has never had an ordered management structure (at either Board or executive level) the problems have never been fully recognised or grappled with. Hence there has been no monitoring of performance, with results which do not need dwelling on.

I propose that we reconsider very carefully our function and modus operandi and hold to them quite firmly, barring thoroughgoing reconsideration afresh.

Our original implicit aim was never accurately reflected in our statements of aim (again, for reasons which are known to us all.) Propagating the virtues of a social market economy were only part, and indeed could only be part.

The functions of the CPS have included the following:

- \* Serving as back-up to KJ and MT in their work to change the climate of opinion over a range of questions extending well beyond publicising the virtues of the social market economy. They have included aspects of applied economic policy, political freedom, social policy, defence and foreign affairs.
- \* Working towards policy-initiatives over a range of subjects, including receivership, monetary policy, trade unions.

What our activities until recently have had in common is our aim of working primarily through opinion formers, since we lack the capacity to deal directly with larger numbers. (KJ's university appearances are, properly speaking, his personal endeavour's, not the Centre's, which has simply provided elementary private-office facilities.)

It seems to me that efficient use of resources demands unified direction. This can be obtained by one of two methods.

- \* An executive chairman running separate units, delegating sufficient authority for them to operate effectively given the degree of control imposed.
- \* A director exercising over-all control and reporting to the chairman.