

# Centre for Policy Studies

8 Wilfred Street London SW1E 6PL Telephone 01-828 1176 Cables: Centrepol London

PERSONAL & CONFIDENTIAL

---

15 February 1982

Dear Keith,

1) I enclose a draft speech on the "great buy-out". The length, a few minutes, is as much as is needed, as you can hope TV, radio or press will transmit, by and large, as much as your listeners can absorb at one sitting. It is lively enough to be issued by Central Office Press Department in full. If it reaches the press and broadcasters in good time, with embargo, etc, it should receive adequate coverage, one or two queries and requests for interview, for which you should be prepared by anticipating the likely questions.

This one of the many speeches which could be made on the matter without undue repetition of themes. Speeches could also touch on the question of scope for buy-outs, hiving-off and management buy-out in the private sector as well as the state sector, since many firms are too conglomerate for their health. There is the matter of enabling the equivalent of buy-outs in setting up new firms, new industries. There are possible new transition forms between buy-outs, co-ops, institutional investment, privatisation, de-nationalisation, hive-offs.

The time has come to point out that the trade unions are in danger of becoming protection rackets. If they wish to survive, they must begin to provide services for their members: education, health, social services, safety on the streets. If they are to be barons, why not some noblesse oblige.

2) I enclose an aide memoire I gave her at the time of our discussion on the PU, CPRS and JH's future, written originally as notes to structure my thinking and exposition. One or two points of explanation and amendment would be in place.

We had two discussions on the matter, with an interval of ten days between. The aide memoire was prepared for the second. The first occasion, she raised the matter à propos, when the original focus of our conversation had been the role of the Party. The second talk allowed me to go away and structure my thoughts.

My first consideration was to salvage the MT-JH relationship: if possible, by finding him an acceptable role,  
/if not

Directors: Lord Thomas (Chairman) Sir Nicholas Cayzer Bt (Hon Treasurer) Alfred Sherman (Director of Studies)  
Simon Webley David Young Secretary: Nathalie Brooke

Centre for Policy Studies Ltd is a company limited by guarantee, registered in England and Wales,  
No 1174651, registered office at address above.

To secure fuller understanding of the methods available to improve the standard of living, the quality of life and the freedom of choice of the British people, with particular attention to social market policies.

if not, by ensuring that he left smoothly, with good will on all sides, and a future role. Consideration of a successor grew out of this.

My view was, and still is, that the CPRS and PU should be in the same hands - if necessary as a temporary arrangement which endures - to keep the chap on both sides of the green baize door simultaneously. If it cannot be JH, then it should be someone else. If the right kind of person cannot be found - neither civil servant nor bureaucrat, and certainly not an economist - then it would be better to abolish the institution, or use it as a non-ministerial equivalent of Lord Privy Seal..

When I prepared the notes/aide mémoire, I had no idea of proposing HT, or any other specific name. I knew that a name would lend weight with her to my proposals, but I could not think one up.

The morning I was due to see her, HT rang, prior to his Far-Eastern trip, to talk things over in general. He asked me if it were true, as he had heard on the grape-vine, that JH was likely to leave Number Ten. There was no point in keeping him in the dark. He asked who would replace JH. As he was talking, I suddenly realised that he might be the man. You may remember that my proposal some years ago, that he be appointed to direct the CRD in place of the poisonous Patten (whose responsibility for failure of this Government will be spelled out one day when we are honestly self-critical enough to do so).

The proposal was taken seriously at the time, though it was not implemented - for reasons we need not go into here and Thorneycroft's protégé was given the job instead, with results which few judged wholly satisfactory.

But, if a man were worthy of consideration as director of the CRD, surely he might be considered for the PU/CPRS. He was a full Professor, chairman of a graduate studies department, jobs he voluntarily relinquished nearly ten years ago to devote himself to writing and public affairs. He has been a best seller, is a "self-starter", has authority and is wholly loyal to Margaret. The civil servants and colleagues may not think him the best choice from their standpoint, but they cannot fault his calibre or personality. He gets on well with Carrington personally.

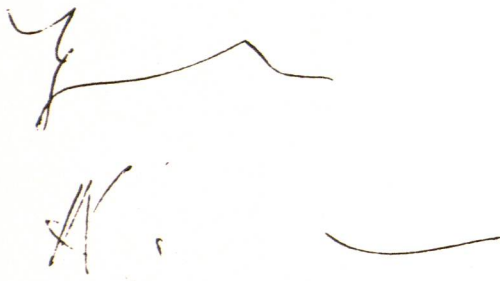
He would be particularly suitable for extending the range of PU/CPRS purview to all matters of concern to government and people. (It seemed to me that if JH and Robin Ibbs left simultaneously, to be replaced by one relative "insider", HT, with John taking over unpaid chairmanship of the CPS, while "devoting more time to business concerns", it could all be "kept within the family", and the initial hand-over would go smoothly, with HT acting as link between Number 10 and CPS, as JH has done, while JH retained his link with Number 10 as Chairman of CPS. This would give people months to play themselves in, while leaving my position unchanged.

I have not been impressed by many choices made since 1979 of key non-elected politicians in either their calibre or viewpoint. (David Young is one of the few exceptions who

/prove the

prove the rule). Some have been positively disastrous. As Cecil said in his more militant days, we try to appease the unappeasable and placate the implacable, thereby undermining our own position.

This is not to suggest that in this country of ours, someone even better than HT might not be found if one pored over the whole range of choice. What I fear is that the choice could be not nearly so good.

Handwritten signature of Keith Joseph, consisting of a stylized 'K' followed by a horizontal line and a small flourish.

The Rt Hon Sir Keith Joseph Bt MP

## THE POLICY UNIT

- 1 A new organisation, highly personalised, occupying a special place on the spectrum between civil servant and politician. He is, in fact, a "political official", a breed whose existence is formally recognised in Germany but not here. It needs to be, so that guide-lines can be drawn.
- 2 The Policy Unit was invented by Wilson in 1974 because he mistrusted his civil servants, his cabinet colleagues and Transport House, and had experienced difficulties with his "kitchen cabinet", Lady F, Joe Haines, etc.

The Unit was designed to be absolutely faithful to him, in its dealings with civil service and Party, showing the wider significance - political and policy - of all matters coming up to the Cabinet.

- 3 Donnoque set himself his agenda in addition to those matters referred to him by Wilson and third sources.
- 4 His rôle was more "activist" than accorded to John Hoskyns.
- 5 Callaghan's assumption to the premiership reduced the party-political side of Bernard Donnoque's work, but left the rest. Jim Callaghan tended to concentrate on one field of policy at a time whereas Harold Wilson flitted from one to another without penetrating very deeply.
- 6 But because Harold Wilson and Jim Callaghan were never as "controversial" inside their own cabinet and party as Margaret Thatcher, Bernard Donnoque was correspondingly less controversial, and was under less political pressure, and less frustrated. So he lasted the five-year course developing the conviction that the civil service is a bindweed strangling Britain.
- 7 I believe that had John Hoskyns been able to evolve the executive wings of his work, his frustrations would have been minimised. In this, I include the CPRS, whose work, as originally conceived, overlaps so closely with the Policy Unit's that their separation would need some justification. I have yet to see it.

In effect, the CPRS is being assimilated by the civil service, which effectively inhibits it from performing its main function, which is precisely to offset inherent short-comings of the civil service by:-

- \* taking an overall view, whereas the civil service's is chronically departmental in policy matters;
- \* seeing the national interest as opposed to the civil service's caste vested interests;
- \* ensuring radical analytical treatment of issues as against the civil service's superficial panglossian establishment Butskellite evasions;
- \* ensuring that the Prime Minister's direction prevails.

Otherwise the CPRS becomes one more civil servant research unit, one-eyed and compromising.

- 8 John Hoskyns worked very well with the CPS. Without him, we could not have deployed so much voluntary energy, nor phased in with current needs. We extended the range of his contacts, he gave our groups a sense of involvement.
- 9 Since Parkinson took over the Party, John Hoskyns has been closer to it. During its utterly moribund state under Thorneycroft, there was less he could do.
- 10 Relations with the Cabinet and the MPs will always be deeply coloured by the fact that the Policy Unit chief is your man.

But John Hoskyns' political role has been inhibited by two further considerations. His staff has been so small compared with Bernard Donnogue's, that he has simply lacked the time and back-up. His scope in this respect was further limited by the limits of Margaret Thatcher's political establishment, compared with Wilson's, Callaghan's, or for that matter, Macmillan's.

He had only a "Chief of Staff" who was learning on the job (learning very well, but it took time when he plunged into the unfamiliar element at the deep end); one PPS, first rate but overloaded; and a political secretary on his way out, Richard Ryder.

For a Policy Unit head to realise his full potential, he needs a more organised relationship with the CPRS, a large staff, and wider range of political institutions with which to relate.

- 11 This might be thought of before a replacement to Sir Keith Joseph is sought. The new Policy Unit's job also needs focussing to take into account the rôle of a strong economic adviser at Number Ten, Alan Walters, which did not exist when John Hoskyns was brought in.
- 12 What qualities are needed?
- \* wide experience in several walks of life, including autonomous activity, eg setting up and running a business, authorship, innovation;
  - \* distinction and personality;
  - \* experience of bearing primary personal responsibilities, in order to understand the Prime Minister's position.
  - \* alternative sources of income, to avoid a situation where they are inhibited by financial reasons from resigning, of running the risk of being displaced, and thereby remain in the job frustrated;
  - \* sufficient personal and social assurance to make them immune from civil service flattery by acceptance, and to armour them against the Old-Etonian, Sandhurst, titled snob-appeal blarney. This does not mean they need come from any given social class, but that if they have plebeian origins they need to be "snob-proof", eg Alan Walters and Ray Whitney;
  - \* intellect;
  - \* dedication;
  - \* will-power;
  - \* sensitivity;

- \* ability to sense the constraints governing a "non-elected politician" in an imperfect world;
- \* not someone who wishes to use it as a stepping-stone to Parliament.

It should be someone, who if he wished, could get into Parliament quite easily (into one house or the other).