



10 DOWNING STREET

Prime Minister.

This letter, & the paper attached to it, come from David, Ronnie & myself.

Also in this envelope, and not unrelated to the joint paper, is the minute about the July P.P.B.

Which I think you saw briefly last week.

20 Aug 81.

JH.

Preparation

- RT talk GT?
- You, David, chair?



10 DOWNING STREET

Prime Minister,

August 20, 1981

You will not be delighted to read either of the attached papers. I fear that words like impertinent and disloyal might come into your mind as you read.

Let me therefore preface them with a few brief thoughts:-

1. For the first time, no-one I know commented favourably on your PPB. It was a lost opportunity. It is important to analyse why the amateurs were right and the professional politicians wrong, or we will repeat our mistake. David Hart really tells the whole story: the country is waiting for a moral message, not an economic lecture. We should never again forget that they voted for you, and trust you, because of what you said at St. Lawrence Jewry, not because you know more than they do about M3 and the P.S.B.R.

2. You have, from the start, set yourself a schedule as Prime Minister which no human being could cope with. You have let the diary run out of control into a regular 18 hour day 6 or 7 days a week. You managed it the first year on the adrenalin of high office. You only managed the second year by using up your reserve of good health, and you must know in your own mind that you cannot let a third year happen or your health will crack if the pace is not slowed down. I hope you'll let us help you, at least to that extent!

3. The language and the tone are fairly stark. Not to cause unnecessary offence, but because there will not be time for another such paper- the worst disloyalty would be to dress up the message so that you thought we were saying everything is alright.

4. The spectator can sometimes see more of the game. I've been privileged to see Westminster and Whitehall for the last two years, and I'd have been a lot more use to you if I had known two years ago what I know now. But virtually all Management Education throughout USA is based on the Case Study method. And most case study is about avoiding mistakes somebody else made in the past. If you spent a day talking through what's gone wrong in the last two years, you must be in a better position to see that things work better in the next two years.

John, Ronnie and I hope you will read the papers at least twice, and then decide it is worth a day planning the future modus operandi. We would come to London, Scotney or Chequers any day to suit you.

David W.

N.B. LETTER + MAIN PAPER TYPED BY ME FROM JOHN'S MANUSCRIPT.

YOUR POLITICAL SURVIVAL

The task you undertook in May 1979 was quite unprecedented in this country's political history. The first woman Prime Minister in a still male-oriented political world, with little previous experience of high office, elected to reverse a major country's 30 year decline, with a cabinet most of whose members had no stomach for such a challenge; if it sometimes feels like scaling Everest single-handed and without oxygen, you should hardly be surprised!

Even if you were a conventional Prime Minister, with a conventional Cabinet, tackling a more modest and conventional remit, you would still find the pressures enormous and you would find that No.10 cuts you off from colleagues, from friends and indeed from the real world.

Despite all this, your Government has achieved the beginnings of a near-revolution in the private sector and especially in Industry. In doing so you have also brought about the final split in the Labour Party. In many ways, as pointed out in my minute on Strategy before the July 25th Chequers meeting, things in the economy are better than people realise. But, predictably, it is at exactly this moment that colleagues' nerves begin to crack and internal revolt, (now clearly recognised in all the newspapers), threatens your own position. It is against this perspective, this background, and this threat that this paper is written.

1. Go through paper point-by-point, because we never do anything properly.

I. THE PRESENT POSITION.

The opportunity to turn the country round and set it on the course towards recovery in this Parliament has now passed.

We have now reached the "crisis of belief" of which we warned you in June 1980. Your own credibility and prestige are draining away very fast.

The Cabinet is divided and half-hearted. The Back-benchers are beginning to doubt. Central Office is demoralised. In the Country you are unpopular and the Government is seen as divided and incompetent. To Whitehall, this Government has turned out to be just another nine-day wonder, with another lame-duck Prime Minister and Chancellor. There is a ground swell of feeling that "it's all over".

The real question now is whether you can survive for long enough to re-establish your control and authority. On present form, one of four things can happen:

- a. You are dropped before the next election.
- b. We lose the election and you are then dropped.
- c. The Tories form a Government with the SDP, on condition that you are dropped. *JP has floated this in New York.*
- d. The Tories win, (or Benn, Jenkins and Steel manage to lose) and are unable to deliver in 1984-9, as we have failed to deliver in this Parliament, because the next two years are wasted as far as preparing for the next Parliament in the same way that 1977-8 were largely wasted as regards preparing for this one.

The most likely are b. and c. with you as another failed Tory Prime Minister sitting with Heath. But there is growing speculation about a. and it is beginning to be taken seriously.

The point at issue is this; Can you once again be perceived as a successful leader of a united and happy Cabinet, Government and Party? That is now much more important than a vindication of the economic strategy which will, at best, be discerned only by (Largely hostile) media commentatators.

Of course there will be days, or even weeks, when all seems to be going well and your own position appears reasonably strong. At such times this description of the present position will seem over-pessimistic. But if we stand back and look at the year-to-year rather than the day-to-day, I believe this description is the realistic one. The one on which we have to base our plans.

2. WHAT HAS GONE WRONG ?

2.1. The Cabinet is not a team.

You could have taken the risk, at the start, of purging the Cabinet so as to implement a proper strategy. Or you could have taken this "coalition cabinet" and tried to unite it in a proper understanding of the task. In the event you did neither. So you are now trying to persuade the country to stick it out, when it is clear that you cannot even persuade your own cabinet.

2.2. You lack management competence.

Your own management competence, like that of most of your colleagues, is almost non-existent. There's no reason why it should be anything else. None of you has ever run a gigantic organization, or been trained by anyone who has. You can all read papers, master briefs, speak in public, and operate in the House of Commons. But very few of you really know how to get results through other people. You've all learned your trade through apprenticeship to past failed politicians, who themselves had little or no management ability. But your predecessors were only trying to preserve the status quo or hold to a slow decline: you have the infinitely more difficult task of reversing the trend. And you yourself, probably for the first time in your life, are doing a job in which it is literally impossible for you to deal properly with everything which is put before you. But you have had no experience of being forced to choose what to do and what to delegate or leave undone; so you are wearing yourself out in the impossible task of trying to do everything.

*Cabinet bring
share opp
skills and
agenda.*

2.3. Your own Leadership style is wrong.

You break every rule of good man-management. You bully your weaker colleagues. You criticise colleagues in front of each other and in front of their officials. They can't answer back without appearing disrespectful, in front of others, to a woman and to a Prime Minister. You abuse that situation. You give little praise or credit, and are too ready to blame others when things go wrong. In Committee, you feel compelled to display mastery of often unimportant detail; you therefore tend to lead every discussion rather than act as Chairman; you end up stating, and having to stick to, your own position before you have heard contributions from the colleagues. You might just as well tell them that you are not interested in what they have to say. None of this will be forgiven or forgotten now that your own position is weaker.

*- Be impatience
in negotiation
eg EEC.*

*- Infallibility
is huge
burden*

*- Don't waste
energy impressing
new comers.*

1/6 transparent.

2.4. The result is an unhappy ship.

All this - lack of strategy, management incompetence, leadership by criticism - is leading to demoralisation in Government, Party and Whitehall. This demoralisation is hidden only from you. People are beginning to feel that everything is a waste of time, another Government is on its way to footnotes of history. And people are starting to speculate as to who might reunite the Party, as Macmillan did after Suez, if you go.

But no-one tells you what is happening, just as no-one told Ted.

3. WHAT IS TO BE DONE ?

If you are to hold Government and Party together, without abandoning the strategy, such as it is, you will have to change, totally, the way you think and work, both alone and with your colleagues.

This can be done, but only if you can first bring yourself to:

- Admit that you, like others, have made mistakes
- Recognise that you have a lot to learn in certain areas and therefore
- ask for help from those who can offer it.

We cannot help you if you insist on "being Prime Minister" , if you succumb to the Civil Service convention that Ministers, and especially Prime Ministers, always know all the answers.

We believe that your survival, the Party's future, and the Country's recovery are all at stake. If this is so, you have an absolute duty to change the way you operate. If you reject criticism and withdraw into the No. 10 bunker, as Ted Heath did, you cannot succeed.

Let me touch on the changes you will have to make:-

3.1. Lead by Encouragement, not by Criticism .

This means backing and praising your colleagues, civil servants, Nationalised Industry chairmen when in public or in front of their subordinates: giving them the credit, audibly and visibly, when things go right, and taking the blame (as the leader must do in the end) when things go wrong. Whatever team you have, this is the way to get the best out of them. No matter what your past disagreements have been, you have to make the first move in regaining some trust, some loyalty from your colleagues. How can they change their behaviour if you won't change yours? If they don't respond, they show themselves to be mean and petty, and weaken their own positions in Westminster and Whitehall.

Churchill provided the element of will and courage, as you do, without which nothing could have been achieved. But when the Battle of Britain was over, he gave all the credit to others. You must make the members of your team feel ten feet tall, not add to their own human fears and self-doubts. Say " We" not "I".

3.2. Work out what must be done between now and the Election.

You may be providing Political Leadership to the Country, but you are not providing management leadership in the Government and the Party. People are confused by disunity. They are asking "Who's in charge"? "What the hell are we all meant to be doing"?

The meeting at Chequers on the day of Mrs. Reagan's lunch was a missed opportunity to make a start. We must work this out before the Conference. But to do so, and then to make things happen, you must delegate to, and then support and trust, other people, who will be fallible and make mistakes. But you can't do it all yourself, and the only people who never make mistakes are people who never do anything.

Discussion
→ argument
→ quarrel

Respond positively to new ideas as you won't get any!

- Don't score points as in Chamber.

3.3. Reshuffle and set up a Cabinet Steering Group.

It is now essential to make substantive changes rather than a cosmetic reshuffle before the Party Conference. The replacement of the Chairman should be announced by or immediately after the Conference. You need a new Chairman, a younger man who is totally loyal to you, and you need him fast. MacMillan panicked in 1963, Callaghan dithered in 1978. What is needed now is calm thought about the purpose of the reshuffle, and then resolute action. As Von Moltke said, "First calculate, then risk". There cannot be a risk-free response to the present situation. Indeed the greatest risk now would be to try to avoid risk.

- No battles in Cabinet, or else you must win them!

BE BOLD

- Think through the risks. How quickly can we - launch new image? In what conditions? ("Fear itself")

The reshuffle should be the first phase of a carefully planned move to a Radical Cabinet for the next Parliament, so that we can do then what we have failed to do this time. The reshuffle, together with new initiatives on Trade Unions, the Labour Market, Inner Cities, etc. can totally transform your position, and the balance of power within the Party, in six months. It can give you a fresh start, a new (although brief) honeymoon period, and show you as rising to the challenge, totally in command of events. Once the Reshuffle has been planned, you should then decide who must be the members of a Steering Group or Inner Cabinet which must build bridges between the dries and those heavyweight wets whom you will have to retain in the team. The Government can only exhibit Unity if disagreements on major matters don't reach a formal Cabinet. That means talking out disagreement and reaching a consensus with the heavyweights at informal meetings. It means talking to those who don't share your views (if you can't get rid of them). And this takes a great deal of time as well as patience, about which more under the heading of "Your Diary" later.

INNOVATE
BOLD
SURPRISE
= RE-LAUNCH

3.4. Set up an Election Strategy Group. This could be on the Stepping Stones line, with the Policy Unit building Bridges.

3.5. Start to restore your Public Image. Labour and the Union Leaders have gone a long way towards destroying it. The July PPB was a lost opportunity to recover. More Economic Lectures can only do harm. Ian is no doubt expert at understanding the problems of a major Speech in the House of Commons. But you must learn to trust Ronnie's insight and gift for a phrase on the mass media occasions. He is not infallible, but he is the expert at what feelings your listeners will take away with them. And public image is more about feelings than economics.

- Politicians think like civil servants when in office. Advisors think like politicians.
- Visit Jaatchi to see on PPB
- CONFERENCE Must clear lines on Summer - Ronnie began Tuesday
- Rebuild bridges. Journalists are hostile if snubbed.
- Bernard Ingham must work to strategy. "Not 'Quick win' Thatcher anger."

3.6. Finally, you must cut down your Diary Commitments.

The problem of diary time has become the despair of everyone who wants to help you. Once you run short of time, you have no chance to think or plan properly: This increases the number of problems, some of which could have been avoided: So you have even less time, and you get tired: and in all fields of endeavour, tired people make mistakes. It has happened with one Prime Minister after another since the war.

- Freeze 82

- D. Ted
leader

- Fresh
for Congress.

- What's the
diary process

- ... or alternative?

To be frank, I believe you fill your diary because it's a good way to avoid having to do the unpleasant strategic thinking, involving unknowns and uncertainties, which you don't enjoy and which is not your forte. You like problems which can be solved by one person on her own, while the strategic problems require many people working together, arguing, and coming to what they know is a fallible solution. We can do much of that time-consuming work for you. But you must have enough time and mental energy to absorb and use the results; and enough time to then sell the results to your colleagues.

4. CONCLUSION

There is no other Politician, in the Tory Party or elsewhere, who is likely even to attempt to lead the country in the right direction. But it will be no comfort to you, to us, or to the Country as a whole if you go into the history books with the prize for the "Best Loser". All the foregoing is designed to help you to win; to overcome the present very real difficulties and dangers and then to win a further 5 years in the next election.

If you think that everything is going as well as it could be, that you have made no serious mistakes, and that your modus operandi is right, then there is no point in our discussing this paper. You would simply waste precious energy trying to prove that we are wrong.

If, on the other hand, you agree that there are lessons to be learned after two years in the country's most demanding and exhausting job, then we must look at the mistakes, where things went wrong, in order to learn the lessons and avoid the mistakes in the future. It is no good resolving to do better, for the hurly burly of everyday business will overtake good resolutions. We must work out a different program, in which you spend your time on the big problems, including especially those conflicts of both policy and personality whose continuance will destroy your image as Prime Minister, and the Party's appearance of Unity and therefore its credibility as a Government.

But to work out the right program for the next two years, and beyond, we must first talk through this paper calmly and constructively.