

Centre for Policy Studies

8 Wilfred Street · London SW1E 6PL · Telephone 01-828 1176 Cables: Centrepol London
HIGHLY CONFIDENTIAL AND PERSONAL

14 March 1983

Ian Gow Esq.,
10 Downing Street
London SW1

Dear Ian,

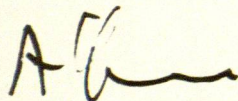
I enclose copies of my correspondence with Hugh subsequent to our last conversation, i.e. his letter to me and my reply, which should be self-explanatory.

Enclosed, too, is a copy of my letter of apology to Peter Kirwin. Peter, a former regular officer, now works for a merchant bank, and is a valuable member of my Economics Group. His wife Patricia worked for us for some years. She is now a conservative member of ILEA. When I invited the members to attend our recent Annual General Meeting, Peter asked if he might bring Patricia in view of her former association. I agreed under the circumstances, and instructed Nigel to send the invitation. I learned after the event that Natalie had countermanded it. A pinprick, you may say, but thy can cause blood poisoning.

I note that Hugh's arguments, like David's, refer almost exclusively to the temporary public relations aspect, i.e. that my going might be embarrassing because it would suggest that we had quarrelled. They say nothing about the substantive matter of my contribution, but hint, in one case, and say openly in the other, that after the election I may safely go to hell, and confirm my feeling that there may be something in the widespread rumours that after the election they would like to see the Centre close down or gleichgeschaltet into central office anyway, disposing of trouble-making Sherman in the process. If this is so, my problem is not whether to jump but when. I hope I am mistaken, but await practical reassurance.

I am sorry to burden you; if only I could wish the problem away. With thanks for your unceasing kindness and supportiveness,

Yours Ever,



*Directors: Lord Thomas (Chairman) Lord Cayzer (Hon Treasurer) Alfred Sherman (Director of Studies)
Simon Webley Secretary: Nathalie Brooke*

Centre for Policy Studies Ltd is a company limited by guarantee, registered in England and Wales,
to 1174651, registered office at address above.

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.

11 March 1983

Peter Kirwan Esq
104 Ledbury Road
London
W11

Dear Peter

I just learned this morning that I owe you an apology for the serious discourtesy towards you and Patricia perpetrated in my name but without my knowledge. I did not know till this morning that my invitation to you to attend our AGM and, at your request, to bring Patricia along, who did so much for us, had been counter-manded. Had I known, I should not have tolerated it.

My apologies.

Yours sincerely

ALFRED SHERMAN
DIRECTOR OF STUDIES

cc Nigel Morgan
Nathalie Brooke
Hugh Thomas
Ian Gow

29 Ladbroke Grove
London W11 3BB
01-727 2288

March 11, 1983

Dear Alfred.

I very much hope that you do not carry out yr threat to resign.

From the point of view of the Prime Minister's interests & the causes that you have done so much to promote, ~~if~~ such a step wd. have a distinctly adverse effect.

It wd. basically mean that, in the period prior to a general election, you had quarreled with me. So it would damage the Centre, in whose foundation & carrying through you have of course played a determining part.

I can't help thinking that it wd. be very adverse to you ~~both~~ financially & from the point of view of commitment.

You have a secretary, a chief of staff, ^(a computer) a research assistant (through Mr Gussgott or us, as you wish); you have a cook whenever you need it; & can draw on the other resources of the Centre when you need them. Yr. salary is not so bad at £25,000 per year, & if yr. pension is not ideal it is at least something. You are a director, & a member of the Centre.

In return you have to put up with my surely fairly remote general supervisory role & my insistence that in your actions & words you must put the

interests of the Prime Minister & the party for the moment
before your "journalistic integrity" & (sometimes) yr. passion
& imaginative sense of what is correct.

I am sure that we can work things out
happily, if we give our minds to it, as we
have before.

Yrs ever

Hugh.

Centre for Policy Studies

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

STRICTLY CONFIDENTIAL

12 March 1983

The Chairman
Centre for Policy Studies.

Dear Hugh,

It was kind of you to write to dissuade me from resigning. Your letter demonstrates the gulf of incomprehensions and cross-purposes which have been dividing us, and that my efforts to bridge these gaps has been unsuccessful. But I can at least use your letter as a starting-point for one last attempt.

You point out correctly that resignation would entail considerable financial sacrifice for me. I would be leaping into the dark during a recession, perhaps with the mark of Cain on my forehead, having rejected the more prudent alternative of finding another niche before taking the leap. But did you ask yourself why I should take such a step, abandoning so many of the fruits of my own creativity? You must surely have realised that I should not have taken such a decision lightly, nor would Zazie have assented, without an over-riding conviction that I had no other honourable alternative.

Therefore, at the risk of repetitiveness, I reiterate my reasons. First, as I explained to you when you became Chairman, the whole structure of the Centre is flawed and therefore generates conflictivity. The rights and duties of the participants are nowhere set out. I asked that this be done, both to mitigate, as far as possible, sources of friction in present arrangements, and to provide a better framework for post-Thomas arrangements when you move on to higher things. I argued that the powers of the Chairman, and of the man who both conceives strategy and implements it needs to be clearly defined and related to one another. I argued that an absentee chairman, who exercises absolute power of veto, but initiates little, if anything, in the way of policy, should of necessity leave wide executive powers and initiative to the man on the spot, in order to avoid the inevitable development of a crippling power vacuum.

Directors: Lord Thomas (*Chairman*) Lord Cayzer (*Hon Treasurer*) Alfred Sherman (*Director of Studies*)
Simon Webley *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.

I argued that my credibility was damaged because I was unable to assume commitments in face-to-face meetings, or correspondence, as say Ralph Harris, Michael Ivans, and other directors of institutes are able to do. This has proved to be so; often I have had to wait for weeks for agreement to my proposals, and I have felt that cases I have made have not been considered with the attention they merited. Decisions have been handed down, rather than taken in consultation. I feel strongly that I have not been afforded the minimal authority needed to co-ordinate the work of the Centre effectively, but instead have been faced with arbitrariness.

This is an imperfect world. I accepted that, having been catapulted into the chairmanship, you preferred to take things as they were, and change slowly. At the beginning you gave me to understand that change would come about, and that you also accepted my arguments in favour of positioning me for taking over more authority on your moving on to higher things. I think I have showed a good deal of patience, considering that my working life will not last for ever.

However, instead of improving, things seem to have taken a turn for the worse since the end of the year. Your position seems to have hardened. Finally, you categorically refused to countenance a change in our arrangements, either now or proleptically. I could not honourably accept this.

I do not think the Centre should become a channel for pressures from inside the Party to muzzle me and constrain me further. These pressures are presumably argued on the grounds that frank speaking could be potentially damaging to the Prime Minister and Party, particularly during an election year. But Her view is that I should be free to express my views. She welcomes heterodoxy and heterogeneity. Moreover, the pressures to muzzle Sherman mainly come from people who do not hold the Prime Minister's views, to say the least. When they say that my (putative) influence on the Prime Minister should be curtailed, they mean that the Prime Minister should be as far as possible isolated from her friends and supporters, and subjected more to pre-Thatcher influences, and that I should be muzzled to facilitate this process.

The argument that I should compromise my integrity ad interim for the party's sake ignores the consideration that there are already far too many people around who have done precisely that, insofar as they had any in the first place, and that whatever value I may have to Her stems precisely from the fact that I have the integrity needed to give her my true views and judgement. My wider credibility and the Centre's depend on my doing so ; otherwise the Centre would be regarded simply as part of the aparat, and I as one more hack. As a historian, you will appreciate the irony when I recall that some thirty five years ago I broke with the Communist Party precisely when I was asked to sacrifice my integrity for the sake of the Party. I recall Lovelace's lines :

"I could not love, so much,
Loved I not honour more."

I have never received direct intimations regarding the future of the Centre after the next election. I know that pressures exist to close it down, or absorb it into Central Office (which amount to the same thing as far as I am concerned), and that these pressures are growing in strength. If I am to be obliged to create a new niche for myself by one means or another, surely the sooner I start again the better.

There is the question of my say in administration and finance. To say that I should confine myself to ideas and ignore finance and administration is to overlook the importance of both of the latter in initiation and control of work here in the Centre. That is true in all organisations.

Finally, there is the problem of Natalie Brooke, whose growing influence and general behaviour has become simply intolerable. She interferes with the direction of my personal staff, countermands my orders, normally using you as the authority, but usually without even informing me (see attached letter) and has been rude and obstructive to Elizabeth Cottrell, whose contribution to the Centre's work I greatly value. It is not a matter of standing on my dignity, No one can function under these circumstances.

I re-iterate and update my original proposals :

1) We set about immediately to decide the post-election (or post-Thomas) arrangements in light of my earlier submissions (precied here) which you did not contest at the time.

2) We put down on paper what the present arrangements actually are, and discuss their possible modification where necessary and practicable without bouleversement. This includes strictly defining Natalie's role and ensuring that she stops trying to encroach on my prerogatives and no longer intimidates my staff, if she is to remain. This should be guided by the need to afford me powers roughly matching my present responsibilities and involvement.

3) The matter of my journalistic activity be left as it is: a) on matters involving the Centre, you remain the final arbiter.

b)When I operate qua journalist, I am personally responsible to the Prime Minister, who insists that I should enjoy full journalistic freedom. She has no complaint. There is a kind of constraint on me, but it operates well within the limits of journalistic ethics ; and I can always turn to Ian as "family solicitor".

4) Other matters outstanding would be amenable to solution if these main outlines were ordered and causes of friction removed.

I can only hope that these proposals will strike you as reasonable. But I must end by saying that If I feel I am not trusted to the extent of having a company credit-card, I must wonder if I am in any matter. I Fear that "les petitesesses de la vie privée se mêlent avec la grandeur de la vie publique."

Yours Ever,