

SHERMAN

M E M O R A N D U M

RE-ASSERTING THE PREMIERSHIP

I hope that I am not trespassing too far by addressing this memo to you on power in the Cabinet. I use the third person throughout in referring to you, both to emphasise the objective character of the study and to make easier reading for trusted third persons.

Summary and Conclusion

Recent set-backs at the hands of Priorites and other Heathites, and of Ministers who have become spokesmen for their civil servants, indicate that the office of Prime Minister no longer automatically carries the power generally ascribed to it. To obtain and exert that power, without which the Prime Minister will not be able to achieve national objectives (or indeed avert the catastrophe inherent in the present economic and political structure), the Prime Minister will have to create new instruments.

These will include the creation of informal machinery, "the Prime Minister's friends" in the two Houses of Parliament and at Central Office, and a loyal media briefing point for short and longer term opinion forming.

Heathites on the Rampage

There can be no doubt that the Heathites have taken the offensive. At Cabinet level this includes blocking essential measures - economic and union reform - and open attacks on the Prime Minister and loyal ministers supplemented by continual hostile briefings to journalists which have been going on since 1975 almost without a break.

Contacts between dissenting ministers and the King Across the Water have been increasing in frequency of late. In the House, the Heathites are very active and openly hostile to the Prime Minister, Keith Joseph and the economic ministers. There is an organised Heathite whipping-in and press-briefing network with which Prior is associated, run by Christopher Patten - who still works closely with Gilmour - Waldegrave, Nick Scott, John Watson and Peter Bottomley, among others.

Lectures and articles along the lines of the Gilmour Quotation Marathon and the "anonymous" Critchley writing in its vein in the OBSERVER - I'll wager that his identity was not unknown to Gilmour - are also orchestrated between Heathites of front and back benches, with cooperation from civil servants.

My sources - not all of which are necessarily committed to our side - all confirm that the animus against the Prime Minister and Keith Joseph on the part of some dissenters is so strong as to blind them to the possible consequences for the party and country of what they are doing. They would burn the house down, even over their own heads.

The genesis of the problem can be found in several sources. Firstly, resistance to the Prime Minister's efforts to turn the whole system round is based on reluctance to admit that post-war Conservative Orthodoxies can have been so hopelessly wrong. (Gilmour, in particular, has argued in so many words that we should say nothing to suggest, even implicitly, that our pre-1974 policies could conceivably have been mistaken. Of course, he will not apply this self-denying ordinance to the Thatcher Government.)

Second, the erosion of the Authority of Leader/Prime Minister in general can be traced back to Macmillan's last years, when he lost his nerve and sacked half his cabinet, suffered further loss of face over the Profumo affair, and left the stage to the damaging disputes over the succession, made worse by the manner of Enoch's and Ian McLeod's resignations. The way in which Home's position was deliberately undermined on Heath's behalf by Walker and Co., and the subsequent failure of Heath, the first elected Prime Minister, made matters still worse. So the present Prime Minister inherited more office than power, a mantle but little armour.

But without prime-ministerial preponderance, cabinet government cannot work. There is a built-in tension between spending ministers and "raising" ministers at the best of times. When government is dominated by the Prime Minister, it is possible for spending ministers to be reined in to what can safely be collected. In other words, Prime Ministerial dominance is necessary for Treasury control. Then, spending ministers rightly see each other as competing for limited resources.

By contrast, when the Prime Minister's leadership is frustrated, spending ministers tend to gang up and support each others' demands for "more regardless". This is not an alternative policy but a remedy for disaster. When there is no strong hand at the centre, anarchy is bound to follow. And since anarchy means excess government spending, inflation follows. With anarchy, power groups, including unions, run rampage.

And once spending ministers gang up against economic ministers, they look for allies where they can find them, i.e. among anti-Prime Minister dissidents. So the spenders link up with the Priorites and anti-Thatcherites like Gilmour; one hand washes the other. Hence you find Gilmour, who had until recently been advocating a strong line against the unions, and even chiding the "monetarists" (read Keith Joseph) with not being strongly enough against the unions, now ganging-up with Prior against the Prime Minister over this issue. It is enough for the Prime Minister to support a policy for the dissidents to oppose it. They would now even frustrate her efforts to clip the wings of the flying pickets.

The result could be a vicious spiral. By preventing the Prime Minister and loyalists from carrying out necessary policies to curb the unions and public spending - the one cannot be curbed without the other - they frustrate her plans to mitigate inflation and stagnation. By doing so, they can ensure not only that the economy suffers but that our natural supporters become disappointed and disaffected. This in turn will further weaken the Prime Minister's position. This will then make it still harder for her to introduce the measures needed to preclude further deterioration. The result will be erosion of her support from her natural constituency, given squeezes, union rampages, inflation. Once in motion, this vicious circle could weaken the Prime Minister's position to a point where the Prime Minister could no longer hope to launch a counter-attack to assert her authority. She would then be left to the dispiriting choice of hanging on to office with diminishing authority, hoping for something to turn up, but eventually left with the choice between lending her name and residual authority to disastrous policies (thereby helping to discredit her philosophy) or resigning.

It follows that time is not on the Prime Minister's side, any more than it is on the country's.

What can be done?

What can be done? The crying need is to create new instruments to re-establish the power and authority which a Conservative leader until recently enjoyed automatically. Where processes no longer operate spontaneously, they need a helping hand.

The main area to work on is the Parliamentary party (and supporters in the Lords). It will be necessary to set up a small, informal but structured group of loyalists to sound out, ascertain what is happening, look after committees, after voting for back bench committees* and manning of parliamentary committees*, votes, speeches up and down the country, and other areas where back-benchers influence policy. It will be necessary for loyalists on the front benches, cabinet ministers and others to galvanise and support this activity.

*The Heathites are organised as a faction to pack back-bench and parliamentary committees, with particular assistance from Christopher Patten, who exploited his apparent influence in high places to dazzle the new Parliamentary intake. They swung the elections to insert many of their supporters as officers in the key back-bench committees. Loyalists were outflanked and continue to lack organisation.

Active press liaison will have to be carried out by the group and by ministers, who at present leave the field to the Heathites by default. We must also fight the battle of ideas inside Conservative milieux. Reluctance to do so since 1976 or thereabouts has allowed Prior and Gilmour to stake out territory to which they had no right.

The Party machinery cannot be neglected. There are limits to which the present Party Chairman can be expected to help here. He is loyal; but sees his responsibility differently. Mutatis mutandis the same can be said of the whips. Hence, the strong pro-loyalist feeling among the party grass roots and their desire for strong policies re unions and state spending gain inadequate expression.

It is therefore necessary to create informal machinery by which the Party can be bought to serve the Prime Minister more. It might also entail nominating an additional deputy chairman and vice chairman. Dissidents must be exposed to their own constituency associations who would soon re-acquaint them with the national mood.

In this context, I iterate that the Prior-Gilmour view reflects a fundamentally unsound assessment of the country's mood. It is not just that they believe whatever conveniently fits their position, and depend excessively on the "quality media" which are as isolated as they are. It is also that they have no feel for the "working class" mood, of which they lack first-hand acquaintance. Hence, they are too easily stampeded by threats from Len Murray et al. of a general strike and other out and out resistance. (Murray himself knows that he could not hope for mass support for political strikes; all he can do is hope that Prior, for reasons of his own, will not call his bluff.)

Nor do the dissidents appreciate how strongly the public is behind the policies on which we won the election, of cutting government expenditures and "doing something about scrounging...".

Who does what?

Since the Heathite counter-offensive, I have exchanged views with a number of our friends, including Hugh Thomas, Sir William Clark MP (Croydon) Ray Whitney MP, Richard Ryder, John Hoskyns. It transpired that they had all been thinking in more or less the same direction. Hugh has undertaken to prepare a note on cabinet-government which should help in our deliberations. Bill Clark is also preparing notes. David Howell is keen to help, and will be speaking on Tory philosophy soon.

There is no shortage of supporters in parliament who would be prepared to act were your wishes made known to them.

Besides the names I have mentioned, Tom Boardman, very well thought of in the Party, has shown every willingness to help our work so far, and knows the ropes.