STRATHCLYDE PAPERS ON GOVERNMENT AND POLITICS

ROUTINE PUNCTUATED BY ORGIES: THE CENTRAL POLICY REVIEW STAFF, 1970 – 83

Peter Hennessy, Susan Morrison and Richard Townsend

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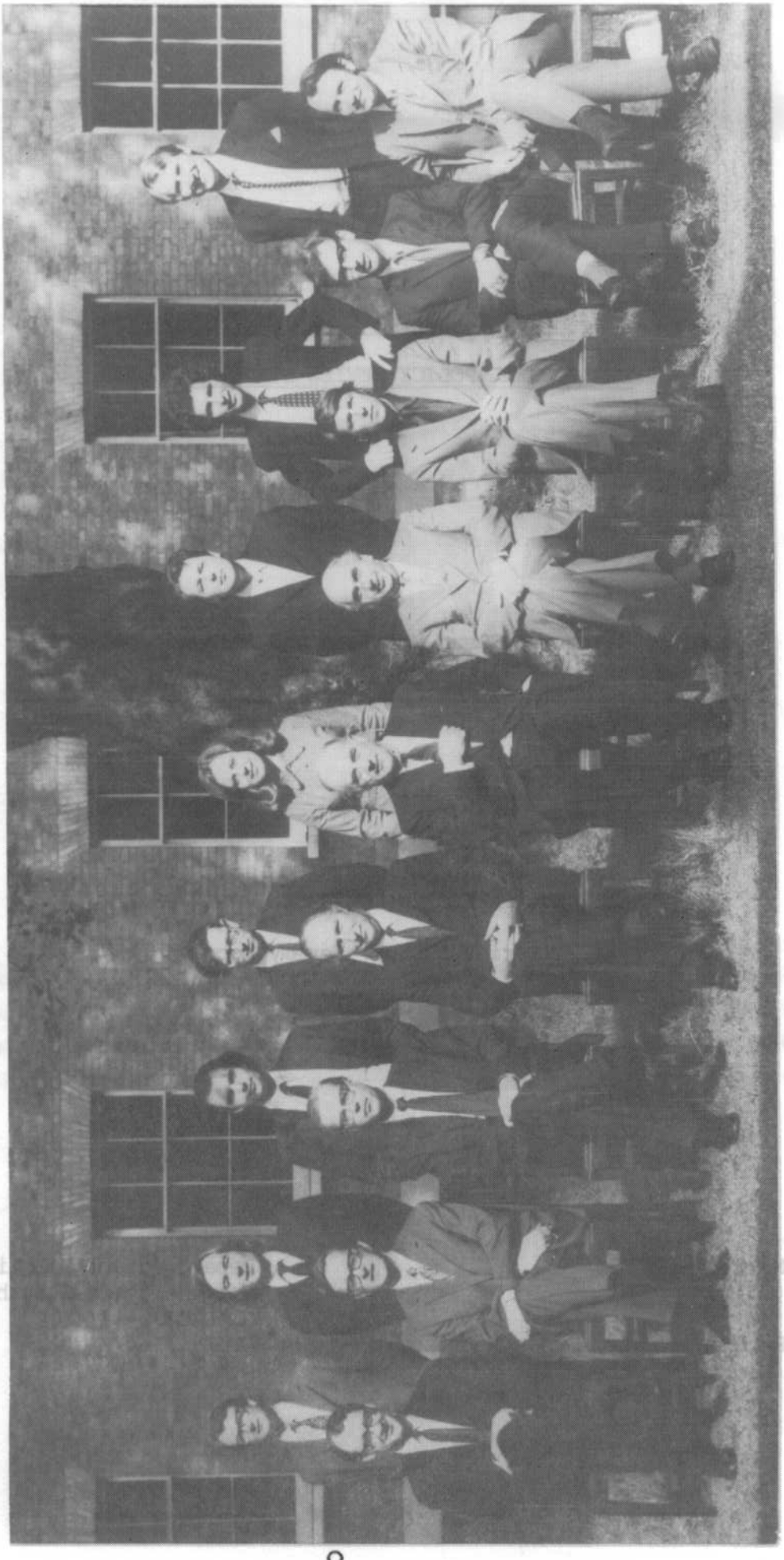

ILLUSTRATION

THE CPRS IN ITS SALAD DAYS (FEBRUARY 1972)

From Left to Right:
Front Row:

John Mayne, Hector Hawkins, Robert Wade-Gery, Dick Ross, Lord Rothschild, Peter Carey, William Plowden, Brian Reading, Adam Ridley.

Back Row:

Chris Sanders, Peter Bocock, John Rosenfeld, Richard Crum, Madeline Aston, Tony Fish, William Waldegrave, Robin Butler.

* * * * * * * * * *

TO THE MEMORY OF KATE TOWNSEND, 1967-83.

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We wish to thank George Fischer, Head of Talks and Documentaries, BBC Radio, for implanting the idea of a broadcast on the CPRS; Anne Winder, who produced the programme, for the fun of making it; friends at Strathclyde University and Leicester Polytechnic for criticism and suggestions during "dummy runs" of this paper:; and all those who helped, attributably or non-attributably, by providing substantial branches of new material for inclusion in it.

Peter Hennessy, Susan Morrison and Richard Townsend,
Walthamstow, New York and Ealing.
December 1984.

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INTRODUCTION

"You may have heard leaks that we have a CPRS and a Policy Unit. That is because this Government has not stopped thinking. I understand this has caused a degree of shock in some quarters."

Mrs. Margaret Thatcher, speech to the Central Council of the Conservative Party, 26 March, 1983. Kensington Town Hall.

"The Prime Minister has decided, after consultation with her Cabinet colleagues, that the purposes for which the CPRS was set up are now being met satisfactorily in other ways and it should therefore be disbanded at the end of July."

10 Downing Street Press Notice, 16 June, 1983.

"She cannot see an institution without hitting it with her handbag."

Julian Critchley MP, on Mrs. Thatcher, The Times, 21 June 1982.

The roots of this study can be traced to two events on 9 June, 1983, Election Day. As the nation voted, The Times carried a story on its front page suggesting that if Mrs. Margaret Thatcher was re-elected there was a strong possibility the Central Policy Review Staff, the Cabinet's Think Tank, would be disbanded. [1] In Eastbourne on election morning, Lord Hunt of Tanworth who, as Sir John Hunt had been Secretary of the Cabinet 1973-79, told a conference of accountants there was a hole at the heart of the British government. The CPRS had been an attempt to fill it. Though the Tank continued to do good work on specific issues, it had lost the strategic overview of policy for which it was originally designed. [2] On 16 June, after the first post-election Cabinet meeting at which Mrs. Thatcher sought

and was given her colleagues' approval to abolish the Tank, the 10 Downing Street Press Office issued a statement announcing its demise at the end of July. [3] Not a single minister had spoken up in its defence. [4]

The first the fifteen members of the CPRS knew of their impending fate was the story in The Times on election day. [5] Though one former member of the Tank did forecast its closure well ahead of the event. Professor John Ashworth, its Chief Scientist 1976-81, told the Manchester Statistical Society on 16 November 1982: "In time, all ministers (including the Prime Minister) can be expected to harbour the thought that the CPRS has outlived its usefulness". [6] Early in the week after the election, the Tank's director, Mr. (now Sir) John Sparrow made a last ditch effort to save it. The case for survival he put to the Prime Minister was to no avail. [7] Without Mrs. Thatcher's decision to axe it, there would have been no particular reason to mount a study of the conception, birth and life of the CPRS. The Prime Minister's action justified an interim study of its impact and activities. A fuller one will have to wait for the early twenty-first century when its papers begin to trickle into the Public Record Office under the thirty-year rule.

A further reason for studying it was Lord Hunt's election day lecture. The deficiency he identified has inspired several attempted remedies of which the CPRS was one of the more recent. Lloyd George, a creative genius when it came to machinery of government matters, was the first to try. He reacted to the pressures of total war, on his

accession to the premiership in 1916, by creating an Office of the War Cabinet and a Prime Minister's Secretariat, housed in huts on the lawn of No. 10 and known as "The Garden Suburb". [8] As First Lord of the Admiralty in 1939, Mr. Winston Churchill founded his Statistical Section. It followed him to No. 10 in 1940 (though it was housed in Great George Street) and again in 1951 at the start of his "Indian Summer" premiership. [9] In the meantime, the Attlee Administration established a Central Economic Planning Staff under Sir Edwin Plowden in 1947, a body which carried on after the change of government in 1951 to be subsumed in the Treasury in 1953 when Sir Edwin left to run the United Kingdom Atomic Energy Authority. [10] The CPRS was the longest-lasting and most ambitious of the line.

Mrs. Thatcher's effort to fill the hole in the heart diagnosed by Lord Hunt has concentrated on building up her Prime Minister's Office. In November, 1984 it consisted of a Policy Unit of nine, plus two special advisers, in addition to the standard private office and press office. [11] Mrs. Thatcher's Garden Suburb was substantially bigger than Lloyd George's, but it came nowhere near to remedying the deficiency perceived by Lord Hunt. The question of policy support for the Prime Minister has remained a live one. In the summer of 1983 there was a near universal conviction in Whitehall that a future occupant of No. 10 would want a revised Think Tank under another name. [12] The history of the CPRS is, therefore, of dual interest: inherently interesting and important in itself; and significant as a case-study offering lessons and guidelines for the next prime minister seriously interested in filling the hole at the heart of British

central government. This study embraces both the history and lessons of the Central Policy Review Staff, 1970-83.

ORIGINS

"I want to see a fresh approach to the taking of decisions. The Government should seek the best advice and listen carefully to it."

Mr. Edward Heath, "Personal Foreword" to the Conservative Election Manifesto, May 1970.

"Ted Heath had some of the best ideas of any postwar prime minister. He...was a rather radical person."

Dr. David Owen, November 1983.

Mr. Edward Heath was the most managerially-minded Prime Minister of modern times, though Attlee, with his military background, liked a clear chain of command and had thought fairly deeply about the kind of Whitehall machine he wanted before entering No. 10. [13] For Mr. Heath, business rather than military methods were the exemplar. He was interested in North American concepts such as zero based budgeting and out of this emerged his Programme Analysis and Review System. [14] He was also keen on think tanks, another American invention associated with Herman Kahn, founder of the Hudson Institute and his concept of "thinking about the unthinkable." [15]

Mr. Heath wanted a Whitehall model for a simple practical reason as he told the members of the embryonic CPRS in 1971. Mr. Hector Hawkins, a member of the original team, recalls:

"I remember very vividly when we were first set up, we went to have a meeting with Mr. Heath in the garden of No. 10. He said that in Opposition, he had been very struck that it was possible for the Shadow Cabinet to consider its strategy as a whole, to

take a slightly longer-term view of things. But as soon as they became a Government, it was impossible to do that. And he had set up the Think Tank in order to try to remedy that." [16]

Reflecting his penchant for planning and management, Mr. Heath had commissioned a substantial amount of preparatory work on this theme in the late 1960s. Among those he consulted was Sir Edwin Plowden (by this time, Lord Plowden), former head of the Central Economic Planning Staff. With his friend and former colleague Lord Roberthall (as Sir Robert Hall, he had been head of the Cabinet Office's economic section 1947-53, and Chief Economic Adviser in the Treasury, 1953-61), Lord Plowden called on Mr. Heath:

"We went one morning to his apartment in the Albany where we found a consultant. This firm of consultants had drawn up a plan. He had also dotted lines of where businessmen would be drawn in. One thing I do know about Whitehall is, if you do have people floating about in it, they will do no good and probably do harm. Robert and I said we did not believe this is the way to do it. I suppose Ted said 'What do you think?' So we wrote down on a piece of paper something we thought would be a useful body."

"I think we described it as something that should be in the Cabinet Office to serve all ministers, to take an overall view of problems put to it (not to take a departmental view) and to come up with recommendations that were not the usual Cabinet Office brief of 'On the one hand, on the other.' I don't know how much influence it had on Ted. But he did set up the CPRS something along those lines." [17]

The Conservative Party manifesto for the general election of June 1970 contained a promise that a "central capability unit" would be set up as part of a new style of government. [18] It found a sympathetic echo in the thinking of the duumvirate then dominating Whitehall - Sir Burke (now Lord) Trend, Secretary of the Cabinet, and Sir William Armstrong, Head of the Home Civil Service. In what Lord Trend calls

"a quite remarkable coincidence of diagnosis" he and Armstrong had been musing along similar lines:

> "I think that the Conservative Party were thinking of it rather more in a practical sense than we were in Whitehall. We were thinking of it more in terms of the deficiency in the constitutional machinery. Whereas they were thinking of it more in terms of what a prime minister would actually need when he took office, what sort of immediate buttons would he need to have at his disposal." [19]

Once the Conservative administration took office, Lord Trend and Sir William put together a team to turn Mr. Heath's "new style of government" into people, institutions and practices. The enterprise had three distinct elements; big conglomerate departments to reduce the load on the Cabinet and the size of its membership; the new Programme and Analysis Review System, known as PAR; and the central capability unit. Mr. John Mayne, a Principal in the Ministry of Defence, was brought into the Cabinet Office to work with Lord Trend on the capability unit. [20] Trend and Armstrong set about looking for someone to run it.

During the discussions which produced the White Paper on the new-look Whitehall, [21] Mr. Heath lost a battle with Lord Trend as he revealed in a public lecture 10 years later: "I wanted to call it the Think Tank. The Secretary of the Cabinet won and we called it the Central Policy Review Staff." [22] Why did Lord Trend object?

> "It became known as the Think Tank. But they weren't quite the words you could see on the front of a White Paper. I remember scratching my head and sucking my pencil and thinking 'What on

earth are we going to call this thing?'"

> "And then it seemed to me that if you took the words which we finally did adopt, they came as near as I could come to being accurate about it. It was central; it was concerned with policy; and it was concerned with reviewing policy centrally and it consisted of a staff, not a political unit." [23]

So, when the White Paper appeared, the Central Policy Review Staff it was. Lord Trend, who amazed his contemporaries with his ability to draft such documents in his head, [24] applied decades of experience to the task. The Tank, like PAR, may have been intended to be the new style of government made flesh. But the charter of the CPRS was couched in phrases of traditional courtliness. "Governments", the White Paper observed, "are always at some risk of losing sight of the need to consider the totality of their current policies in relation to their longer term objectives; and... of evaluating... the alternative policy options and priorities open to them." The remedy was the foundation of a "small multi-disciplinary central policy review staff in the Cabinet Office." It would operate under the supervision of the prime minister, and it would also serve ministers collectively enabling them:

> "To work out the implications of their basic strategy in terms of policies in specific areas, to establish the relative priorities to be given to the different sectors of their programme as a whole, to identify those areas of policy in which new choices can be exercised and to ensure that the underlying implications of alternative courses of action are fully analysed and considered." [25]

There was a clear echo in all this of Churchill's Statistical Section. Like his predecessor in No. 10, Mr. Heath had been irritated as a

> "To work out the implications of their basic strategy in terms of policies in specific areas, to establish the relative priorities to be given to the different sectors of their programme as a whole, to identify those areas of policy in which new choices can be exercised and to ensure that the underlying implications of alternative courses of action are fully analysed and considered." [25]

There was a clear echo in all this of Churchill's Statistical Section. Like his predecessor in No. 10, Mr. Heath had been irritated as a Cabinet Minister by Whitehall's tendency to produce conflicting data which blurred the process of decision-making as ministers haggled over facts and their interpretation instead of considering the issue at hand. He wanted the Tank to produce a common data base before Cabinet or Cabinet Committee met to find a solution. [26]

ENTER LORD ROTHSCHILD

"Lord Rothschild roamed like a condottiere through Whitehall, laying an ambush here, there breaching some crumbling fortress which had outlived its usefulness. He wrote in short sharp sentences; he made jokes; he respected persons occasionally but rarely policies."

Douglas Hurd, Political Secretary to Edward Heath, 1970-73. [27]

"Lord Rothschild has great presence - like General de Gaulle."

A senior social scientist.

"Victor chain smokes Balkan Sobranie - a very 1930s thing to do."

A permanent secretary.

"To Victor, who reminded me that Government should be fun and should deal in big ideas."

Inscription, dated October 1972, on the back of the team photograph of the Rothschild CPRS, by Mr. Robin Butler, Principal Private Secretary to Mrs. Thatcher since 1983.

Two weeks after the White Paper, No. 10 announced the name of the Tank's first Director, Lord Rothschild, research scientist, MI5 officer and bomb disposal expert during World War II, don and banker. It was a critically important appointment. Lord Rothschild's was the dominant influence in shaping the CPRS, and he ran it for four years. Its performance thereafter was measured by nearly all concerned against benchmarks he set. Lord Trend found him:

"Yes, I did think of him. I don't think I'd known him very well or very closely. But what I knew of him made me think that this was the right sort of man." [28]

Lord Rothschild had just retired at the age of 60 as Research Co-Ordinator of the Royal Dutch Shell Group. Between 1948 and 1958 he was Chairman of the Agricultural Research Council. Lord Rothschild is the kind of man who has an immediate impact on most people who have encountered him. For one social scientist wise in the ways of Whitehall, "Physically a big man, he has verbal wit and great intellectual curiosity expressed in a mellow voice."

Media coverage was important to the CPRS and its status in Parliament and Whitehall which partly explains why its demise in 1983 caused considerably more excitement and discussion than the disbanding of another 13 year old, supposedly reformist institution, the Civil Service Department, two years earlier. Lord Rothschild, his personality and record were the key to the early visibility enjoyed by the fledgling CPRS. He was natural profile material. Witness the opening paragraphs of Ivan Yates' portrait in The Observer of 1 November, 1970:

> "It would take a C.P. Snow to do justice to Lord Rothschild's appointment to head the Prime Minister's new 'think tank' or 'central capability unit'.
>
> Hardly more than a week ago, this unusual, unorthodox, brilliant man was looking forward with some dismay to his sixtieth birthday. He had to retire from his job at Shell. He had no plans for the future. Nothing was on offer. It seemed as if he might have to settle for something at the family bank, where in the early 1930s he had spent five depressing months."

The call from Mr. Heath changed all that. Mr. Yates concluded with a piece of prophecy:

"What is tolerably certain is that Lord Rothschild is going to be in his element probing, thinking up the questions, teasing out the answers. The only forseeable source of trouble is that the civil servants are not going to be in their element being subjected to the abrasive intensions of this twentieth-century original."[29]

On entering his new domain, the "Lord of the Think Tank" found Mr. Mayne and a secretary. Lord Rothschild was not sure about Mr. Mayne. It became a standing joke in the Tank that he had been planted by the Cabinet Secretary but that "Burke's Spy" had been turned by his new boss [30] who was, after all, a former MI5 officer. Lord Rothschild, in his customarily elliptical fashion referred to this episode in his Random Variables:

"We had an excellent start because, on D-Day, Sir Burke injected into the Tank Dick Ross, the distinguished economist, and two young, top-class civil servants, John Mayne and Robin Butler. In one case, the injection was made somewhat earlier than D-Day. It never passed through our minds, of course, that any of these had been planted in the Tank for more Byzantine or Smileyesque reasons. Had that been the case, some of us knew a bit about turning people round, and round."[31]

Despite the Conservative Manifesto, the thoughts of Sir Burke and Sir William and the ground-work undertaken by Mr. Mayne, Lord Rothschild had no idea of the boundaries, the powers and the contents of the kingdom he was inheriting.

"When I accepted Mr. Heath's invitation, conveyed by the Cabinet Secretary Sir Burke Trend..., to become the first head of the Government's Think Tank, I had no idea what it was intended to be or do in spite of the characteristically sonorous prose in which its future activities were described in the inevitable White Paper. Nor did anyone else seem to have much idea, such phrases

as 'long term strategy', 'trans-departmental problems', 'not the rate of exchange', or 'not the Office of the White House' being bandied round."[32]

His first meeting with the Prime Minister did little to clear the confusion, though it rattled Sir Burke and Sir William as Lord Rothschild has recorded:

"Mr. Heath 'It's funny we have never met before'. Then there was a sort of row of dots. I could not think what to say; after a while I said rather desperately: 'Prime Minister, do you think it would be better to have an economist in charge of this Unit?'

Mr. Heath 'I did economics at Oxford'. Another row of dots. Again after a while, I said rather desperately: 'Prime Minister, could you give me an example of the type of problem you want the Unit to tackle?'

Mr. Heath 'Concorde'. At that moment I thought, perhaps wrongly, that I detected some anguished vibrations emanating from Sir Burke Trend and Sir William Armstrong.... who were hovering in the background. There was some justification for their anguish, if I did not imagine it, because an hour beforehand they had told me it was precisely things like Concorde that the Government Think Tank would not be expected to study.

While I was still feeling the vibes, a Secretary came it and handed the Prime Minister a piece of paper which he read with some signs of displeasure, and said, 'Oh well, I had better see him.' Turning to me he concluded the interview by saying, 'Let me know if there are any other points.'[33]

Lord Rothschild then did a milk-round of Cabinet Ministers to find out what they thought the CPRS should concentrate upon. For example, Sir Alec Douglas-Home, the Foreign Secretary, said: "You couldn't reduce the amount of paper that comes on to my desk could you?"[34] One Cabinet Minister confused the new head of the CPRS with Lord Zuckerman, the Government's Chief Scientist, with predictably absurd results.[35]

It took about six months of argument inside theprototype Tank before its functions and methods were established. It was assumed from the start that the head of the CPRS and his deputy would have the right to attend and speak at ministerial committees of the Cabinet. There was no argument about this which is surprising at first sight. But the Tank after all, was a part of the Cabinet Office whose main business is servicing Cabinet Committees. This important right enjoyed by the two top men in the CPRS was not appreciated outside Whitehall until 1979 when Dr. Tessa Blackstone disclosed that "The head of the CPRS and his deputy are unique among civil servants in that they are able to speak at meetings of ministers."[36] Whilst other officials had and have spoken at such gatherings, they have not done so on a regular basis and of right.

Lord Rothschild was insistent that the members of the Tank should enjoy the stimulus and excitement of being involved in advising ministers on pressing issues of the hour. For them to concentrate solely on dry intractables like regional policy would be disastrous. In conversation with Peter Hennessy in 1983, Lord Rothschild said he had in mind a phrase of Aldous Huxley's to describe his strategy (one maintained by his three successors as head of the CPRS) of blending quick-dash productions dealing with current Cabinet business and long-term policy reviews. It was to be a case of "routine punctuated by orgies."

There was much vagueness in the Treasury, the Civil Service Department and the Cabinet Office about how much this was going to

cost. In real terms, the CPRS budget turned out to be remarkably stable, hovering around £1M a year (in 1983 prices). On a less strategic plane, the early Tank was given an expense allowance of £100 a year. Mr. (now Sir) Peter Carey, a senior official on secondment from the Department of Trade and Industry, used it to finance a couple of sandwich lunches for industrialists. [37]

Lord Rothschild invited his team to produce their own definitions of what the Tank was for. Out of this came Professor Ross's famous aphorism "You must think the unthinkable, but always wear a dark suit when presenting the results." Mr. (now Sir) Robert Wade-Gery [38], a Foreign Office diplomat on loan to the Tank, produced a synopsis which became something of an unofficial charter for the CPRS:

> "Sabotaging the over-smooth functioning of the machinery of Government.
>
> Providing a Central Department which has no departmental axe to grind but does have overt policy status and which can attempt a synoptic view of policy.
>
> Provide a Central reinforcement for those Civil Servants in Whitehall who are trying to retain their creativity and not be totally submerged in the bureaucracy.
>
> Try to devise a more rational system of decision-making between competing programmes.
>
> Advise the Cabinet collectively, and the Prime Minister, on major issues of policy relating to the Government's Strategy.
>
> Focus the attention of Ministers on the right questions to ask about their own colleagues' business.
>
> Bring in ideas from the outside world."

The Wade-Gery prospectus was the polished product of one of the Monday

morning brainstorming sessions which were a feature of the Rothschild Tank (Preceding them was a regular and rather more stately occasion when Lord Rothschild took coffee with Sir Burke and discussed the forthcoming week's Cabinet business [39]). He kept the team deliberately small. It was never more than the sixteen to twenty people who could be accommodated around his table on a Monday morning. Throughout its 13 year life, the Tank's membership fluctuated between 13 and 20 with a rough half-and-half division between insiders from Whitehall and outsiders from industry, the universities and the professions (See Graph A). The blend of outsiders varied a little from administration to administration and director to director. As one would expect, recruits from the private sector were rather more prominent under Heath and Thatcher. The academics peaked in the Callaghan years. Ideology seems to have had little to do with the proportion of public sector recruits to the CPRS. These peaked in the Ibbs/Thatcher era and probably reflected the priority afforded to the nationalised industries in that period of the Tank's life (see Graph B).

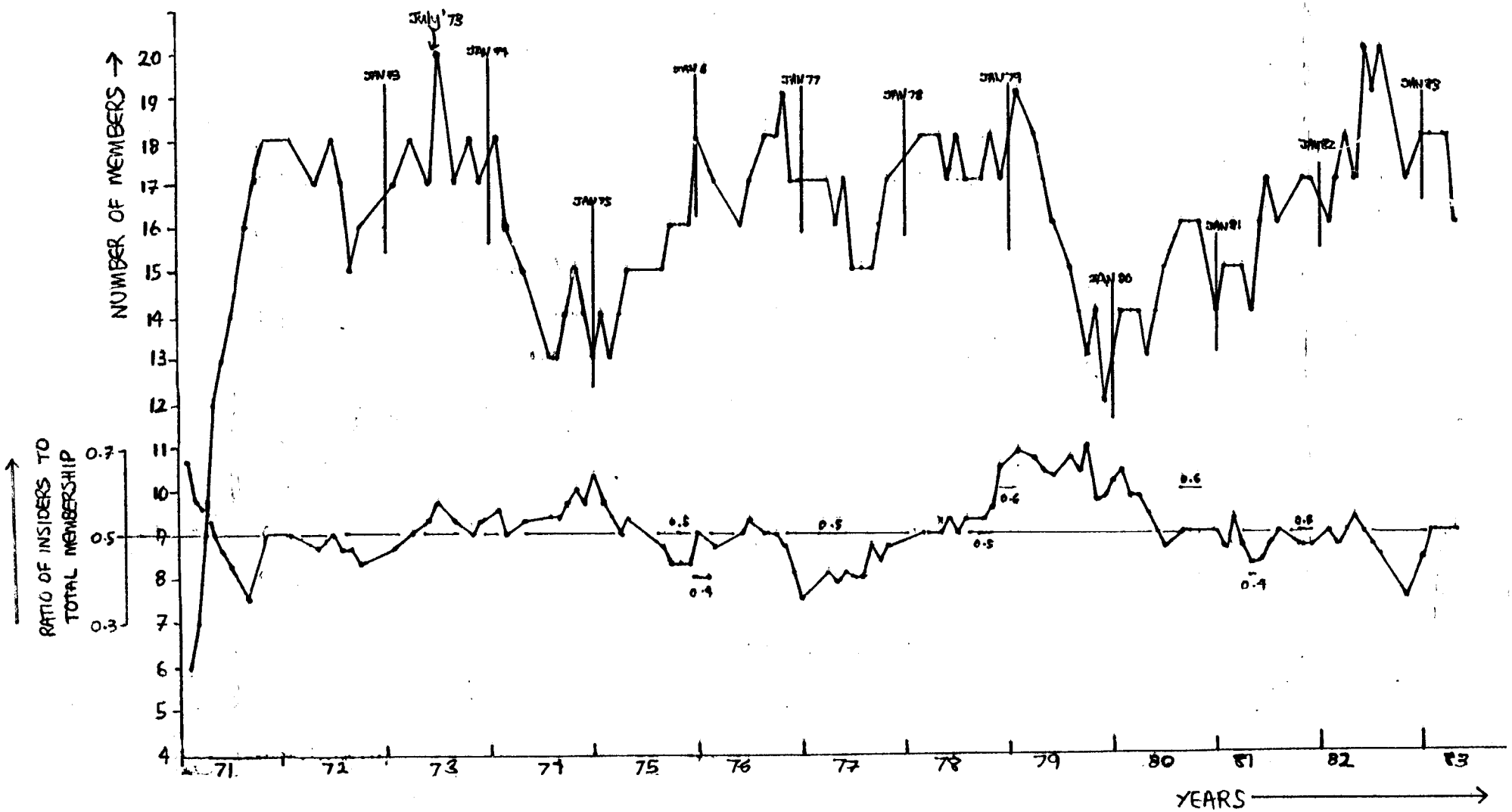
At the beginning Lord Rothschild inherited three people - Mr. Mayne, Mr. Butler and Professor Ross. Finding the rest was up to him. Recruiting to the CPRS was crucial to its fortunes but never easy. Lord Hunt recalls:

> "It's obviously very difficult because you are asking the head of the CPRS to find a team of outstandingly talented people who have the capability of coming up with original perspectives and original questions which departments, with all their back-up and resources, haven't found.

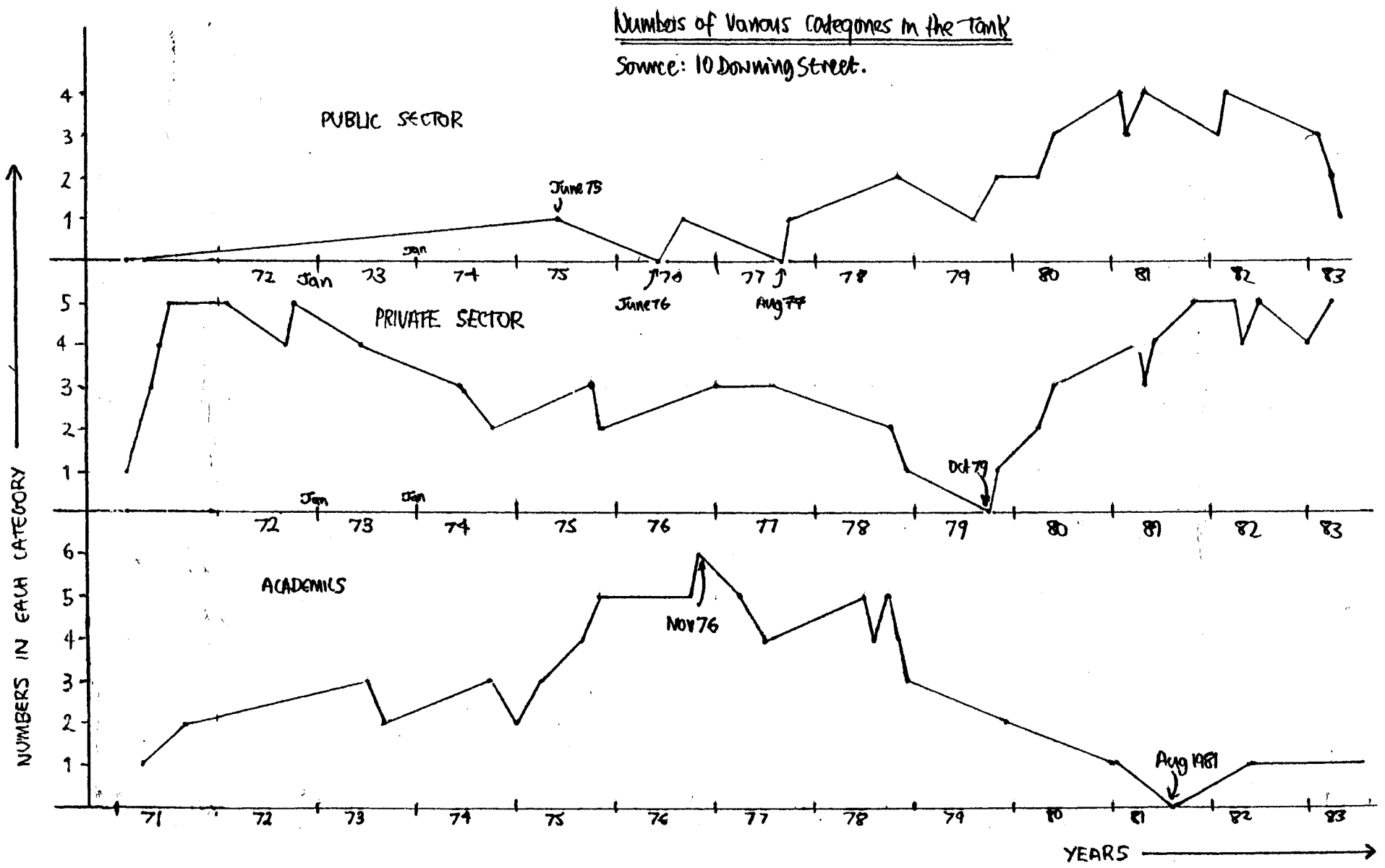
GRAPH A

Composition of the Tank' : membership & proportion of insiders.

Source: 10 Downing Street.



GRAPH B


Numbers of Various Categories in the Tank
Source: 10 Downing Street.
PUBLIC SECTOR
PRIVATE SECTOR
ACADEMICS
June 75
June 76
Aug 77
Oct 79
Nov 76
Aug 1981
Jan
NUMBERS IN EACH CATEGORY
YEARS
71
72
73
74
75
76
77
78
79
80
81
82
83

> It very much depended on the head of the CPRS and his deputy to go and ferret out these bright young people, which wasn't easy. It wasn't easy not only in Whitehall, not only to identify them, but then to persuade departments to release them. It was even harder but more important when you were looking outside Whitehall." [40]

Lord Hunt is clear that in Lord Rothschild himself, the Cabinet Office had found exactly the person it needed to run the Tank:

> "I remember Victor Rothschild sort of ambling into my room from time to time and saying 'How much time have you spent in the last month thinking about X?' And he would go out again because, as you know, he had a rather Delphic approach. But a few months later, I would realise that X was a very important subject. That
>
> is the sort of capability you're looking for. You don't find it easily.
>
> Are we in this country worse at it? Yes I think we are. Much worse. In the States people in academic life, in business life... they are all terribly interested in coming in, feeding in the right questions. Talk to academics here, they're very often not interested... We are a very fragmented society, both vertically and naturally." [41]

Filling the Tank as a whole, and not just its headship, proved difficult throughout most of the 13 years. According to CPRS-watchers inside Whitehall, Lord Rothschild had the easiest time of it with his connections in universities, the energy world, the City and the bureaucracy itself. [42] The cynics were prone to see it as a kind of job creation scheme for the gifted friends and contemporaries of his daughter Emma. [43] Mr. William Waldegrave, fresh from Harvard, was suggested to Lord Rothschild by Lord Jellicoe, then Lord Privy Seal, with the question did he want a messenger-cum-tea boy? [44] Mr. Waldegrave shone in the CPRS, went on to join Mr. Heath in No. 10 as

his Political Secretary and in the mid-1980s found himself a junior minister at the Department of the Environment trying to sell the Thatcher administration's rate-capping legislation to Parliament and the public.

Compared to Lord Rothschild, his successors had a much tougher time in recruiting the right "boys and girls" as Sir Kenneth Berrill would invariably call them. Sir Kenneth was au fait with the universities and Whitehall. Sir Robin Ibbs knew industry and Sir John Sparrow, the city. But none possessed a network to match Lord Rothschild's. This presented problems in making an impact on a sceptical machine as will be discussed later in this paper.

Lord Rothschild's Tank was helped by the word spreading that it was the place to be. It had glamour, glitter and almost fell into the ghastly category of radical chic particularly after some near eulogistic coverage in The Sunday Times Colour Magazine in 1973. [45] Lord Rothschild would take his team to dinner at the Mirabelle. They had the ear of the mighty daily, weekly and six-monthly at their famous strategy sessions at Chequers. It was heady stuff. From the moment Lord Rothschild set up shop to the oil-crisis of Autumn 1973, these were the salad days of the CPRS. Life was never quite so buoyant or such fun after the Arab-Israeli war and the quadrupling of oil prices.

Much of what the Rothschild Tank did remains locked in the Cabinet Office registry. Detective work has uncovered a fair span of

its activities, however. The list reads something like this:

Airships.
Better presentation of information to ministers.
Building Society mortgages.
British Computer Industry.
Canals.
Concorde.
Construction Industry.
Counter-Inflation.

Criteria for public expenditure priorities.
Decision-making under stress.
Early retirement.
Effect of a shorter week, year or life on unemployment.

Electric cars.
Empty office blocks.
Energy Conservation.
Fast breeder reactor.
Fertiliser and lime subsidies.
Gas and electricity prices.
Good and Great
Helium.
Land and property speculation.
Maplin.
Miners' Wages.
Northern Ireland.
Nuclear Reactor Safety.
Oil economics and supplies.

Open cast mining.
Pensions.

Race relations.

Regional policy.
Relationships between government and nationalised industries.
Rolls Royce.
Treatment of offenders.
UK coal industry.
UK Population Trends.
Worker participation. [46]

Lord Rothschild's memoranda had bite. They are remembered with affection in the grey world of Whitehallese. As one permanent

secretary put it:

> "What distinguished Victor's memos from all the others was that they were totally free of bureaucratese and all on two thirds of a page saying virtually all that needed to be said. A great man." [47]

The way in which the Rothschild memoranda are recalled can be misleading. In 1981, when the CPRS celebrated its tenth birthday, another permanent secretary lamented:

> "Gone are the days when a CPRS paper would begin with the words 'Concorde is a commercial disaster.' It's all very dull and worthy now." [48]

This left the impression that the Tank had recommended the killing of Concorde. Three years later, in a radio interview, it emerged that it did not:

> HENNESSY: Didn't the politics override your Concorde presentation because Whitehall legend has it that it began with the sentence "Concorde is a commercial disaster."?
>
> ROTHSCHILD: Whitehall is comparatively accurate on this occasion. But I think I am allowed to say that the paper in question went on "in spite of that you have got to go on." And, if it's of any interest to you, it also said, "and for God's sake stop bellyaching about it, just get on with it." [49]

Assessing the impact of the CPRS under any of its directors is difficult. The Tank's was only one of many ingredients in a haphazard mix of prejudices, pragmatism, and analysis which is flattered by the name of policy-making. Among Whitehall insiders, a pattern is discernible - the CPRS and Lord Rothschild were a good thing when

dragging up other people's prize blooms; when they invaded your back garden, that was another matter. Here is a senior official in the Home Office recalling the CPRS study of penal policy:

> "Lord Rothschild was rather well suited for the job. He was absolutely fearless and not tied down by orthodoxy. His great virtue was the way he would upset Ted Heath by telling him the truth."
>
> "When they turned their attention to prisons it was not very good. It seemed to us that their paper rehearsed the problems, which were only too familiar to us, without being very helpful." [50]

One long-serving member of the CPRS is not surprised by the "It's fine for everyone else, but it could tell us nothing new" syndrome. Part of the Tank's function, he says, was to act as an outside consultant, to focus on the solution reform-minded insiders had been pressing in vain for years and, by operating as an external catalyst, help achieve its acceptance and implementation. [51]

In a conversation with Bernard Levin on BBC 2 which was broadcast as the seventh in a series of "Levin Interviews" on August 12, 1984, Lord Rothschild described the Tank's method of educating ministers and achieving impact. His examples ranges from "a pifflingly elementary thing" like the retail price index ("a lot of members of the Cabinet of both parties didn't know what the RPI was") to a hugely complicated subject such as nuclear reactors:

> "To be able to explain the problems associated with different sorts of nuclear reactors to a lay audience requires, on the one hand, considerable analytical ability to understand them yourself, on the other hand another type of ability to explain it

in simple language.

> "I'm not saying that I did all this, of course. I had a team of people. And, indeed, I've always tried whenever possible to get the present Prime Minister's Principal Private Secretary (Robin Butler) to make presentations because in those days, ... (he was a)... rather good looking young man who looked like a well scrubbed head prefect. And I thought that they would be more attracted by somebody looking like him, than an elderly gent like me."

Lord Rothschild took the issue of presentation sufficiently seriously, the Levin interview revealed, to summon on his old friend, the actress Dame Peggy Ashcroft, to the Cabinet Office to coach Wade-Gery and the others on how to speak before an audience to the greatest effect. Sometimes it succeeded.

On at least one strategic issue, Lord Rothschild is given credit for influencing an outcome which he insists was the work of others - the Heath Government's U-turn on economic policy in the Autumn of 1972.

> "It is quite untrue. Though I was present in No. 11 Downing Street when Ted Heath did the U-turn. The CPRS was not consulted about that particular operation. We never presented any paper on it." [52]

The origins of the incomes policy of Autumn 1972, according to one insider who was closely involved, can be traced to:

> "The early summer of 1972 when William Armstrong asked Ted Heath if we could start preparing contingency plans for a new counter-inflation strategy in case inflation topped 10 per cent. Ted said 'yes'." [53]

At least two participants (neither members of the CPRS) reckon one of the Tank's regular six-monthly strategy sessions at Chequer's on a Saturday afternoon in September 1972, was crucial in shifting opinion inside the Cabinet about the need for a new interventionist strategy. "The message filtered through", said one attender of the CPRS presentation that day. The divergence of view of the Tank's impact on economic strategy in the Summer-Autumn of 1972 seems to be one of those episodes that requires the workings of the 30-year rule to resolve.

Energy is one policy area, however, where all agree the Rothschild CPRS made a direct and important impression. It forecast a steep rise in the price of oil in 1971 way ahead of the Arab-Israeli War of October 1973 and the subsequent application of muscle by the Organisation of Petroleum Exporting Countries. In Whitehall terms, such prescience bought the Tank much kudos and is frequently cited as the classic example of how such a body can win respect and influence by being ahead of the regular government departments. Lord Rothschild puts it less dramatically:

> "I don't know that we formally alerted the Cabinet. But it was quite clear to me that there was probably going to be an oil crisis in the sense of a price hike. And I suppose I learnt this from my 10 years in the Royal Dutch Shell Group. And I certainly let it be known that this was my view and that we should, therefore, be taking certain measures to counteract that possibility." [54]

In another area the direct influence of a Rothschild production is demonstrable. After his 1972 report on the organisation of research

and development in Whitehall, government science was reorganised on the basis of the customer-contractor principle. Sir Burke Trend would not allow the R. and D. report to be published under the Tank's imprimatur. So it came out as a White Paper. [55]

Sir Burke took great pains to keep the CPRS away from foreign and defence policy issues - terrain he judged unsuitable for outsiders. This irritated the Tank. Some of its members were particularly keen to have a go at Northern Ireland. Mr. Heath by-passed the Cabinet Secretary and asked Mr. Wade-Gery to report on the province.[56] It is not known if Sir Burke discovered this piece of private enterprise. It is probable that he did. Mr. Wade-Gery's paper failed to impress those living with the Irish question from day-to-day for rather the same reasons given by critics of the operation on penal policy. Sir Frank Cooper, who was Permanent Secretary at the Northern Ireland Office, 1973-76, reckons:

> "Northern Ireland is a quagmire for anyone however long they may or may not have been involved. And I think it was probably very unlikely that some relative newcomer could come and throw some brand new light on the whole situation... Certainly there was no opposition in the Northern Ireland Office to the Think Tank having a look.
>
> We didn't have any great hopes that it would bring some blinding flash of new insight ..... simply because the people who were working in the Office were totally immersed in it. They'd found it difficult enough to get to know something about it. And although Robert Wade-Gery is a man of outstanding ability, I think it's unlikely that he or anyone else involved could have produced something which gave an absolutely revolutionary view of the situation which was going to work." [57]

For good measure, Sir Frank, an old Air Ministry hand who was

Permanent Secretary at the Ministry of Defence 1976-82, buttresses the Trend view of those parts of Whitehall the Tank should not reach:

> "They are not areas where there is a great deal of widespread expertise in this country. In defence in particular there are very few other experts and (the Ministry of) Defence has a near monopoly. In terms of foreign affairs? Well, people certainly write history and write pieces about foreign affairs. But again there is a limited knowledge of the real relations that one country has with another." [58]

Lord Rothschild has challenged the Trend-Cooper view of the CPRS's fitness to examine foreign and defence matters. In his "Epistle to a Prime Minister" about the shape and remit of a future Think Tank prepared for the BBC programme, "Routine Punctuated by Orgies", (and published in full for the first time in this study as Appendix A), he writes:

> "No particular class of investigation, such as those concerned with foreign affairs, defence, the Budget or the exchange rate, should be barred. This may, from time to time, pose security problems as not all members of the CPRS, even though p.v'd (positively vetted), may be cleared to see papers with the highest classification.
>
> But this need not present problems as the head of the CPRS must, after due indoctrination and consultation, be allowed to be selective in regard to which members of the CPRS may have access to particularly sensitive material."

In an intriguing aside he adds:

> "It may even on occasions be appropriate for some classes of material to be seen by a particular member of the CPRS and not by its head. This has happened."

The Budget to which Lord Rothschild alluded, was another area in which he operated secretly, so secretly, in fact, that even Mr. Heath did not know of it. Lord Rothschild asked Anthony Neuberger, who had joined the CPRS straight from university, to take the previous year's budget and see what real harm would have been done if it had been leaked in toto. He found that 50 per cent of its contents could have been disclosed prematurely without damage, despite the genuinely obsessional security which surrounds any document with the special marking "Budget-Secret". The Neuberger report was shown to no-one outside the CPRS. [59]

There were other private CPRS operations. Lord Rothschild had a preference for the idea of pilot studies. You would pick an area with a suitable mix of industry and agriculture, city and country dwellers - Warwickshire was his favourite candidate - and try out schemes and policies. This was not pressed upon the Tank's customers as it was felt they would not be prepared to buy. [60]

Several studies were suggested by ministers but got nowhere. One idea produced by Mr. Reginald Maudling, then Home Secretary, found particular favour with Lord Rothschild. It came up on his early milk-round of Cabinet members. Lord Rothschild recorded their conversation in his memoir. Mr. Maudling said: "You should take a long hard look at the List of the Great and the Good." This tome, Lord Rothschild explained, is:

> "The catalogue in which are recorded those considered to be suitable or, if not suitable, deserving or desirable for public appointments. I may be wrong, but I thought I detected some resistance on the part of the authorities to the Think Tank studying this subject. Patronage is... a very precious and delicate commodity, and the List of the Great and Good is jealously guarded, no doubt for good if not great reasons." [61]

The CPRS took a look anyway. The gist of the Tank's report on the Great and the Good can be divined from a lecture given by Lord Rothschild several years later. In discussing advice available to ministers, he said:

> "I happen to believe that ministers could do worse than have their own 'Cabinets', as in France. But in that case, some systematization is essential. One cannot just pluck one's friend Professor A from University B, or Mr. C. from Company D, and hope he will fit in.
>
> Nor ought one exclusively to rely on the Civil Service Department's 'List of the Great and Good', all of whose members, if I may be allowed to indulge for a moment in my propensity to exaggerate, are aged 53, live in the South-East, have the right accent and belong to the Reform Club.
>
> Obviously, the selection of the right people for these critical posts should be hived off... from the politicians and the Civil Service; and the independent Selection Panel should not be headed by an emeritus member of either class. But this pipe-dream won't come true. To paraphrase Clemenceau or Talleyrand, patronage is too serious a matter to be left to outsiders." [62]

The machine, in fact, succeeded in smothering the initiative. As one insider put it: "They did set up a committee and that killed it."[63] But, intriguingly, the idea had acquired an independent existence of its own. After the change of government in 1974, Dr. Bernard Donoughue, head of Mr. Harold Wilson's new Downing Street Policy Unit, took up the cause of reforming the procedures for complementing the List of the Great and Good - though he had no idea that Lord

Rothschild had trodden the same path during the Heath years. [64]

> "I had no idea Victor had done that. I was just appalled by the lists that came out of the Civil Service Department of people for jobs - the same old names and the same old hacks. So I discussed it with Richard Graham. a member of my unit. He said 'What we need is a little unit whose job is to trawl and advertize and actively look for good people.' I drafted a paper to the Prime Minister suggesting a public appointments unit. The PM supported it."[65]

As a result a Public Appointments Unit was set up in the CSD in 1975 headed by Mr. Jonathan Charkham, a career official of assistant secretary rank. The trawl was widened. Mr. Charkham toured the country looking for "chaps for posts", as he invariably put it. He was particularly keen to find female "chaps" and persons under 40 living in the regions to break Lord Rothschild's cruel Reform Club stereotype.

Labour ministers led by Mr. Peter Shore, killed the idea of advertising in post offices for self-nominations. Patronage was indeed shown to be the kind of political weapon few politicians would willingly surrender. Though the Thatcher administration took a minor step towards it in 1980 when Mr. Paul Channon, Minister of State at the CSD, issued an appeal in the Commons in the small hours of the morning for people to suggest themselves or their friends by writing to his ministry.[66]

The Rothschild Tank looked at other issues which spanned several administrations, including the great intractable of nationalised

industry policy. His team had two attempts to persuade the Heath administration to disengage from detailed interference in the state enterprises. They failed. Lord Rothschild had a horror of another perpetual intractable - regional policy. According to one insider, he likened it to a "black hole", [67] but the Tank studied it nonetheless.

There was one timeless issue on which Lord Rothschild believed the CPRS could work with profit - the machinery of government. Sir William Armstrong, the Head of the Home Civil Service, regarded this as his private turf and saw Lord Rothschild off with the words: "Victor, if its the last thing I do, I'm going to do that."[68] He never did. And Lord Rothschild still hankers for the chance to have a go himself. [69]

During the autopsy performed on the CPRS by commentators and retired permanent secretaries after its demise in 1983, it became a truism to remark that the relationship between the head of the Tank and his patron, the Prime Minister of the day, was absolutely crucial. The Rothschild-Heath partnership was probably the most successful. But it was punctuated by one spectacular row in the early autumn of 1973 held deliciously and uproariously in full public gaze.

It was a tale of two speeches. The date was September 24th, 1973. Lord Rothschild had accepted an invitation to open a new

seminar room at the Letcombe Laboratory in Wiltshire run by his old outfit, the Agricultural Research Council. He drafted a short address along what he confidently believed were platitudinous lines, so platitudinous, in fact, that he forgot to submit them for routine clearance by the Downing Street Press Office.[70] His theme was that unless the country pulled itself together, by 1985 Britain could be producing about half of the output of Germany or France. Unknown to Lord Rothschild, the press officer of the Agricultural Research Council telephoned a few paragraphs to the Press Association, the London-based national news agency. In a matter of minutes teleprinters in news rooms the length and breadth of the land were tapping out the stark message.

Lord Rothschild prefaced his remarks to the research scientists by saying he would avoid "the circumlocutory half-truths and understatements normally, but often unjustly, expected from a civil servant writing a report." He went on:

> "These general issues can be summed up by ventilating a fear I have, which I believe has virtually nothing to do with the politics of the left, right or centre, about the future of this country. From the vantage point of the Cabinet Office, it seems to me that unless we take a very strong pull at ourselves and give up the idea that we are one of the wealthiest, most influential and important countries in the workd - in other words that Queen Victoria is still reigning - we are likely to find ourselves in increasingly serious trouble. To give just one unpalatable example, in 1985 we shall have half the economic weight of France or Germany, and about equal to that of Italy."[71]

The diagnosis got tougher as did the prescriptions. The Letcombe speech is worth examining at length for two reasons: it represents

the considered view of Lord Rothschild after examining from the inside for two years the priorities and operations of British central government; and it amounts to a warning cry uttered two months before the oil price hike engendered a more general sense of crisis across the nation. Lord Rothschild turned to the difficulty of persuading the British public that they were in a condition of emergency which:

> "...depends on something that seems very difficult to achieve in this country. It is the knowledge that our difficulties and dangers are as severe and ominous as they were in World War II, though, of course, of a different sort.... every man and woman in the country must be made aware of the dangers and difficulties ahead and of the need to contribute to their solution...
>
> "...if we are to solve or even ameliorate the problems and dangers we are facing, there must be a major national change of orientation. We have to think twice about the desirability of courses of action which, in the distant past, were ours by right. We have to realize that we have neither the money nor the resources to do all those things we would like to do and so often feel we have the right to do."[72]

This performance of Lord Rothschild's in the obscurity, as he thought, of the Wiltshire countryside had a bite which took it far beyond platitude, all the more so given who he was and who he worked for. As Lord Rothschild noted retrospectively:

> "...by a coincidence the Prime Minister was making a speech on the same day in another part of the country. In it he referred to the number of people in the United Kingdom who had colour television sets and other signs of comparative affluence."[73]

The Press had a field day. Mr. Heath was livid. Lord Rothschild was summoned to No. 10.

"He gave me a rather unpleasant dressing-down. I apologised. And in a very typical Heath-like way there came a moment in the interview when he said: 'Well, now let's discuss nuclear reactors.' And that was the end of it. The matter was never raised again and our relationships were perfectly OK afterwards."[74]

Writing in 1976-77, Lord Rothschild noted:

"Re-reading what I said (at Letcombe), it is somewhat ironical to find that so far from having to wait until 1985 for my gloomy preductions to come true, they have, unfortunately, already done so to a large extent."[75]

Within two months of the Letcombe speech there began a chain of political and economic events which administered a severe shock to the country's industrial base.

CRISIS AND ALL CHANGE

"I leave the arena troubled, anxious and not too hopeful, but still praying for understanding, cohesion and a new sense of national unity to defeat the most formidable enemies this country has so far encountered, inflation and social division."

Lord Rothschild, Farewell Letter to the Prime Minister, October 1974.

"It's time we abolished the Think Tank and did some thinking for ourselves."

Mr. Tony Benn, Secretary of State for Energy, 1977.

The foreign policy crisis of the 1973 Arab-Israeli war and the fuel crisis that came with it, changed the face of Britain's political economy permanently. It did for domestic policy what Suez had done for overseas and defence policy. It is important in compiling a history of the CPRS to recapture the desperate spirit of November-December 1973 as the Cabinet tried to adjust to new realities.

As we have seen from Mr. Heath's performance on Letcombe day, the line being pushed by ministers in the summer and autumn of 1973 was that the country was on the threshold of a "superboom". All that was needed to sustain it was an adherence to the Government's prices and incomes policy. The OPEC price hike and the breakdown of pay talks with the miners in November put paid to all that. The political pendulum inside the cabinet swung from strident optimism to deep pessimism. Mr. John Davies, the Minister for Europe, captured the grim mood in December 1974 when he recalled:

"We were at home in Cheshire and I said to my wife and children that we should have a nice time because I deeply believed then that it was the last Christmas of its kind that we would enjoy." [76]

Life, for the CPRS at any rate, was never the same again. The fact that the Tank three years earlier had predicted a surge in oil prices did not make the consequences any easier to handle. The preoccupations of the Heath Cabinet shifted dramatically to short-term survival. It was not a good climate in which to think the unthinkable and, in Douglas Hurd's phrase, "to rub ministers' noses in the future." [77] Forecasts of inflation, public spending and the complete range of economic indicators needed to be torn up and rewritten. Strikes by power workers and miners compounded the problems. The Daily Express ran an Osbert Lancaster cartoon of Maudie Littlehampton sitting by candlelight beside a paraffin stove and asking: "By the way, whatever happened to the Think Tank?" The CPRS was active on the energy front during the 1973-74 winter crisis though not in every area. Folk wisdom has it that its work on the coal industry came up with a solution to the miners' strike - the payment of a special energy premium justifiable under the emergency circumstances created by OPEC. This, like the 1972 U-turn story, is denied by those involved: "We never presented any papers on that or the 1973 miners' strike", said one participant. [78] But, one way and another, the Tank seems to have made its inputs during Mr. Heath's last winter crisis. Fay and Young, in their reconstruction of the fall of Mr. Heath (which remains the best and fullest account of the episode) noted in 1976:

"In retrospect, some of those involved believe that the sensible course would have been to play the Arab card, and give the miners some sort of 'energy supplement'... on the grounds that the oil price rise had changed the world.

Some of this... was put on paper at the time. Dick Ross... wrote a paper in December arguing that any incomes policy must be based on social justice and economic realism. So indelicate was it held to be that, after Heath had read it, the Cabinet Secretary, Sir John Hunt, ordered all copies to be destroyed.

Adam Ridley... also put the case for giving in. Rothschild himself, after another oil price rise in January, thought Heath's golden chance had come to settle."[79]

It was not taken, and in February 1974, the Heath Government went to the country on the "Who Rules?" question. The CPRS was not an election issue, though some of its members thought its future was at stake. But Lord Rothschild had been told privately in October 1973 that Labour would not wind-up the CPRS as he disclosed three years later:

"When Mr. Wilson became Prime Minister, some members of the Think Tank were quite worried lest it should suddenly be liquidated, several important people in the Labour Party having previously said the Tank was a joke, that they did not need anyone to think for them, and so on.

I could not relieve the members of the Think Tank of their anxiety, although I knew, in confidence, before Mr. Wilson became Prime Minister, that he was not going to liquidate us: I had met him at luncheon six months before the Labour Party came into office and, at the end of it, he said to me 'when we win the election I do not intend to make any institutional changes at the centre'." [80]

Bernard Donoughue, who came into No. 10 with Mr. Wilson in March 1974,

is convinced, however, that the life of the CPRS was in danger.

> "When we went in there was enormous political hostility to the Tank from Labour ministers. They saw it as a Heath creation and political. The fact that William Waldegrave (who at the end of the Heath administration had moved into No.10 as the PM's political secretary) and Adam Ridley were there was a demonstration that it was a Tory Party operation at the taxpayers' expense and it should be abolished.
>
> I came across nobody who saw it as a contribution to administration. Tony Benn went on at great length to me about it. The new policy unit was seen as Labour's. We were coming in and they were going out."[81]

Dr. Donoughue, though subsequently critical of some of its tactics and papers, was and remains a supporter of the idea of a CPRS and in March 1974 he lobbied for its survival:

> "I rather surprised Wilson after we got into No.10 by saying I hoped we would keep it. He obviously assumed he was going to get rid of it. He had also assumed that I would want to get rid of it because it was competition. Wilson had a little chat with me about it and then, I think, he took Victor for lunch at the Athenaeum." [82]

Harold Wilson's study, The Governance of Britain, published in 1976, gives no hint of ambivalence about the value of the CPRS or its head. He even described the Tank as "a project that was being worked up before Labour left office in 1970" (which corroborates Lord Trend's account of his discussions with William Armstrong prior to the election). Heath, according to Wilson, showed "Inspiration in the appointment of its first head." [83] A few pages later his praise becomes unstinted:

"Edward Heath made a first-class appointment in Lord Rothschild, and the quality of the top appointment was reflected in those lower down... Experience with two successive governments of different parties suggests that they have come to stay, an integral part of the decision-making centre of government.

Their work closely follows the White Paper remit: they stand aside from day-to-day in-fighting and departmental issues - and their reports are utterly fearless, related to strategy and singularly unworried about upsetting Establishment views or producing conclusions extremely unpopular with those who commission them." [84]

Shortly after Labour's return to power, William Plowden, an old friend of Dr. Donoughue's inside the CPRS, urged him to clarify the relationship between the Tank and the new Downing Street Policy Unit. Dr. Donoughue had a couple of meetings with Lord Rothschild to reassure him about the Tank's survival. Lord Rothschild seemed concerned about the plan to recruit an oil expert to the Policy Unit, a field of great importance to the CPRS. Dr. Donoughue recalled:

"I cancelled that as a gesture to the CPRS. I tried very hard in various ways to establish good relations with Victor. I think it worked. Victor and I got on actually quite well." [85]

The new Government noticed Lord Rothschild's gloom about prospects for the future. Events since Letcombe had reinforced his fears. He felt it was time to leave. Dr. Donoughue remembers:

"He was terribly gloomy. Wilson noticed how gloomy he was and Wilson didn't like gloomy people. I don't think he was too sorry to see him go." [86]

But Lord Rothschild did not leave without sounding another warning note. Modelling himself on Ambassadors whose last despatch before retirement consists of a tour d'horizon for the Foreign Secretary, which invariably begins with the words, "With great truth and respect", Lord Rothschild sent Mr. Wilson a letter entitled "Farewell to the Think Tank." Unlike the standard diplomat's valedictory, this was published, with his permission, in The Times, on October 13, 1974. [87] In his elliptical fashion, he skewered politicians as a breed:

> "Politicians often believe that their world is the real one: Officials sometimes take a different view. Having been a member of this latter and lesser breed, it is, perhaps, inevitable that I should have become increasingly fearful about the effects of the growing political hostility between and among our people. To what extent is this blinding us, preventing us keeping our eye on the real ball assuming there is one. I think there is and I have said before what I believe it to be: that the people of Britain must now agree to the necessity for a period of national sacrifice...
>
> There is no chance at all of us maintaining our standard of living, of keeping up with inflation, even though politicans and other national leaders seem to think it is axiomatic that this is both a possible and an essential right of the people. We, the people, have no divine rights; only those that a democratic society can afford and has the will to provide. So if, in the interests of the future, democracy requires, a freeze, rationing and harsh taxation of luxuries, it is no good saying that such measures are acceptable in war but not in peace: because we are at war, with ourselves and with that neo-Hitler, that arch enemy inflation." [88]

In fact, Lord Rothschild waited another 20 months before tearing into the British political class. His Israel Sieff Memorial Lecture, "The Best Laid Plans..." delivered in May 1976 carries the unmistakable whiff of 1974 and the first months in office of the new Labour

government. He quoted "a very distinguished civil servant" on the difference between the two parties to the effect that: "Conservative Cabinet ministers grunt, and Labour Cabinet ministers give us out of date lectures on economics" adding that "my occasional contacts with Cabinet ministers have not made me feel that this apophthegm was totally false." [89] He talked of "the promises and panaceas which gleam like false teeth in party manifestoes." [90] Then Lord Rothschild really let his old bosses have it in a passage brimming with indirect observations on the difficulty of placing non-partisan political analysis of the CPRS variety before newly elected ministers:

> "Something really should be done about this problem of the party's first few months in office, which are without doubt the worst. This prolonged festival, a mixture of the madness of Mardi Gras and Auto da Fe, celebrated by burning anything of a political character which is regarded as inimical, can be a great nuisance, to put it at its mildest.
>
> Governments can do dreadful things in their first heady months of office. I wish there could be a law against a new Government doing anything during its first three or so months of existence. Apart from their constituency and parliamentary duties and, of course, their ritual appearances at hospitals, new power stations, Strasbourg and the like, new ministers, even if they have been in office before, should read documents, listen to expert opinion, ask questions and refrain, unless absolutely essential, from taking positive or negative action, activities which, at the beginning of a new term of office, almost invariably create new problems. There should be a period of purging and purification - a kind of political Ramadam." [91]

The quality of ministerial decision-taking, and the problem of what political scientists call "overload" preoccupied Lord Rothschild for a decade after he left Whitehall. (Before departing, he himself experienced this particular industrial disease and suffered a mild heart attack as the Heath winter crisis gathered pace in mid-December

heart attack as the Heath winter crisis gathered pace in mid-December 1973). [92] A few months after leaving the Cabinet Office he published in The Times his famous test for policy-makers suffering from jet lag and drink which had formed the core of the Tank's study of decision-making under stress. [93] It took the form of a logical set of questions involving the letters "A" and "B". Candidates were required to tick "True" or "False" beside each one and were invited to answer as many items as possible in three minutes. As Lord Rothschild recalled a decade later, the idea was not greeted with acclaim in Whitehall:

> "It was very unpopular with the permanent secretaries on whom I tried it first and it really wasn't worth going on and trying to persuade ministers to do this three minute test. As a matter of fact, the person who did best at it was Field Marshal Lord Carver. Every time he tried my test after a long trip... and perhaps a couple of Martinis on the aeroplane, he got 97 out of 100." [94]

The scholarly former Chief of the Defence Staff was miffed at Lord Rothschild's indiscretion. He told The Times Diary: "Victor set it because he was horrified at the way some ministers took decisions. He said quite firmly at the time the results would be extremely confidential." [95]

Lord Rothschild's attempt to persuade Britain's politicians that exhaustion and overwork were not assets when it came to the conduct of public business seems to have been a complete failure. It was the issue to which his mind returned in a newspaper interview to mark the

publication of Random Variables in 1984. He expressed a willingness to revisit to Whitehall for the purpose of designing an early-warning system for ministers, an idea which he had run during his CPRS years. It had fallen for fear that its output might leak. [96]

> "Lord Rothschild is convinced that with Sir Robert Armstrong, Secretary of the Cabinet, he could construct a secure model that would give ministers a better chance of coping with potential disasters: 'One has got to take some frightful event, like an assassination or an accident at a nuclear power station, and think of the probability of it occurring.'
>
> His other method for improving the capacity of ministers to govern would be to find members of the Cabinet who were capable of ratiocination. 'I would go through their diaries seriatim and ask them: "You are clearly ambitious and want to be Chancellor or Prime Minister. Please tell me what priority you would assign to naming this ship in Dover?"'[97]

In May 1984 Lord Rothschild said he wished he was 55 again with an invitation from Government to come back for the occasional assignment. In a leading article, The Times said he should be taken at his word. Mrs. Thatcher should send for him and ask him to design an early warning system. It was the year of the "banana skins". But there was no summons and, therefore, no system.

Lord Rothschild believed the headship of the CPRS was the best job he ever held. [98] In October 1974, it passed to an old friend of his, Sir Kenneth Berrill, an academic amphibian who had hopped between Whitehall and the universities since as a young man he had followed his teacher, Professor Austin Robinson, into Lord Plowden's Central Economic Planning Staff. Before taking over the Tank, Sir Kenneth was Chief Economic Adviser to the Treasury. At the same time he served as

unofficial economic adviser at weekends to his Cambridge neighbour who just happened to be Lord Rothschild. [99]

Sir Kenneth was, in many ways, a sharp contrast to Lord Rothschild. Physically smallish and compact, he exuded an air of bustle and jollity and, for one so senior in public life, a kind of matiness. In the canine metaphor once favoured by Harold Wilson to distinguish those who worked for him, Berrill was a terrier, Rothschild a borzoi. Sir Kenneth was not an original thinker. His great skill as an economist was to synthesize the work of others, to select and blend that which was practical. This was very much his style at the CPRS. In conversation he was down-to-earth, fast talking and sparse rather than grand, direct rather than elliptical. He was very similar to Sir Douglas Allen, who as Permanent Secretary to the Treasury, had in 1973 been instrumental in transferring Berrill from the University Grants Committee to the post of Chief Economic Adviser and Head of the Government Economic Service. [100] Both men were professional economists trained at the London School of Economics, meritocrats who had risen by the scholarship route. Neither had acquired the Oxbridge manner, though Sir Kenneth had for many years been Bursar of King's College, Cambridge.

Sir Kenneth had been at the Treasury for less than a year when his transfer to the CPRS was arranged. He had arrived at Great George Street just before the OPEC crisis burst over Whitehall requiring every scrap of economic forecasting to be reappraised. Sir Kenneth was his customary ironic self about it. At an LSE party in the winter

of 1973 he was asked if he missed the tranquillity of the university world?

> "He replied that he did. But his great consolation since the oil crisis had begun to bite was listening to the bar-room experts in the pubs and, as he finished his pint, turning to them and saying: 'It's not quite as simple as that, you know.'
>
> 'And who the hell are you?' he would be asked. 'I'm the Chief Economic Adviser to the Treasury', Sir Kenneth would truthfully say. To which the inevitable reply would come: 'And I'm the Queen of Sheba.'" [101]

The change of government in March 1974 affected Sir Kenneth's tenure as Head of the Government Economic Service directly, not because incoming Labour ministers found him unsympathetic, but because of an ancient feud in the Cambridge University Economics Faculty. For accompanying Mr. Denis Healey on his arrival at the Treasury as his special adviser was Professor Lord Kaldor. Sir Kenneth and Lord Kaldor, as was well known, did not get on. Lord Rothschild's informing Mr. Wilson of his intention to retire in the autumn provided a neat solution to the Treasury's Cambridge problem. Though it upset the careful career planning of Whitehall's Senior Appointments Selection Committee. The Committee, which consists of the six most senior permanent secretaries, had forseen the succession of Mr. Douglas Wass to the headship of the Treasury (it actually happened in 1974 shortly after Labour's return to power) at a relatively young age. The idea was to have Sir Kenneth, a seasoned old Keynesian, in post as Chief Economic Adviser while the new permanent secretary found his feet. [102] The Cambridge factor, the early retirement of Sir William Armstrong and the consequent transfer of Sir Douglas Allen

from the Treasury to the Civil Service Department ruined the whole scheme. Everybody seemed content with the Berrill appointment to the CPRS, however, as The Times profile noted:

> "It is widely thought that he was Lord Rothschild's hand-picked successor and that his lateral promotion was a move which killed several birds with one stone... The esteem in which he is generally held... was well illustrated by one civil servant who said 'I believe both leaders of the major political parties think he was their choice, and I believe there are several high-up civil servants who think he was their choice." [103]

Bernard Donoughue in the No.10 Policy Unit was made uneasy by the enthusiasm with which Sir Kenneth's move was greeted by senior officials. He believes Berrill was essentially their choice, a Civil Service appointment rather than a political one:

> "It was in July 1974, at the private secretaries' party in the garden of No.10. John Hunt was talking very excitedly about what a marvellous chap he had got, a reliable man to replace Victor. He was making it clear that this was excellent for the Cabinet Office. I went and broke into the conversation. He told me it was Ken Berrill.
>
> I had mixed reactions. I had negative reactions. I feared because of the way Hunt described it that the Civil Service had got the CPRS under control. But I had dealt with Ken at the UGC. I knew he was an able man. I knew personally I would be able to get on with Ken.
>
> But I was a bit worried about the future of the Tank. I spoke to Wilson about it. He had basically left Hunt to do it. He didn't seem very interested." [104]

Sir Kenneth, however, had one significant advantage when he moved into

Lord Rothschild's suite in the Cabinet Office in October 1974. He could start the job running. As Chief Economic Adviser he was up to speed with the post-OPEC problems of surging inflation and a public spending system largely out of control. Nor did Labour ministers have any illusions about Sir Kenneth's willingness to speak his mind. Earlier that year, while giving evidence at the Commons Expenditure Committee, he had been asked how inflation could be controlled if a statutory incomes policy was an impossibility. He replied, in his ironic and brutal fashion:

> "I don't think I can answer that question because the Government, and therefore, of course, the Treasury, believe a voluntary policy will work." [105]

A month after taking over the Tank, Sir Kenneth had a chance of pursuing his policy of speaking the truth to the mighty, in this case the whole Cabinet, at an all-day strategy meeting in the grand setting of Chequers. Thanks to Mrs. Barbara Castle's excellent shorthand training on the Daily Mirror in the 1940s, we have a blow-by-blow account of this highly revealing occasion.

Mrs. Castle's diary entry for Sunday November 17, 1974, is worth quoting at length for a number of reasons: it is the only verbatim account available of a CPRS presentation to ministers during its 13-year life; it offers a vivid reflection of the Berrill style; and, perhaps most important of all, it captures the banality and desperation of top level discussions on intractable problems at a time of crisis. Mrs. Castle opens her account [106] with a few reflections

on the "feminine" touch Mr. Heath had brought to the redecoration of Chequers and some bitter-sweet memories of 1969 when she and Wilson had clashed there with trade union leaders over the In Place of Strike proposals for union reform. Her note of the occasion, which took place in the Library at Chequers, speaks volumes about the quality of British government in the mid-1970s:

> "Though CPRS had drawn up an agenda in four parts, starting with our relationship with the external world, we soon found ourselves in the middle of a second reading debate over the whole field. Ken Berrill introduced the discussion succinctly, setting out the problems (the threatening world slump, the petrodollar crisis, etc.) rather than attempting to answer them. Harold Lever then spoke to his own paper. 'We have only a 50 per cent chance of avoiding world catastrophe,' he told us. Getting some international machinery to recycle the petrodollars was the only hope. Everything else, like petrol rationing, was only 'frolics at the margin'. We should broadly back the Americans. Denis (Healey) admitted that it was very unlikely we could close the whole of the balance of payments gap by 1978-79, even if things went well. But unless we improved our competitiveness our balance of payments position would become disastrous. There was a strong case for an energy conservation programme, if only on psychological grounds.
>
> Roy (Jenkins) ruminated: 'Your memory is better than mine, Prime Minister, but I believe it is ten years ago to this very day that we sat in this room discussing the Defence Review. The world has changed out of all recognition since then.' He then talked about the changes in the power blocs, adding that those like himself who had expected the coherence of Europe to develop strongly had found the reality 'disappointing'. The Middle East situation was full of menace and he believed a pre-emptive strike by the USA was possible. Eric (Varley) talked about energy extremely competently, though he insisted that looking for major energy savings was likely to be 'extremely disappointing'. He was 'very opposed' to petrol rationing and maintained that rota cuts, organized systematically, would be the only effective method - and they were out of the question. The only hope was to move to energy self-sufficiency. But the miners' attitude was frightening. He had been speaking only a day or two ago to a miners' meeting attended by what he called the 'Scargill Mafia'. When he told them that the Government could have used more oil at

the power stations this summer and so built up coal stocks for the winter against a possible strike, but hadn't, they had merely retorted, 'More fool you', and thanked him for letting them know how strong their position was. He concluded sadly: 'Don't let us frighten the oil companies away.' We needed their investment.

Wedgie (Mr. Tony Benn) then made what I found a very effective speech, pointing out that we had got to look at the problem in domestic as well as international terms. A devolution of power had also been going on at home and all our policy must take account of it. 'We cannot win consent to a technocratic solution. We must redistribute power in this country by peaceful means. Beyond the slump must be the perspective of a better society.' He did not believe the solution lay in bigger and bigger units: he had been immensely struck by the emphasis which Jim (Callaghan) laid on devolution in his paper. 'We must show what sort of Government we are.' Were we going to go for impersonal macro-solutions, or were we going to realize that the people were looking to us as their leaders to provide an answer to their difficulties? To them their leaders seemed utterly remote. 'Without consent no solution we work out round this table will have a chance.' Mike (Foot) said wryly that if, as Harold Lever said, we had only a 50 per cent chance of avoiding catastrophe, we had better work out a contingency plan in case that chance did not come off. Roy (Mason) made a fluent contribution about the added danger of war in the Middle East.

The gathering gloom was compounded by Jim, acting Cassandra as usual. 'When I am shaving in the morning I say to myself that if I were a young man I would emigrate. By the time I am sitting down to breakfast I ask myself, 'Where would I go?' (Laughter) Mike had talked about contingency plans for catastrophe, he continued. If we ever got to a siege economy he, Jim, dreaded the effect on our democracy. He didn't think that the US would do a Suez in the Middle East. The more likely prospect was our declining influence. 'One prospect is that we shall lose our seat on the Security Council.' Jim concluded gloomily that in his view we should go on sliding downhill for the next few years. 'Nothing in these papers makes me believe anything to the contrary. I haven't got any solution. As I said, if I were a young man, I should emigrate.'

By this time faces were getting pretty long. I hadn't intended to speak on the external affairs section, but the discussion had widened so much that I came in with the attached remarks."

Mrs. Castle's contribution to this cornucopia of political wisdom and strategic insight was that policies had to be put in their philosophical context to win consent. Presentation was the key. It

must be demonstrated to the ordinary worker what he gained from public expenditure, the so-called "social wage". [107] At this point, Denis Healey, Chancellor of the Exchequer and the Cabinet's intellectual heavyweight, weighed in:

> "Denis rallied the defeatists with a robust speech: what everyone had said showed how pretentious were some of the demands made by the party for us to interfere here, there and everywhere. 'It is no good ceasing to be the world's policeman in order to become the world's parson instead.' But he would have nothing of Jim's gloom. 'If we do join the Third World it will be as a member of OPEC.' He wasn't as pessimistic as Harold L. (who by this time had gone home, pleading that he was suffering from gastric flu). We could not sensibly plan ahead for a doomsday-type catastrophe. He agreed with Wedgie about the dissolution of the power blocs. He rejected the conspiracy theory of foreign affairs. 'International Communism has as much or as little significance as the Commonwealth.' By this time it was nearly 1pm. Harold summed up by saying the discussion had been first-class: 'the best I have ever heard in this type of gathering.'"

Wilson's last remark is truly chilling. He had been Prime Minister in all for nearly seven years when he produced that judgement. What can the "second class" discussions of his Cabinets have been like? This was not some throw away line intended to perk them up before lunch after a morning of incoherent doomwatching. He took the opportunity of his first book after leaving No. 10 to state: "I was not exaggerating when I called the 1974 Cabinet the most experienced and talented Cabinet this century, transcending even the Campbell-Bannerman Administration of 1905." [108]

The afternoon session at Chequers brought to the surface Mrs. Castle's version of that Labour scepticism about the value of the Tank described by Dr. Donoughue. It was opened by Dick Ross. Mrs. Castle

reached once more for her shorthand notebook:

> "There was, he said, 'no surefire recipe for economic growth'. (He can say that again!) There was a role for general incentives and also one for selective assistance. We needed to find a balance between them and help the regions to help themselves.
>
> As I listened to him I thought how good these expert advisers always are at analysing a problem on an either/or basis, when what ministers are yearning for is a clear indication of what policies will do the trick if only we politicians will have the courage to pursue them. In fact, the experts can't even agree on that. The more I listen to them the more I respect my own amateur profession of politics." [109]

Berrill's follow up to Ross was received by Mrs. Castle with an equal lack of acclaim. Sir Kenneth believed the Government was more likely to be judged by inflation than by the standard of living. Inflation was a straight wage-price-wage problem:

> "What policies will impinge at the point of the wage bargain? How do you break into it? (Wouldn't we like to know!) Was index-linking the answer?" [110]

The afternoon session failed to dispel the gloom of the morning. Tony Crosland, another of the intellectual heavyweights in Wilson's peerless Cabinet of 1974, is reported by Mrs. Castle as saying the aim must be to get the perspective right. We did not know how our relative decline had taken place. He added what could, with a slight dose of exaggeration, serve as the epitaph of modern Cabinet government:

> "All we can do is press every button we've got. We do not know which, if any, of them will have the desired results!" [111]

What by way of tangible results emerged from that Sunday in the Buckinghamshire countryside? Wilson decided there was a need for a ministerial committee on overseas economic policy. [112] And, perhaps most significant of all, it was the last time the CPRS was invited to give a strategy session at Chequers. [113] Sir Kenneth cannot be said to have mourned their passing. Asked if something had been lost after November 1974, he said:

> "Not as much as you might think ... It's very difficult for a meeting on strategy to take place without a lot of public expectation that something big is going to come out of it... It's not an occasion for detailed decisions ... So there is sometimes a sense of disappointment. And it can sometimes be that the central question on any strategy is not always one which the prime minister-of-the-day thinks it will benefit to have, as it were, a set-piece argument about ... In one sense something was lost. On the other hand, I can quite see that as time went on, they became to be less and less attractive to the Cabinet which the Think Tank served." [114]

In late 1974-early 1975, inflation came more and more to be the preoccupation of that Cabinet. The Berrill CPRS was heavily engaged in the arguments that raged among ministers wedded to a voluntary "social contract" and those who sought a firmer dyke against the inflationary tide in the shape of a formal incomes policy. In Berrill and Ross, the CPRS had two seasoned counter-inflation experts. Both were incomes policy men. The construction and refinement of schemes was Ross's forte. He dreamed them up on the tube on his way from his home in the East End of London to Westminster. [115] As a fellow Tank member put it:

"Dick has been the most brilliant drafter on the CPRS of short briefs for the Cabinet. He can reduce complicated matters like incomes policy to two pages better than anyone else. In fact his great contribution to national policy has been counter-inflation. His argument all along has been that in a mixed economy you cannot live for long without a counter-inflation policy and that one should evolve by putting rationality into pay determination." [116]

Where Mr. Heath had trodden in Autumn 1973, the Wilson Cabinet was forced, with minor variations, to follow in summer 1975 with inflation in the mid-twenties. Labour's pay policy, announced by the Prime Minister on July 11, 1975, consisted of a £6 maximum increase for wages and salaries under £8,500 a year. Legal sanctions for employers who failed to comply would be held in reserve. Was the Tank influential in this second U-turn on pay in less than two years?

The advice it offered was consistently in favour of incomes policy. But on the shape and details of the July measures were the fingerprints of the Downing Street Policy Unit rather than the CPRS, according to Dr. Donoughue who, as head of the unit, might be expected to have strongish views on the matter. Sir Kenneth, he said, would always back the Treasury at crucial moments and take a hard-line: "He remained a Treasury man. His staff would complain bitterly about it." [117] That judgement is harsh. Sir Kenneth did not take the Treasury line every time a crisis erupted. During the biggest of the period, in the Autumn of 1976 when the International Monetary Fund sent a team to Whitehall to examine the books and advise on the conditions of a life-saving loan, Sir Kenneth was instrumental in finding a middle way between Treasury ministers and officials and those ministers who wished to resist the IMF terms and pursue an

alternative strategy of import controls and a directed economy.

Working closely with Sir John Hunt at the request of Mr. Callaghan, who had succeeded Wilson as Prime Minister in April 1976, Sir Kenneth used the economists in the Tank to prepare an alternative course which would satisfy the IMF while minimising damage to the Government's spending programmes. The relationship was so close that Whitehall began to regard him as the Cabinet Secretary's personal economic adviser. [118] Sir Kenneth is coy about that relationship while confirming its essentials. Though he will not go into the details of who advised whom to do what during the 1976 sterling crisis:

> "I'm certainly not going to comment on impact and views and whose views prevailed. But I will say that operating inside the Cabinet Office, rightly or wrongly, I thought that it was much better that the Cabinet Secretary and the Head of the CPRS should be a team and not two quite distinct ... organisations serving the Cabinet and the Prime Minister ... I'm very pleased that the belief is that John Hunt and I worked very closely together." [119]

The Hunt-Berrill-Callaghan axis was exceedingly close on economic matters in the Autumn of 1976. The Prime Minister used the Tank as a crucial element in his effort to manage the dissent inside the Cabinet caused by the IMF visit. To placate Mr. Benn and the alternative strategists, Mr. Callaghan offered to get the Treasury and the CPRS separately to examine the feasability of their proposals. The Tank did it in two parts - a paper on the siege economy option, a second on the open trading model. Both were very highly classified. The

exercise was called "Fortress Britain. [120] The Tank's view, after reviewing the evidence, was strongly pro the open economy. [121] Sir Kenneth's "insider" operating style caused a lively debate among his "boys and girls", as David Young, then a principal on secondment from the Ministry of Defence, recalls:

> "There was always a tension within the Tank. There were always two schools of thought. There were those - and Ken would be one of them - who felt that the Tank should influence things quietly behind the scenes, that if you could put the right suggestion into the brief that John Hunt was preparing for the Prime Minister, that was the way to go about it.
>
> There was another school of thought - and I would be a member of that myself - that said you had to have a higher profile ... that you had to be grit in the machine rather than oil ... There was, although we wouldn't have labelled it that way, a Rothschild School against a Berrill School." [122]

By the Summer of 1977, with a two-year old incomes policy in place and working, agreement with the IMF in the bag without a single Cabinet resignation, the Government's economic strategy was generally in accord with the Berrill-Ross view of the world. Sir Kenneth was a close and trusted adviser to the Prime Minister (Dr. Donoughue reckoned "Ken's style - very cool and no-nonsense - was much more suited to Him than to Harold." A case could be made as Berrill approached the third anniversary of his arrival, that the Tank, too, had arrived, that it was an accepted and respected part of the Whitehall machinery which had served three very different prime ministers. No longer was it regarded as Mr. Heath's toy or a Tory Trojan Horse inside the Civil Service.

Assessed by Sir Kenneth's own yardstick - "You will be judged by

your batting average"[123] - it was scoring impressively in quick singles accummulated by a steady flow of briefing papers on current business and by boundaries awarded for its longer-term studies. For example, the CPRS reviews on the volume car and electricity generating industries - though their main conclusions were not acted upon - remained the Whitehall sourcebooks on the subject for several years. [124] (They are summarised in Appendix B). Another initiative, the "Joint Approach to Social Policy", or JASP, begun in 1975, had produced a great deal of analysis of overlapping and interlocking provision. Results were proving hard to come by in the shape of a rationalisation of welfare services. But hopes were high. Just one report was to "blow" this steadily accumulated capital. The memory of the "Review of Overseas Representation", the ROR as Whitehall called it, haunts those who worked on it 10 years after they started.

THE OWN GOAL

"If the papers we put out turn out to have a high proportion of silly ideas, it will get shown up extremely rapidly in Whitehall." [125]

Sir Kenneth Berrill, 1975.

"It was an own goal. It was one of those cases where, when asked to do a piece of work, frankly, as Head of the Tank, I should have found a reason for not doing it." [126]

Sir Kenneth Berrill, 1983.

"It was a devastating experience, and one that I found it difficult to talk about for about two years afterwards." [127]

David Young, 1983.

Mr. Young is a tough man, a clever, resilient Yorkshireman whose operational skills, by the time he joined the CPRS in May 1975, had been honed in that hardest of Whitehall schools, the Ministry of Defence, where civilians, military, scientists and the branches of the Armed Forces compete for the second largest budget in the spending league. What kind of trauma could have inflicted such a scar?

The affair began innocuously enough in 1975 when the CPRS sent a paper to Mr. James Callaghan, then Foreign Secretary, saying it was time to have another review along the lines of the Duncan Report of 1968. Mr. Callaghan replied to Sir Kenneth saying "Yes, I think you're right and you'd better do it." [128] The alarm bells should have rung when it became apparent that the Review of Overseas

Representation, which quickly became known as the "ROR", was going to absorb a substantial proportion of the Tank's manpower (six of them to be precise) for 18 months both in London and on an extensive series of fact-finding trips abroad. Sir Kenneth later admitted that in 1975 he did not "think through adequately whether we were the right people to do it and what it might involve in terms of time, effort and [the] incredibly detailed recommendations which it in fact led to." [129]

The CPRS immediately encountered difficulties with the Foreign Office as the idea was that the ROR would go further than any previous review and examine all aspects of overseas representation at home and abroad and not just those managed by the Diplomatic Service. The clear implication of this approach was that the very survival of the Diplomatic Service as a separate entity was open to question. Sir Kenneth said: "Do remember that it was the role of a Think Tank - as Victor Rothschild said - to think the unthinkable, to take a whole history and experience apart and hold it up and see if it was right." [130]

The terms of reference of the ROR (see Appendix B) eventually emerged in Parliament on January 14, 1976 as:

> "To review the nature and extent of our overseas interests and requirements and in the light of that review to make recommendations on the most suitable, effective and economic means of representing and promoting those interests both at home and overseas. The review will embrace all aspects of the work of overseas representation, including political, economic, commercial, consular and immigration work, defence matters, overseas aid and cultural and information activities, whether these tasks are performed by members of Her Majesty's Diplomatic Service, by members of the Home Civil Service, by members of the

Armed Forces or by other agencies financially supported by Her Majesty's Government." [131]

But, according to a book published before the ROR itself, the original CPRS submission to Mr. Callaghan in November 1975 indicated that the Tank wanted to go much further. It was, wrote Mr. Joe Haines, the Prime Minister's Press Secretary, doctored by FCO officials before it reached the Foreign Secretary's desk. He indicated that such matters as the number and cost of cars used by diplomats was included in the original submission. [132]

The manner in which the Diplomatic Service mobilised to defend itself between the Winter of 1975 and the Summer of 1977 was very impressive. At the highest level, its head, Sir Michael Palliser, Permanent Secretary to the Foreign and Commonwealth Office, fought his corner strongly in a steering committee, chaired by Sir John Hunt (and including Berrill, Palliser and Sir Douglas Allen, Head of the Home Civil Service) which met to review progress and discuss drafts. [133] At the intermediate level, Sir Andrew Stark was recalled from the Embassy in Copenhagen to run a liaison group inside the FCO which became known inside the CPRS as the "anti-Tank unit". [134]

At the lowest level, a great deal of scuttlebut and disinformation was spread among MPs and sympathetic journalists. To one Whitehall-watcher, it showed the FO had not forgotten the arts of black propaganda it displayed in the days of the Political Warfare Executive in World War II. [135] The female members of the ROR team were singled out for particularly vicious treatment. Miss Kate

Mortimer and Dr. Tessa Blackstone endured more vilification than any woman public servant before or since. Dr. Blackstone, an educational sociologist, later recalled:

> "'Dark-eyed evil genius' was the term that was used. I think that I was singled out for perhaps two or three different reasons. Firstly, because I came from outside Whitehall ... I came from the London School of Economics which was seen as a radical institution that bred presumably radical people who had outrageous ideas. Thirdly, I was a woman working in an area where there are very few women. The people concerned were understandably a bit defensive at being asked rather fundamental questions about their role ... by two youngish women. Perhaps my style is somewhat abrasive, and that's something that they were also unused to." [136]

By early 1977, MPs, on the Conservative side mainly, began to receive highly sophisticated breakdowns of the manpower and budget of the Diplomatic Service. The British FO, it seemed, cost no more to run than Wandsworth Borough Council, the implication being that a Rolls Royce system of overseas representation came cheap at that price.[137] Occasionally, the anti-Tank briefing descended into farce as it did in the Spring of 1977 during a lunch in the Travellers' Club in Pall Mall, popularly known as the "FO's Canteen", involving a clutch of senior men and a pair of journalists from a quality newspaper.

The FO team, spread out as they were around a huge circular table in the Club's dining room, scored two unforgettable own goals. Gentlemanly scorn was poured upon the Tank's scepticism about the value of political reporting from embassies abroad. It was simply not true that all that ministers needed to know could be found each morning in the foreign news pages of The Times and

The Financial Times. Occasionally, such a view had validity. For example, there was no way Mrs. Gandhi could lose tomorrow's general election in India. One did not need the Head of Chancery in the High Commission in New Delhi to remind one that the Congress Party had not lost an election since independence in 1947. Mrs. Gandhi went down to defeat the next day.

The second own goal showed just how easily the most careful planning and attention to placement can backfire. At the end of this disquisition on the indispensable subtleties of top-flight political reporting, there was an explosion from a representative of the "other ranks" of the Diplomatic Service brought along to show just how democratic and representative an outfit it was. The man in question, who bore a marked physical resemblance to the late Ernest Bevin, the greatest (in every sense) of postwar foreign secretaries, erupted. It was all very well to go on about sending beautifully drafted telegrams back home. People forgot what the bulk of Diplomatic Service life was like, the awfulness of the other ranks' existence in hardship posts. Nobody ever talked about what it was like being stuck for days on end at a port in the tropics with the stinking body of a dead expatriate waiting for a freighter to take it home to England. At this point, there was a great deal of cutlery-rearranging and a sweeping of crumbs from the tablecloth by the officer class as "Ernie Bevin" slumped back into his chair. [138]

As the ROR team travelled the world - the pair with the highest security clearance and the requisite foreign and defence background

did the secret intelligence part which was never published - a background of ever deepening economic crisis unfolded at home. This was the era of the IMF visit and the "Fortress Britain" exercise in which the two economists on the ROR, John Odling-Smee and Kate Mortimer, were closely involved. [139] This had two effects which influenced the final product. First, it made the reviewers perhaps excessively pessimistic about Britain's future diplomatic and foreign policy role; second, according to his many defenders in the regular Whitehall machine, it distracted Sir Kenneth Berrill's attention from the ROR until the Spring of 1977 when drafting was well under way, the argument being that some of the report's more controversial sections would have been diluted had he been directing his peripatetic half-dozen more closely. [140]

The scene was set at the drafting stage for the Establishment explosion that was to come when The Guardian leaked the Tank's preferred option - that the Diplomatic Service should be abolished as a separate entity, its functions grouped along with trade, overseas development and the rest as a foreign specialism within the Home Civil Service. The report, when it finally appeared on August 3, 1977 was a mammoth 442 pages. Roger Berthoud, son of an ambassador and brother of a diplomat, crammed its essence into an economically-worded, yet all-embracing opening paragraph in the "splash" story on the front page of The Times the following morning:

> "A smaller, more specialised, less hospitable Diplomatic Service containing fewer diplomats and more home civil servants is called for in the long-awaited Review of Overseas Representation,

carried out by the Central Policy Review Staff published today." [141]

The pent-up outrage of the FO was released. The Civil Service unions summoned another Times man to a sandwich lunch in the duty clerk's flat high up in the eaves of the Foreign Office building. There, with the strains of a military band floating up from St. James's Park beneath on a perfect English summer's day, they let fly. One senior figure, who went on to become prominent in public life, said that when it came to defending his members' interests, he was as militant as Mr. Arthur Scargill of the National Union of Mineworkers. [142] Another senior man declared: "The epitome of the awfulness of the report is its pessimism. It is not what ministers have said. It is not what we believe. Sir Kenneth Berrill is well known in Whitehall for his pessimistic economic views." [143]

This was a mere foretaste of what was to come. By concentrating on the entire span of overseas representation, as required by its terms of reference, the Tank touched several sensitive nervous systems - the Diplomatic Service, the Defence Attaches, the British Council, the BBC External Services - each with its own lobby of defenders almost without exception of the Establishment variety. The correspondence columns of The Times, fondly known in those days as the "Tom-Toms of the Establishment", reverberated for weeks. Far from the vested interests of British overseas representation passing through the wringer, it was the CPRS team which was put through the mangle from the outset - hence David Young's inability to talk about it for two years.

Their ordeal was, in fact, spread over 12 months with difficult sessions at Chatham House before the stalwarts of the Royal Institute of International Affairs and, in the New Year of 1978, a grilling before a sub-group of the Commons Expenditure Committee whose members were very shirty about the relative youth of the team (Sir Kenneth deftly pointed out their average age was 37, the same as that of Dr. David Owen, then Foreign Secretary). Behind the scenes Dr. Owen was engaged in his own operation to geld the ROR. Its battleground was GEN 89, a Cabinet committee chaired by Mr. Callaghan, now Prime Minister who, as Foreign Secretary, had commissioned the enterprise. [144]

More than five years later, the memory of the ROR could arouse David Owen's ire:

> "I thought it was hopless, actually, because from the moment I arrived in the Foreign Office there was nothing you could do because everybody was waiting for the CPRS. So there was a great excuse not to take action. And then, of course, you were presented with this report which for a variety of reasons was immensely difficult to implement.
>
> I think it was a fatal, flawed decision, actually, to put the CPRS on to the Foreign Office. They're not geared to that type of investigation. It went wider than their proper brief. I think it damaged the CPRS and it made it very much harder for me as Secretary of State, to make the changes that I actually wanted to make." [145]

The Owen reform plan was simple and narrowly focused: "You cannot have dud ambassadors ... The able ones have got to be able to be promoted much earlier. People of 35, 38, ought to be having important ambassadorships and those people who do not meet the high requirements

have got to be able to be golden-bowlered generously ... And if I had not had the CPRS report, I would certainly have got it through in my first year." [146] Dr. Owen concluded a secret deal with those at the summit of the Diplomatic Service hierarchy:

> "I did make a sort of slight trade off for the Foreign Office - okay, I'll ditch the report if you then support me on this up-and-out business." [147]

And ditch its main recommendation he did in the confines of GEN 89 where Sir Kenneth Berrill, who attended its meetings, found himself an isolated figure. [148]

The Callaghan Government's response to the ROR came in the form of a reply to the Commons Expenditure Committee report on the subject in August 1978. Far from accepting the ROR's philosophy of a foreign policy rethink to adjust traditional ambitions to straitened economic circumstances, Dr. Owen's The United Kingdom's Overseas Representation opened with a statement of global ambition almost worthy of Ernest Bevin in the 1940s:

> "The geographical and economic facts of life make it inevitable that today, as in previous centuries, British interests should extend round the world. The Government believe that Britain has the assets to defend her interests and effectively to promote her objectives. These assets include our economic and military strength as a nation; our historical ties with many members of the international community; the binding force of the English language; our unquestioned standing in the arts and science and our contribution to the world's cultural heritage; the example of British values and our country's democratic way of life; but above all the influence which we derive from co-operative and co-ordinated action with our partners in democracy." [149]

No trace of little Englandism here. GEN 89 included among its members the same Mr. Callaghan who had talked of emigrating at that Chequers session in November 1974 and the same Mr. Healey who had tried to cheer everybody up with the remark that if we did join the Third World it would be as a member of OPEC. If the White Paper it approved was any guide, GEN 89 believed Britain had the men, the methods and the money, too, for a first class diplomatic effort:

> "Politically, too, the position which we occupy in the principal areas of international affairs gives us a more than adequate springboard for an imaginative and effective foreign policy, and our resources can support the system of overseas representation which such a foreign policy entails." [150]

The White Paper demolished another central premise of the ROR. The Diplomatic Service would survive as an entity separate from the Home Civil Service. But the enterprise to which the CPRS had devoted such a disproportionate amount of manpower and time was not totally in vain. The Callaghan government did propose a few marginal changes:

* A beefed-up system of interchange between the FCO and 17 home departments to produce 100 more secondments within five years with thought to be given to extending the process to industry, commerce, banking and the trade unions.

* A review of training for commercial officers in the Diplomatic Service.

* More mini-diplomatic missions abroad and a reduction in the size of posts; six subordinate posts to be closed with five more under review.

* The FCO Research Department to be cut by 17 per cent, overseas information staff by 16 per cent and defence staff by 25 per cent.

* The British Council to be reviewed but not abolished.

* A management review of the Ministry of Overseas Development.

* A review of the BBC External Services' vernacular broadcasts but a world-wide 24 hour schedule to be maintained.

The White Paper's final put down of the ROR was blandly dismissive:

> "These changes are deliberately evolutionary in character. They aim to build on that which is already good, efficient and of proven value; yet also to establish a pattern capable of adapting to the future on the basis of a realistic but confident assessment of Britain's role in the world." [151]

The reaction of others was less politely phrased. The reputation of the CPRS as an institution, not just its one-off on overseas representation, sank like a stone. Sir Frank Cooper, who watched the exercise closely from across Whitehall in the Ministry of Defence, believes:

> "The outcome did the CPRS a lot of harm, both within itself in relation to its own confidence and more particular in and around Whitehall and Westminster. It lacked, ... skill in presentation. It manifestly looked wrong and felt wrong and was wrong on a number of important aspects. And it was not ... produced in such a way as to win friends and influence people." [152]

David Young agrees with much of that assessment by his old boss. He believes the main message of the report was lost:

> "I think that the argument at the beginning of the report about the relationship between economic power and influence in the world was wrong in fact and was certainly tactically wrong because it didn't lead to anything. I mean the time-scales were much longer than we supposed and it was something that offended politicians unnecessarily. I think some of the language in the

report was unfortunate and I also myself think that we made a strategic error ... in going for too many things at once and managed, therefore, to form an unholy alliance of the British Council, the External Services of the BBC, the Foreign Office, the Defence Attaches and so on.

All we were saying is that when you're dealing with complex economic [or] technological issues that the same people should be dealing with it around the world. Therefore, the chap who in Tokyo is talking to the Japanese Ministry about the need to rationalise the international car trade should be somebody who's actually done a spell in the Department of Industry office in Birmingham and understands the British motor car industry ... you've got to bring London and overseas closer together." [153]

RECOVERY AND SURVIVAL BY A WHISKER

"The customer is always right. That's the basic thing."

Sir Kenneth Berrill, 1983.

"I had a long afternoon discussion with Lord Rothschild at Mrs. Thatcher's suggestion, shortly before the election to find out his experience and his view of it. He was at that time ... rather negative about the Tank. I think he felt that it had probably served its purpose and there wasn't really any need for it any longer."

Sir John Hoskyns, 1983.

The fate of the Review of Overseas Representation put Sir Kenneth Berrill off the idea of publicity for the Tank's output. Published reports mean time-consuming press conferences and select committee hearings, all of which have to be prepared for at the expense of producing new material for the Cabinet. He believes that if everything the CPRS had done was published, its output would have fallen to a tenth. [154]

His attitude was almost self-defeating. The Tank did get over the searing effect of the ROR in 1978-79 but its recovery was private. Only Mr. Callaghan and his ministers saw the steady stream of briefs on public expenditure, energy policy, the aircraft industry, social policy, information technology, the impact of microprocessors, trade relations with the Third World and so on, which gradually restored the reputation of the CPRS with all but its more implacable ministerial opponents. Sir Kenneth himself remained an influential adviser on economic strategy. He was, for example, a member of the immensely

secret group, codenamed the "Prime Minister's Economic Seminar" which took market-sensitive decisions on exchange rate policy and minimum lending rate outside the forum of the Cabinet's Economic Strategy Committee. [155]

Outsiders were not to know of this or the general climb-back by the Tank. And outsiders in the British administrative culture include the Leader of the Opposition. Mrs. Thatcher had not been impressed with the ROR. It did not accord with her vision of Britain's place in the world. [156] She knew Sir Kenneth Berrill well enough. He had been Chairman of the University Grants Committee in the early 1970s when she was Secretary of State for Education and Science. At the time, their relationship was seen as one of wary, mutual respect. Mrs. Thatcher had a marked tendency to view Sir Kenneth as the kind of Keynesian policy maker who had helped steer the British economy into its travails and the CPRS as a group of inexperienced parlour pinks prone to the fashionable fallacies of the 1960s. Coupled with the outcome of Sir John Hoskyns' visit to Lord Rothschild, the Tank's days appeared numbered. As Sir John recalled:

> "There was a period when I think she felt it had no real purpose ... partly the influence of Lord Rothschild ... and partly because I think she felt that the Tank was perhaps politically unsympathetic to her ... She was a little worried that it was, so to speak, part of the rather fuzzy left-of-centre consensus which she felt ... was behind so many of the country's problems." [157]

Mrs. Thatcher was more than "a little worried" by her image of the Tank. Her first meeting with Sir Kenneth shortly after taking office

in May 1979 quickly became the stuff of Whitehall legend. She harangued him on the awfulness of the ROR and on the pinkness of the Tank's political colouration. [158] It was not an auspicious beginning. The sensation of prime ministerial disdain and suspicion instantly spread throughout the CPRS membership. But it had survived to fight another day. Mrs. Thatcher, in fact, decided to keep it going on a trial basis before the 1979 election. Sir John Hoskyns was instrumental in the Tank's being granted parole:

> "It might have been that she would come in and the first thing she would do was to close it down. Certainly I and other people urged her to keep it and at least to see what it could do. Because ... you can always close it down if you find it's an encumbrance. But it's very difficult to reconstitute it once you've closed it down." [159]

The bulk of the advice from career officials in closest contact with the new prime minister, most notably Sir John Hunt, Secretary of the Cabinet, and Mr. (now Sir) Kenneth Stowe, her Principal Private Secretary, seems to have been to save the CPRS. But its workload changed quickly and substantially. One old staple, present since the creation, went - public expenditure. No longer did the CPRS partake as of right in the meetings of The Public Expenditure Survey Committee, the key body beneath the Cabinet for determining spending priorities. [160] The social policy slice of the CPRS workload, a hefty segment since the inauguration of JASP, withered into insignificance. Work on relations with the Third World went. [161] Some aspects of the Tank's output survived after fierce arguments with its new patroness. Microprocessors was an example. This was later

to blossom as the Thatcher administration's information technology initiative first, in private, as an official Cabinet Committee on Information Technology chaired by Professor John Ashworth, the Tank's Chief Scientist, and later, through the very visible Minister for IT, Mr. Kenneth Baker. [162]

Indeed, the Berrill CPRS came in from the cold before Sir Kenneth left for the City in March 1980. There were a number of reasons for this. One of the first CPRS submissions to Mrs. Thatcher was, naturally enough, on economic strategy. It warned her against raising VAT and was ignored. She later came to believe the Tank had been correct. [163] Similarly, it stated very firmly that the Government should not think indefinitely in terms of having to index-link every benefit forever. [164] This was music to Mrs. Thatcher's ears. In fact, Whitehall noticed how swiftly in some areas the CPRS became almost more Thatcherite than the Cabinet. One Tank member reckons that Whitehall was well served by the transformation of those Mrs. Thatcher had so recently written off as prisoners of a failed orthodoxy. He admitted they "had been taken over by the machine" in the early Berrill years. But with the change of government, that became a virtue. The Tank was able to lead the machine itself into adapting to the new orthodoxy. [165]

Their quick immersion in Thatcherism, after the shock of Sir Kenneth's initial encounter with the Prime Minister, was in the forum of an ad hoc cabinet committee on innovations chaired by Sir Geoffrey Howe, Chancellor of the Exchequer. It was one of the earliest ad hoc

groups, to be established by the new government and was known as MISC 14. Sir Kenneth himself chaired MISC 15 the official committee which serviced it. [166]

MISC 14 was given the task of charting the undergrowth stifling industrial enterprise in Britain and coming up with suggestions for cutting it down and helping create a true market economy. The CPRS undertook a battery of investigations of taxes, regulations and restrictive practices. By mid summer of 1979 it was deeply immersed in Thatcherite preoccupations. And, as had happened after the change of government in 1974, it established a closer partnership with the Downing Street Policy Unit now headed by Sir John Hoskyns. [167] By the end of the year it was heavily involved in a study on the possible de-indexation of benefits, feeding an inter-departmental committee on the subject. [168]

By the time Sir Kenneth Berrill left at the end of March 1980, the CPRS had virtually transformed itself into an advisory unit on economic and industrial policy. It was active on all the major examples of case work such as British Leyland and nuclear policy (a pair of old faithfuls) and industrial problems such as the steel strike. [169] Sir Kenneth said in 1983 that he conceived his job post-May 1979 of showing the new Prime Minister that in the CPRS she possessed a "valuable piece of equipment". In the end, "I think she thought it was valuable." [170]

By early 1980, it appeared to Whitehall insiders that Mrs.

Thatcher had granted the CPRS a permanent reprieve. For the machine was invited to suggest the names of possible successors to Sir Kenneth. Some intriguing possibilities were floated such as Professor Christopher Foster of Coopers Lybrand who had been a special adviser to Mrs. Castle in the 1960s when she had served as Minister of Transport. Mrs. Thatcher wanted Sir Maurice Hodgson, Chairman of ICI, to take the job. When he declined, she asked him to suggest the best man for the task in his company. Sir Maurice came up with the name of one of his corporate planners, Robin Ibbs. [171]

MARGARET AND ROBIN

"He is the best listener I have ever met."

A member of the CPRS on Robin Ibbs.

"Robin Ibbs was delighted to be invited to see you on his own ground. He declines with thanks."

No. 10 Press Spokesman replying to a Times request to interview Mr. Ibbs about the CPRS Report on Merseyside, July 1981.

The Prime Minister and the new head of the Think Tank suited each other admirably. Mrs. Thatcher wanted the CPRS to operate under closer political direction which suited Mr. (now Sir) Robin Ibbs with his industrial background. Sir Kenneth's university origins were reflected in the free-and-easy manner in which his Tank worked (though this was less true after the change of government in 1979). For some like Professor Ashworth, a bit the fun went out of Tank life after April 1980. He put it down partly to the male-female ratio inside the CPRS:

"Lord Rothschild never made any secret that ..., other things being equal, he would rather work with women than with men, and I had a lot of sympathy with that. And so, I think, did Sir Kenneth Berrill. So the number of females in the Tank ... I always thought profoundly affected the sort of atmosphere and general gaiety of life. The fun, tended to decline, I thought, under Robin Ibbs' leadership." [172]

The Tank's Number One customer, Mrs. Thatcher, is not an exponent of joy through government. Sir Robin's modus operandi found favour. As part of his new-style CPRS, he instantly became involved in another

ancient policy debate, the relationship between Whitehall and the nationalised industries. A year later this was to develop into a major CPRS study. It started in a piecemeal fashion with an early submission about the need to relax the cash limits of the Central Electricity Generating Board in order to facilitate the stockpiling of coal at power stations as insurance against a future miners' strike. Another public sector issue in which the early Ibbs Tank became active was the question of state industry and Civil Service pay, a preoccupation of the Prime Minister's Cabinet Committee on Economic Strategy in 1980-81. [173]

By the end of 1980, the Tank was well into the details of nationalised industry operations including the role of non-executive directors and the possibility of merit pay for board members. Some of its old talent for the heterodox surfaced when it looked at how the more successful Eastern bloc economies ran their nationalised industries. [174] After the Cabinet's climb-down on pit closures in February 1981, coal became a CPRS preoccupation. It was directly involved in MISC 57, the special official Cabinet Committee commissioned by Mrs. Thatcher to advise ministers on the possibility of withstanding a prolonged pit strike. [175] Other offshoots of its state sector work included an alliance with the Treasury to kill British Rail's electrification programme. [176]

In March 1981, the CPRS was formally commissioned by Mrs. Thatcher to review Government-nationalised industry relations and to make recommendations within two months. [177] It produced four main

proposals:

* A clearer set of financial controls and policy objectives for each industry from its Whitehall sponsoring department.

* Boards to have a majority of non-executive directors who would have specific responsibilities, for productivity, say, with a direct link to ministers and officials.

* Each sponsoring department to set up a business group of outside industrialists to monitor state industries. They would be led by an experienced figure from business.

* A new Cabinet Committee on Nationalised Industries, chaired by the Prime Minister, to whom the groups would report. [178]

The Ibbs Report stimulated a battle royal in Whitehall. Senior officials, some of the sponsoring ministers and virtually all the nationalised industry chairmen formed an alliance to kill the business groups idea. It did produce some results, however. By December the new Cabinet Committee was in being. It was known as Economy (Nationalised Industries), or E(NI). Mrs. Thatcher rather took the glitter off it by opening its first meeting with the words: "Oh, no. Not the boring nationalised industries again." [179] There was, too, a tightening up of efficiency monitoring through the Monopolies and Mergers Commission and new bureaucratic devices like the Treasury Public Enterprise Analysis Unit. [180] The Ibbs Report had been gelded. But it was not an own goal like the ROR four years earlier.

Another leaked report from the Ibbs era fell into a similar category of limited though far from complete influence. A study of Merseyside by Quentin Thompson and Eileen MacKay, commissioned with the intention of drawing lessons for inner cities policy in general,

was mentioned in The Times in July 1981 in the middle of the urban riots. It had been completed a month earlier after the Brixton disturbances but before Merseyside's own eruption in Toxteth. The Times, particularly sensitive towards the story given events on the streets, approached Mr. Ibbs via the Downing Street Press Office and asked if he would like to speak to two of its reporters before the story was published. Even the disturbances in Toxteth and Moss Side failed to persuade Mr. Ibbs to drop his policy of total non-communication with the press. The statement relayed to The Times by No. 10 on July 23, (see page 75) seemed to fall short of the gravity of current circumstances.

The Thompson-Mackay report warned of increasing social tension in urban areas experiencing high unemployment and poverty and foresaw a threat to law and order arising from them.[181] The main thrust of the document was that central government could not simply wash its hands of Merseyside. To pursue a policy of managed decline would be politically and socially unacceptable as well as expensive.[182] The study had no illusions about the difficulty of regenerating industry in Merseyside. It was not just a matter of industrial recession and poor industrial relations continuing to produce a spiral of decline. Technological change meant that even a pronounced upturn was unlikely to restore unskilled manual jobs in anything like the proportion of those that had been lost in the 1960s and 1970s. A substantial effort on service industries and tourism (the Beatles connection) was recommended.[183]

There is evidence that at prime ministerial level, the CPRS report on Merseyside would have fallen on particularly deaf ears, but for events in Toxteth. Mr. Heseltine, Secretary of State for the Environment, rushed to Merseyside with a supporting team which included Mr. Thompson, one of the report's authors. Mrs. Thatcher herself paid a flying visit. Some of the CPRS analysis was incorporated in Mr. Heseltine's famous "It Took a Riot" minute to the Prime Minister in August 1981 which, in diluted form, constituted the core of the Government's new Inner City policy announced in the Autumn.

At the turn of the year, there was talk of a new head of the Tank. ICI wanted Mr. Ibbs back as soon as his initial two-year appointment was up in April 1982. He was judged in Whitehall to have done well in his pleasant, undemonstrative but pertinacious fashion. As one insider put it: "On industrial matters, it's a matter of 'Call for Robin'". [184] Sir John Hoskyns reckoned the CPRS "came to its full, or as near as it has probably got to its full potential, under Robin Ibbs. It began to focus on the strategic issues... the things that he was looking at with the Tank were central."[185]

There was a possibility that Sir John himself might head a merged CPRS - Policy Unit. The idea was appealing to some members of the Tank. One recalled: "He was just the kind of man we'd have been glad to have worked through the night for."[186] The idea met stern opposition from the permanent secretaries. Mrs. Thatcher dropped it.[187] In April 1982 both Ibbs and Hoskyns left Whitehall.

DECLINE AND FALL

"He was the nicest, most considerate person to work for. But he probably should not have accepted the CPRS job."

Think Tank member on Sir John Sparrow, 1983.

"The think-tank function is not totally necessary within government and may be better done outside."

Sir John Sparrow, June 21, 1983.

In retrospect, a Hoskyns-led Think Tank-cum Policy Unit was the best hope the CPRS had of survival. It could have combined the old strengths of the Tank - evidence-driven policy analysis - with the more personal, politically charged advice the Prime Minister received from her Downing Street Policy Unit. The man the Prime Minister chose to preside over the institutional status quo was Mr. (now Sir) John Sparrow, a merchant banker from Morgan Grenfell. Mr. Sparrow, when his appointment was announced in March 1982, began with a candour and an openness which was in stark contrast to his predecessor's silence. The Economist described him as "chatting freely" and went on to report:

"Mr. Sparrow has been advising Mrs. Thatcher on city matters intermittently for some years (surprisingly, he sees Mrs. Thatcher as in the mould of his political hero, Iain Macleod). But he enters the Whitehall jungle with little knowledge of the beasts who roam there. And it is these beasts, ministers and mandarins... who have been responsible for battering much of the think tank's recent work (see, for instance, what they did to Mr. Ibbs's recommendations for the nationalised industries)".[188]

The Economist concluded, prophetically, that: "Mr. Sparrow starts at

an unfair advantage, with too much to learn both about politics and about Whitehall."[189] He started, however, with a hefty programme of work inherited from the Ibbs stewardship. There were studies of unemployment, regional policy, education and training, alternatives to domestic rates, regional policy and central government - local government relations to be carried through. Above all there was the follow up to the Ibbs report on the nationalised industries. The Prime Minister's E (NI) committee was in regular session in the Spring of 1982. Mr. Sparrow's contribution was to supervise a further study of which state monopolies could be broken up and how best to regulate the fragments. Its focus was beyond the general election expected in 1983. It blended in the post-1979 CPRS preoccupation with curbing the power of monopoly trade unions. This, naturally, was seen as a beneficial by-product of dismembering nationalised industries.[190] The Tank turned its attention to the preparation of performance criteria for each public industry and service.[191] Mr. Sparrow's inaugural months also saw the early stages of what was intended to be a major study of the labour market and its rigidities. But little had come of this by the time of the Tank's demise in July 1983.[192]

The Sparrow era, however, will be remembered for only one thing - the tremendous row which developed when The Economist leaked its study of long-term public expenditure in September 1982, just in time for the story to dominate the party conference season. The CPRS paper, which went to the Cabinet on 9 September, was essentially a technician's report. Its genesis was a Treasury exercise on the tax and spending implications of a range of economic scenarios up to and

including the early 1990s assuming some economic growth, low growth, no growth and so on. When the Cabinet discussed this before the summer recess it was decided that the CPRS should put flesh on the statistical bones. They were asked to spell out what would have to happen to the big spending programmes in a nil or low growth economy if public spending was not to absorb an increased proportion of gross domestic product. The study looked at education, social security, health and defence and produced options not recommendations.

* Education. An end to state-funding of higher education with fees set at market rates and some 300,000 state scholarships a year backed up by a system of student loans. At the schools level, the old faithful of vouchers was given another airing plus the possibility of allowing pupil-teacher ratios to rise.

* Social security. De-indexing of all payments.

* Health. The replacement of the National Health Service with a system of private insurance.

* Defence. This flummoxed the Tank somewhat, though it was suggested the defence budget should be frozen as a proportion of gross domestic product once the Government's commitment to NATO to defence spending by three per cent a year ran out in 1986. [193]

Several ministers were taken aback by the radical implications of the document when it went before the Cabinet on 9 September. So was the political nation when it was disclosed in detail by The Economist nine days later. The Cabinet, from the Prime Minister down, spent the next few weeks denying the Government had a plan to dismantle the health service. Thanks to the leak, the Tank's paper effectively killed all Whitehall debate about long term spending and taxation until after the 1983 general election by which time its authors had been scattered.

The effect of the leak on the CPRS was traumatic. As a result of an inquiry, the Prime Minister knew but could not prove that the disclosure had been a political act by a politician. [194] Uninformed circles attributed the indiscretion to the Tank itself. Mr. Sparrow retreated further into his shell. When The Times leaked the story that the CPRS was working on plans for fragmenting the state monopolies on 1 November, he asked Sir Robert Armstrong, Secretary of the Cabinet, to call in MI5 to discover who was the source of this very mundane piece of news. The leak inquiry failed. [195]

Ironically, The Times appended to its 1 November story a favourable account of Mr. Sparrow's immersion into the world for which The Economist had judged him to be so unprepared. Recalling April 1982, the paper said:

> "Sceptics gave him little chance of making an impact. So far, they have been largely confounded. Senior civil servants have been impressed by his energy and ability to fight his corner in discussions. He has achieved a good working relationship with ministers in general, and the Treasury team in particular." [196]

Certainly the members of the CPRS liked working for the new man: "It was marvellous working for John Sparrow because he let you do what you wanted, unlike Robin Ibbs, he would pass it on as a CPRS paper unamended." [197] But one member of the Tank thought this pleasant trait was Mr. Sparrow's "great mistake":

> "He allowed other people's work to go forward when he did not understand it. He lacked self-confidence. This was not helped

> when he had to tell Mrs. Thatcher why we thought something should or should not be done particularly as she had a habit of asking tough questions. It would have been much better if John Sparrow had said from the start: 'I'm no Rothschild. We're going to concentrate on these three areas which I know about. We're going to do it my way." [198]

The shadow of Rothschild still fell over his successors a decade after he left the CPRS. As one 1980s member put it: "The Rothschild aura affected everybody - the feeling that he had been so marvellous and the members of his CPRS so bright. I wonder if they really were?" [199]

Early in the new year of 1983, with the election in mind, Mrs. Thatcher's thoughts returned to the question of her personal briefing and policy support. In 1981 she had toyed with the idea of a Prime Minister Department to assist her in carrying through the Government's central strategy. The idea had languished. [200] Post-Falklands the attraction surfaced once more. The Prime Minister felt the machine had not served her well during the crisis. [201] As we have seen, the idea of a merger between the CPRS and the Policy Unit had done the rounds at the turn of 1981-82 as a kind of half-way house to a Prime Minister's Department.

By the Spring of 1983, Mrs. Thatcher's thinking had reached the idea of a beefed up Policy Unit headed by a Chief-of-Staff who might be a non-departmental minister or a heavyweight figure who could run an expanded Downing Street team. By the time of the election, she had not made up her mind on precise details of the stretched version of Downing Street. But she had decided to kill the CPRS. [202]

There were two main reasons for the sentence of death. Mrs. Thatcher had always had a thing about manpower economies. She could not be seen to be building up her staff without a concomitant saving. Secondly, the Tank had ceased to give real satisfaction. The leak of its spending document had left a scar. Was it worth risking another huge political embarrassment for an output that did not really make much difference to Government strategy? The price was not deemed worth paying. [203] As one well-placed observer put it:

> "The CPRS was not delivering the goods. The conclusion in No. 10 was, therefore, that it had become a part of the Cabinet Office and was politically starved. John Sparrow saw Mrs. Thatcher regularly and got on well with her. But it wasn't like being part of her office. He did continue to deliver the goods on technical aspects like nationalised industry pricing. But on anything that had a political dimension, the Tank found itself rather isolated." [204]

There was a deeper reason for the abolition. Professor Ashworth, who had predicted it, reckoned Margaret Thatcher and that sort of policy analysis simply do not mix:

> "Of its very existence it [the CPRS] sort of encapsulated a view about government for which she had no great sympathy. She was what she called a conviction politician. There is a difference between being a conviction politician and being a rationally guided politician." [205]

After reading of the Tank's demise in The Times, Mr. Sparrow made a last-ditch effort to save it. He appealed directly to Mrs. Thatcher. [206] She was unmoved. As we have seen, not a single minister spoke up for it at Cabinet when the agenda reached its

abolition.

The prospect of death concentrated Mr. Sparrow's mind wonderfully, if belatedly, on talking to the press. After the official announcement of abolition from No. 10 he agreed to be interviewed by The Times. The policy analysis work - the quick briefs for Cabinet - had "been done consistently well", he suggested. But the longer-term inquiries, the "think tank function" Mr. Sparrow called it, need not be done in-house and, in fact, might be better done outside government. His overall judgement on advising ministers in general was that "the job has been done well throughout the life of the CPRS." [207] But had it? There were detractors even inside the Tank.

IMPACT

"We have not been sacked."

Lord Rothschild's standard response to questions about the influence of the CPRS.

"Your reputation was as good as your last paper just as a football manager is only as good as his team's last game."

Sir Kenneth Berrill, 1984.

"As time went by, it [the CPRS] concerned itself less and less with central issues and became a meddler in departmental business."

Sir Douglas Wass, 1983.

Policy-making is such a mixture of vested interests, personalities, political whims, external circumstances and, sometimes, sheer desperation, that winnowing out the influence of the CPRS is impossible on specific issues let alone over its 13-year life. Sir Kenneth Berrill found its impact very difficult to judge:

"I don't know. I often wondered. But I could never work it out even when I was there. The only test I had was whether or not I was getting job satisfaction." [208]

Judged by the Berrill criteria, the CPRS was a roaring success:

"It's the best job I've ever had or will have. Oh, a marvellous job. Tremendous - the fascination of seeing what was going on at the centre of one's country; the ability to work on really important subjects and to say what you think." [209]

Lord Rothschild's criteria - survival - had more to it than meets the eye. According to one seasoned senior official who had a spell there, "the CPRS always had a fairly precarious foothold." Sir Kenneth's team were aware of this at the time of the 1979 general election and the feeling in the CPRS was that they had a less than even chance of surviving the arrival of Mrs. Thatcher, a feeling strengthened by her inability, in her early days, to find time for a meeting with Sir Kenneth. [210]

In fact, of all the innovations listed in Mr. Heath's 1970 White Paper, The Reorganisation of Central Government, which was intended to "remove the need for continual changes for a considerable period in the future", [211] the CPRS lasted longest. The Department of Trade and Industry was broken up by Mr. Heath himself in December 1973 when, in response to the oil crisis, he created a separate Department of Energy. Mr. Wilson ordered its further fragmentation in March 1974 into separate departments of trade, industry, prices and consumer protection. Mr. Callaghan dismembered the Department of the Environment in September 1976 when transport reacquired separate departmental status. Programme and Analysis Review died at the hand of the Treasury in the mid-1970s, but its death did not become official until shortly after Mrs. Thatcher's arrival in 1979 when the Treasury persuaded her to sign a minute to this effect. The Tank beat PAR by four years.

Even though the question of impact could never be answered, the CPRS was throughout highly sensitive on the subject of its status and

influence. Probably the most pleasant surprise was when Sir John Hunt let them know in November 1974 that the strategy paper which formed the basis of that ghastly Sunday discussion at Chequers had "gone down well with the Palace." The Queen, it seems, had returned her copy to the Prime Minister with comments written in the margin. [212]

Lord Hunt, like Sir Robert Armstrong after him, valued the CPRS. His view is at the favourable end of the official spectrum:

> "I can certainly recall ... many cases where a department was pushing a particular solution and where the CPRS brief was largely instrumental in a different solution coming out." [213]

The difficulty here is that Lord Hunt, in citing instances of CPRS reports that had turned an issue round, was thinking of the Tank's unpublished output, examples of which he was not prepared to cite.

Other officials at or near Lord Hunt's level were not so fulsome. Though the only one to have gone public on the point is Sir Douglas Wass in his Reith Lectures. He described the history of the CPRS as "chequered" and went on to produce a long list of shortcomings: [214]

> "We have to ask why it did not give satisfaction to its ministerial chiefs ... In the first place, the role it was given was too ambitious. I do not believe a small central staff by itself can be expected to identify new areas of workable policy which have somehow escaped the attention of the expert department. Nor can it really evaluate the implications of alternative courses: that too is best left to the specialists.
>
> What the Think Tank should have concentrated on was what I have called 'the balance of policy', in other words the way the government's programmes fitted into its strategic objectives, and

the way it orders its priorities. It should also have taken more seriously the job of criticising departmental proposals where it had evidence that they had unperceived implications for other parts of the programme." [215]

Sir Douglas said the CPRS was too small and blamed Lord Rothschild for keeping its size down so that all its members could fit round his conference table. The Treasury, for example, had four times as many people "marking" public expenditure. To make matters worse, Sir Douglas added:

"The CPRS embarked on many studies which were plainly not its job. Its examination of the car industry was something that should have been done by the Department of Industry, and its review of Britain's overseas representation could well have been done by the Civil Service Department ... The decision to abolish it was a not unjustified recognition that it had lost its way and no longer filled the role intended for it." [216]

Sir Douglas's lecture infuriated Lord Rothschild who added a rebuttal to his "An Epistle to a Prime Minister" (full text reproduced in Appendix A). Sir Douglas, Lord Rothschild wrote,

"appeared to be visiting the sins of the next generation on the preceding one: he used two alleged errors committed when Sir Kenneth Berrill was Head of the Think Tank to damn it as a whole, retrospectively and in the future. The fallacy of making generalisations from particular instances needs no emphasis and, as a matter of fact, the examples were unfortunately chosen.

It is true that the Think Tank study of the Foreign Service was clumsily handled; but it is also true that many of the recommendations made in the study have been implemented. Sir Douglas Wass's other example, the Think Tank study of the car industry, was equally fallacious. The Think Tank would not have undertaken such an inquiry except at the request of the Prime Minister and/or the Cabinet. The fact that it was asked to do this merely shows that the relevant department was unable or unwilling to do so; and <u>this can happen</u> in spite of Sir Douglas's departmental dreamworld." [217]

Yet, Sir Douglas was not the fiercest critic inside the career Civil Service. Two officials who actually served in the Tank in its later phases, share that distinction. As one put it:

> "They were very thinly spread over a lot of areas. The stuff was not very good. It was very long and very detailed. The members of the Tank were very ordinary. They had no real experts." [218]

The other was, if anything, even more damning:

> "I can't say I particularly enjoyed my stay in the Tank. I always felt very uncomfortable about it all. Apart from the odd occasion where one was genuinely an expert, we ranged over a tremendously wide field. We were interfering a lot on a fairly superficial plane. I always felt frustrated at second guessing without the depth of knowledge that made it fully justified. More often than not I wondered what I was doing.
>
> We were at our best when reducing fairly complicated issues to fairly simple basic issues for ministerial discussion. Sometimes we were able to suggest lines of inquiry that were useful." [219]

Even the Whitehall irregulars, like Dr. Donoughue and Sir John Hoskyns, who pressed the case for the Tank's survival to their respective bosses, remain equivocal about its impact, particularly Dr. Donoughue:

> "I am a supporter of them because, along the way, they helped on a lot of things. But whenever you got into a crucial issue, the CPRS was never there whether it be incomes policy, the IMF or the winter of discontent. The moment the issue became a bit political on these crunch issues on which the Treasury would take a very hard line, they would line up Ken. He remained a Treasury man." [220]

Sir John Hoskyns believes Mrs. Thatcher came to have "a very high

regard" for Sir Kenneth, though the Tank, in his view, did not come near to its full potential until the Ibbs era:

> "But even then it was not sufficiently ... strategic. It waited to be told what it had to do - look at the nationalised industry problem or the unemployment problem - rather than looking at the total array of domestic policy ... and try to integrate a complete strategy." [221]

Ministers, the Tank's customers, tended to be cool where they were not hostile. For example, Mr. Francis Pym and Mr. Peter Shore discussed the CPRS from their different political positions during a radio discussion on the Wass Reith Lectures. Mr. Pym reckoned: "It is extremely helpful to have another source of information, a machinery which enables ministers to test what is now being done. I thought the original (authors' italics) concept of the CPRS was an excellent one." [222] Mr. Shore said simply: "It was ineffectual, certainly by the time we were in office." [223] (i.e. 1974). A selection of extracts from Mrs. Castle's Diary suggests she shared the same view:

> TUESDAY JULY 23, 1974
>
> "For the first time in my experience a representative of the CPRS was at the [Social Services] Committee to support a paper they had put in arguing that 'Ministers will wish to consider the proposed package against the tight constraints on public expenditure.' No-one took any notice of him - whoever he was." [224]

> THURSDAY OCTOBER 17, 1974
>
> "The main business was a discussion of a lengthy document on 'Strategy and Priorities' for our work prepared by the CPRS, on which the department had briefed me approvingly. Obviously the poor dears in CPRS feel they must justify their existence, but at

any rate it had the effect of forcing us to look at things in the round for one." [225]

WEDNESDAY MARCH 10, 1976

"As for the CPRS paper which accompanied Denis's, I had never read so many negatives: 'We do not know how fast the world will recover from the slump' and 'We do not know how fast our exporting and import-saving industries could expand, given strong demand for their products'." [226]

Mrs. Castle, however, had been "impressed" by the Tank's 1975 report on the car industry. [227] But politics prevailed over its philosophy. Chrysler was saved by the Wilson Government in 1975 for political not economic reasons. In one area, the Tank could achieve impact any time it chose, and any time it did not choose as well. Fleet Street liked writing about it because the CPRS was a concept it could handle, even relish. The chic flavour left by the early coverage in The Sunday Times meant the "bright young thing" image could easily be replayed. Though this could take a very sour form as it did in the attacks on Dr. Blackstone and Miss Mortimer at the time of the ROR.

The idea of "the boffin", the slightly odd backroom-boy, enteredFleet Street's and the public's consciousness during the Second World War. It could readily be applied to the Tank. Lord Rothschild, too, was a profile-writer's ideal. The Letcombe row was perfect newspaper material as was the furore over the review of long-term spending nine years later. Even something as unexciting as electrification of the railways could be turned to good effect once it became known that the Tank had rubbished BR's proposals. It's media

image was out of all proportion to its size and impact.

But the real question is did the CPRS deliver? On a value-for-money level, the answer is an unequivocal "Yes". At just under £1M a year at 1983 prices, its running costs were tiny. [228] Its output certainly justified an expenditure on that scale. On the grand strategic level, in answer to the question did the CPRS, in fulfilling its remit of diverting ministerial attention to the long-term, help halt and then reverse Britain's relative economic decline? The answer is an unequivocal "No". In between the poles established by these two questions, the assessment of impact becomes highly problematical.

In one sense, life in the CPRS after the first OPEC oil price hike in 1973 was one long experience of perpetual crisis management. Professor Ashworth captured its flavour when he would tell his friends: "It was a bit like being in the casualty clearing station of the Luton and Dunstable Hospital when there has been an accident on the M1 - you only saw the disaster cases as they passed through and, by gosh, there were a number of them." [229] Yet, it was on this kind of casework - British Leyland, British Steel, ICL and a whole series of industrial disputes - that its customers, ministers, thought the Tank did its best work, particularly in the Ibbs era. On long-term procurements, like the Joint European Taurus, or big science issues such as information technology, the Tank also did well. Though several insiders reckon this was only a coincidence in that the CPRS housed the Cabinet Office's Chief Scientist and his team.

It is for its big, one-off reports that it is most difficult to claim an impact for the Tank. But a case can be made even for the most unpromising examples. Take the Review of Overseas Representation. Universally rubbished when unveiled, by the mid-1980s a great many of the economies it recommended had been achieved by Conservative ministers keen to create a more streamlined machine both within Whitehall and its extensions overseas. [230] Though the Tank's recommendations for structural change continued to be ignored. And one of its targets, the British Council, became, until the spending cuts of November 1984, almost a personal protectorate of Mrs. Thatcher whenever the Treasury threatened to mount too heavy a raid on its budget. [231]

The Joint Approach to Social Policy is regarded as another failure, though Whitehall folk-wisdom sees it as a benign shortcoming rather than malign error like the ROR. It began with high hopes and strong prime ministerial backing in 1975 as Mrs. Castle's Diary indicates. Her entry for May 13, 1975 shows her kicking herself for missing the first meeting of the Cabinet Committee on Joint Approach to Social Policies: "I learn that the CPRS paper is to be published, that the PM is to preside over a ministerial group on strategy, that social monitoring is to be carried out by a 'social group' of senior statisticians in the Central Statistical Office, that the group of Permanent Secretaries is to process all this, and that the first strategic ministerial meeting is to be held at Chequers soon." [232]

Two to three years later JASP had rather run into the sand. Mr.

Callaghan as Prime Minister did not want to preside over the ministerial group and devolved the job to Mrs. Shirley Williams in her capacity as Paymaster-General.[233] In 1979, Mrs. Thatcher dropped it altogether.[234] Sir Kenneth Berrill never concealed the fact that JASP had been a disappointment:

> "It had been, under the two Labour Prime Ministers, a large part of our work. And in the fairly early period when I was in the CPRS we spent a lot of time trying to get a consistent policy or an integrated policy across a wide range of social services. That was extremely difficult and I don't know whether we made a great deal of progress." [235]

There were a number of reasons for JASP's underachieving. First of all, doing "a new Beveridge" is an exceedingly ambitious and difficult task at a time of public spending constraint particularly for Labour governments where tradition and sentiment about the achievements of 1945-51 run deep. Secondly the width of the subject, embracing tax, social security, health, education, housing, law and order, the relationship between central and local government, makes the thought processes and administrative procedures required of a review both hefty and amorphous. Thirdly ministers got bored. They like meeting to take decisions rather than to deliberate. The JASP Committee was essentially a deliberative forum and never really reached the decision-making stage. Lord Hunt discovered another reason for ministerial dislike of the enterprise: "Few ministers wholeheartedly supported JASP and certainly some saw it as an intrusion into their own bailiwicks rather than as an attempt to get a group of departments to focus joint attention on a particular client

group." [236]

Other of the Tank's huger enterprises had little immediate effect. Though in the case of the inquiry into the volume car industry, it became the source document in Whitehall for several years after and is credited by some outside the Tank with helping create a new climate of reality in the motor industry.[237] A similar delayed-reaction can be claimed more clearly for the 1983 review of long-term spending. The Treasury Green Paper on taxation and spending into the 1990s published a year later was a belated and much watered-down attempt to cover the same ground.[238]

All in all, the CPRS did acquire a distinction: it was the boldest and longest lasting attempt since 1916 to fill what Lord Hunt called the "hole in the centre" of British Government. It threw a generation of clever people at a set of intractable problems in increasingly hostile economic and political circumstances. If it was failure it was a brave and an inexpensive one. A future generation of politicians can profit very definitely from its experience.

LESSONS

"The abolition of the CPRS, a unit which helped to make things happen, ... was a sad blow by prejudice against enlightenment."

Lord Bancroft, 1984.

"If a Prime Minister does not feel the need for a CPRS in the Cabinet Office ... there is no point in the existence of the CPRS. It depends crucially for its success on the confidence which the Prime Minister has in it."

Lord Rothschild, 1984.

When Downing Street announced the death of the CPRS in June 1983, an instant consensus was born among Whitehall's senior officialdom - that, in the language of 1066 and All That, its abolition was "a Bad Thing"; and that a future Prime Minister would want a revival of something along the same lines. At least one would-be Prime Minister is very interested in the idea. For Dr. Owen:

"The question is how many adventurous souls are there left in Britain as the bureaucracy sort of beats the imagination out of them. I, unfortunately perhaps, got into the system much too young. I'm still angry at the system. I still believe this system needs to be shaken up ... We've lost that adventurous spirit, that buccaneering spirit, the feeling of having a go." [239]

The main lesson of the CPRS 1970-83 is that its chief customer is the Prime Minister whatever its charter, the 1970 White Paper, says about its being the servant of the Cabinet. Sir Douglas Wass criticised the Tank for becoming "the creature of the Prime Minister alone."[240] But, with hindsight, it seems inevitable. Sir Frank Cooper recognises

this: "I would want to ask the Prime Minister what he or she wanted of the CPRS, what was it required for, what was it expected to do, how did it fit in with that Prime Minister's approach to government? One would have to get answers to those questions before one could possibly attempt to design or redesign the CPRS itself." [241]

For another former permanent secretary, the first question for a new prime minister would be, do you want your Think Tank "to be sugar or salt?" If you want it to help drive your strategy along and support you, it's sugar. If you want it to present you with a critique of what you are trying to do, it's salt. "Rothschild tried to be both sugar and salt", he added. [242]

After the Prime Minister, the experience of 1970-83 shows that the second most powerful force shaping the Tank is its head. Quite enough has been said about the Rothschild style. But the Berrill-Ibbs succession really did make a difference as one insider recalls:

> "Under Ken the Tank was a sort of anarchic affair. It had an academic atmosphere. Ken was quite happy to let the young people go off and do their own thing. There was no organisation of the work. When Robin came he wanted to know what was going on and wanted some say in what the Think Tank was going to do."
>
> He set about thinking a little more about priorities and getting people involved in particular areas. They were quite pleased. anarchy is all right in principle. But some of them found it rather unsatisfactory." [243]

By no means all of them were pleased:

"Robin was very hard working. He made sure he read <u>everything</u>

> the Tank produced before he put his signature to it and forwarded it to the PM. He would spend hours redrafting stuff on the nationalised industries and would stay in the office until late at night and he had something just right. This slowed the Tank down and stopped it being spontaneous and the immense concentration on detail stopped it looking at far bigger issues." [244]

The personality and background of the head of a Whitehall Think Tank is important for two reasons: he or she, all agree, must empathise with the prime minister or things become unworkable; secondly, much prior thought has to be given to the intellectual suitability of the potential Tank-head. And this is not a question of brainpower, more a matter of intellectual curiosity. There is a problem. Intellectual originals are not lying around in an abundance. It is possible that some disciplines, particularly on the science side, are more prone to produce them than others. Mr. Samuel Brittan reckons economists come into the same category as scientists. The least suitable people, he suggested in The Financial Times when the Ibbs appointment was announced, are businessmen:

> "One of the myths which beset Conservative governments is that businesmen can advise on the working of a free enterprise system. In fact, they have no such expertise. If they have gone to the top, it has been by playing to win within a framework of rules which they have not themselves devised. Improving the rules, or changing the environment in which the game is played, is not the same as playing the game itself. To depend on businessmen for advice on policy is like asking chauffers, or at best racing drivers, to design car engines or plan a highway system.
>
> Yet the present Conservative government, like the Heath one before it, has shunned economists for its key advisory posts and favoured businessmen instead. The latter are admired for their ability to run enterprises; but to take them on for this is to confuse policy with administration." [245]

There is no shortage of blueprints for the next Prime Minister who wants to have a go at filling the hole at the heart of Whitehall. Even the coolly sceptical Sir Douglas Wass thinks something of value can be salvaged from the wreckage. He wants a new "central analytical staff" with fresh "guidelines and safeguards". [246] It should serve the Cabinet as a whole and lock itself in to the public expenditure cycle:

> "It should be given the resources needed for what would be a demanding role, a role which ... would draw it into Whitehall's day-to-day business. Fortunately, the record of departmental co-operation with the old CPRS was good. But to make absolutely sure that the review staff was in touch with departmental business, it would have to be closely involved in the annual public expenditure survey and it should be represented at all the bilateral meetings between the Treasury and spending ministers, not least to ensure that the Cabinet had, in effect, a watching brief over any private deals which might be struck. I would also want it to produce its own report as the survey proceeded and to suggest its own solutions to the problems of choice which the survey invariably presents." [247]

Sir Kenneth Berrill adopts his briskest style in outlining his version of a Tank Mark II (which seems to differ very little from the one he led):

> "Number one, keep it small; and by small I mean of the order of fifteen/twenty people. Sounds tiny. It is tiny. Number two, keep them young. I think its much better to have people in their early thirties than in their early forties, let alone later on. Number three, keep them moving and don't have a static group. Don't make it a career for anybody. Make them all move round so that you're having fresh blood all the time. Mix up your product. Don't have entirely great big studies or little tiny snippets".[248]

Two experienced figures reckon if a revived Tank is to flourish, it

must operate on a much grander scale. For Sir John Hoskyns, the CPRS's 1970 charter contained a fatal flaw. It should have been an overtly political body not a Civil Service outfit: "This idea that you can separate policy and politics is absolutely ludicrous." [249] And he wants it to be multidisciplinary and big: "It could be 80 or 100 people - something of that size." [250]

For Mr. Hector Hawkins, the root of the problem is that: "Britain is probably as well administered as any country in the world. But, in my view, it's not governed." [251] Whitehall power is negative power. There are no initiators. Mr. Hawkins looks to Paris, to the French cabinet system for his solution. He wants the revived CPRS to be the prime minister's cabinet. It would be the centre of a network of ministerial cabinets:

> "We suffer at the moment [because] each ministry is an independent satrap ... There is no way of co-ordinating these different policies that emerge from the different ministries except Cabinet committees and Cabinet which are dealing with the day-to-day issues as they come up, sorting them out on an ad hoc basis ... not a strategic basis." [252]

Lord Rothschild's blueprint for the next Tank embraces method, scope, subject matter and personnel. It is best savoured in full in Appendix A. But, he adds, whatever its construction it should be fun:

> "If, exceptionally, the CPRS through its oral or written work, evoked an appreciative smile, it was doing something, however little, to relieve the atmosphere of somnolent ossification that pervades some parts of the bureaucracy." [253]

Not a bad epitaph for the old Tank. Not a bad blueprint for the new.

APPENDIX A

AN EPISTLE TO A PRIME MINISTER

from

Lord Rothschild

Dear Prime Minister,

(1) After a general election the new Prime Minister - whether the same as before or another one - is almost certain to study the staff and organisation of No. 10 and of the Cabinet Ofice. I have therefore been wondering whether that new Prime Minister, having seen and heard how the Government's Think Tank (the CPRS) performed in the Cabinet Office, and how its partial analogue did in No. 10, will wish to reconsider whether the Tank should be resuscitated in the Cabinet Office or not.

(2) Whichever of the alternatives, No. 10 or the Cabinet Office, is chosen, I believe that the CPRS, whether it is called that or something else, is a valuable instrument for the Prime Minister, and for the Cabinet if the Prime Minister so wishes.

(3) As you know, the first CPRS was in the Cabinet Office, though independent of it except for rations, discipline and very close liaison; and its terms of reference included advice not only to the Prime Minister but also the Cabinet, the latter because of the concept of collective responsibility.

(4) Not surprisingly in view of their arduous duties, Cabinet Ministers are often relatively ignorant about subjects which do not affect their Departments. It is, therefore, difficult for them to participate in some discussions at Cabinet or Cabinet Committee meetings in the absence of a brief which is unlikely to be produced by their own Department. For this reason the first CPRS had among its duties the preparation of "Collective Briefs", precisely to fill this gap. Such briefs, often less than one page long and consisting of a series of apparently innocent questions, required an early warning system, which the Cabinet Office could and did provide, of those issues which were likely to come before Cabinet or a Cabinet Committee fairly soon. I do not know whether such Collective Briefs are now prepared by the Cabinet Office in the absence of the CPRS. I believe they fulfil a useful purpose.

(5) One thing is, however, perfectly clear: it is that if a Prime Minister does not feel the need for a CPRS in the Cabinet Office, whether there is its partial analogue in No. 10 or not, there is no point in the existence of a CPRS. It depends crucially for its success on the confidence which the Prime Minister has in it.

(6) What should a CPRS do? It is convenient to answer this question in several parts. First, its programme should be a mix of short, medium and long term work. The short term work has, apart from any other considerations, an important role in maintaining the morale, enthusiasm and interest of the members of the CPRS. They do not want, as some Permanent Secretaries have proposed, to be wholly engaged in long term work (as remote from Whitehall as possible) studying such questions as Energy in the year 2000; or intractable problems such as Regional Policy. They don't want to be a dustbin in which hopeless

issues are deposited. They want to be part of the hurly-burly of Whitehall, to participate in the solution of immediate problems and, in fact, to be wanted now.

(6.1) Secondly, the problems which the CPRS should tackle ought to be trans-departmental - and by trans-departmental I do not mean one particular department plus the Treasury (because the Treasury is always involved). Alternatively, the problems, though "belonging" to a particular department, should be so controversial as to merit independent and objective examination.

(6.2) Thirdly, no particular class of investigation, such as those concerned with foreign affairs, defence, the Budget or the exchange rate, should be barred. This may from time to time pose security problems as not all members of the CPRS, even though p.v.'d, may be cleared to see papers with the highest security classification. But this need not present problems as the head of the CPRS must, after due indoctrination and consultation, be allowed to be selective in regard to which members of the CPRS may have access to particularly sensitive material. It may even on occasions be appropriate for some classes of material to be seen by a particular member of the CPRS and not by its head. This has happened.

(6.3) Fourthly, although the programme of the CPRS should be annually approved by the Prime Minister or the Prime Minister and the Cabinet, problems will obviously arise and be handed to the CPRS at any time during the year. In addition, the CPRS should periodically be allowed to tackle problems of their own choice with, of course, the knowledge of the Prime Minister and the Cabinet Secretary, assuming, as is assumed above, that the head of the CPRS will not engage in useless or maverick investigations.

(7) A very senior ex-Civil Servant has been reported, accurately or inaccurately, as saying that the CPRS was the Court Jester of the Prime Minister and the Cabinet. If, exceptionally, the CPRS through its oral or written work, evoked an appreciative smile, it was doing something, however little, to relieve the atmosphere of somnolent ossification that pervades some parts of the bureaucracy.

(8) So far as membership of the CPRS is concerned, there may be merit in a mix of about equal number of Civil Servants and outsiders. The Civil Servants are not only necessary because of their high intellectual capabilities and powers of analysis, but also because of their knowledge of the Civil Service with which the CPRS, whether in the Cabinet Office or No. 10, must closely cooperate. As for the outsiders, they bring with them the allegedly fresh air of the external world together with skills which are rarely found in the Civil Service.

(9) The head of the CPRS must be a person of stature in his own right. A high intellect is not enough. He must be capable of leadership. There is no reason for him to be an economist or a scientist; but he must be numerate in spite of the assertations of some very senior Civil Servants that they never found that

qualification necessary. He must also have well-developed powers of analysis and exposition.

(10) Excluding extreme ideological positions the political views of members of the CPRS are less important than many politicians imagine. Those of the first CPRS were largely unknown, if only because its members were too busy and committed to their work to express them. It was known, however, that one member was a Conservative, whereas another was Labour. Others had seen too much of Whitehall and Westminster to be anything but neutral and neutered. Their personal idiosyncracies were irrelevant to the work in hand; and in any case the CPRS realised that it was the job of the politicians to inject the politics into their recommendations. So Neil (if it is you), you don't need, and should not have, half a dozen Tessa clones in your Tank.

(11) There is no reason to try and lay down age ranges - bright young things for example - for the members of the CPRS. It is their capabilities and qualifications that count. Oliver Franks and Kenneth Diplock are not to be ignored because of their advanced age.

(12) In his Reith Lectures (1983) Sir Douglas Wass, formerly Permanent Secretary of the Treasury, appeared to be visiting the sins of the next generation on the preceding one: he used two alleged errors committed when Sir Kenneth Berrill was head of the Think Tank to damn it as a whole, retrospectively and in the future. The fallacy of making generalisations from particular instances needs no emphasis and, as a matter of fact, the examples were unfortunately chosen. It is true that the Think Tank study of the Foreign Service was clumsily handled; but it is also true that many of the recommendations made in the study have been implemented.

(12.1) Sir Douglas Wass's other example, the Think Tank's study of the car industry, was equally fallacious. The Think Tank would not have undertaken such an enquiry except at the request of the Prime Minister and/or the Cabinet. The fact that it was asked to do this merely shows that the relevant Department was unable or unwilling to do so: and this can happen in spite of Sir Douglas's departmental dream world.

(12.2) But leaving aside these qualifications to Sir Douglas's criticisms, would he castigate his own Department, the Treasury, on the basis of some mistakes? If so, it would have been castigated too often to count.

(12.3) Sir Douglas revealed that he was an apostle of "big is beautiful". He wanted the Think Tank resuscitated but greatly increased in size. Possibly: but I well remember the somewhat threatening attitude of the three Treasury mandarins (none of them suffering from knight starvation) I had to meet shortly after becoming head of the Think Tank; and I have some doubts whether that attitude would have been any different if our payroll strength had been fifty "professionals" instead of sixteen. Their minatory posture to an intruder would have been the same.

(13) Much more could be said about what needs to be done: to do with the rusty, creaking machinery of Government, both in Whitehall and Westminster, the latter so dear to the hearts of elderly sentimentalists like Enoch Powell and Michael Foot, in spite of the barbaric behaviour of the Opposition during Prime Minister's Questions.

(13.1) Is it really impossible to simplify our grotesquely complicated tax system which occupies too much of the time of too many of our ablest accountants? Are we really incapable of solving the problem of nuclear waste? Why do we not use the pilot experiment method to tackle major national issues? Why cannot the Prime Minister and the Cabinet have a comprehensive early warning system for possible or impending crises? I could go on and on. But forgive me, Prime Minister, for already having taken up too much of your precious time.

I remain, as before, your obedient servant.

Rothschild

APPENDIX B

THE REPORTS

ENERGY CONSERVATION 1974

Aim

To show how energy conservation might be achieved now and in the future.

Assumptions

Crude oil, coal and gas would become slightly cheaper in real terms by 1985, while nuclear costs would rise at about two percent per annum.

Nuclear power would remain the most important alternative to fossil fuels for the next fifteen years.

The price mechanism would not be enough to induce people to take energy conservation measures: "Government action, by publicity and by regulation, subsidies or taxes will in some cases still be required to stimulate even that degree of fuel conservation which can be shown to be economically justified."

Conclusions

The measures recommended will achieve significant economies by the mid 1980s and substantial savings later provided that action is taken on them as a matter of urgency.

Recommendations

The UK should concentrate research and development spending on certain areas of energy conservation. In many cases the role of the UK should be to monitor progress elsewhere. This could be done by the Department of Energy's Energy Technology Support Unit, Harwell. There must be widespread international discussion.

More, specific recommendations come under three headings:

Transport

Greater economy in the use of petrol could be achieved by changes in fuel and vehicle taxes: the scope for these should be examined.

Research and marketing of lightweight diesel engines for cars and vans should be encouraged.

The possibility of introducing a differential in duty on petrol and diesel (to encourage the use of diesel) should be encouraged.

Fuel consumption figures should be required by law to be given in

publicity material and material accompanying the sale of new cars.

Car manufacturers should be urged and encouraged to make small cars, more economical engines and more aerodynamic car bodies.

Government should assist research on the sodium-sulphur battery (lightweight for its storage capacity) but not other types of advanced battery.

Government departments should be invited to test the fuel economy of hybrid electric/petrol vehicles.

Electricity Generation

"The first stage of a full technical and economic appraisal of harnessing wave power for electricity generation should be put in hand."

No action should be taken on solar cells, wind power, hydroelectric power and the Severn barrier: these would not be economic now or in the near future.

Energy in the Home and in Industry

Coal, gas and electricity are priced below true cost and this subsidy should end.

Improved insulation standard should be drawn up by the Department of Environment under the powers of the new Health and Safety at Work Bill.

The possibility of improvement grants for insulating existing houses and financial incentives for insulating other buildings should be further examined.

There should be a great increase in publicity about possible ways of saving energy in the home and in industry. The connection between high temperatures and high fuel bills should be emphasised with a view to reversing the trend towards higher temperatures.

"The Department of Energy should do everything possible to bridge the gap between those who know about fuel efficiency and those who need to know." Consultancy services should be increased; the case for grants to enable firms to take advice and for grants and loans to enable industry to improve the efficiency of its energy usage should be considered.

A comprehensive study of combined energy schemes (providing energy and heat together) should be undertaken urgently.

Companies within certain size limits should be required to include details of their energy use in their annual reports.

The possibility of using hydraulic systems more widely should be examined.

* * * * * * * * * *

THE FUTURE OF THE BRITISH CAR INDUSTRY (1975)

Assumptions

The European market would recover by 1980. On that basis, there would be twenty-five per cent overcapacity in Europe over the next seven years. This meant that the British car industry would be faced with tough competition.

Conclusion

"Unless urgent action is taken the consequences for employment, the balance of payments and economic prosperity will be extremely serious."

The Competitive Position of the British Car Industry

The position was poor.

There were too many manufacturers with too many models, too many plants and too much capacity. The industry was underinvested. It had taken no account of the need for smaller cars. These problems were the responsibility of management.

Quality of workmanship was poor, labour relations bad, delivery poor, productivity low (sometimes half that of continental rivals) and manpower levels too high. These problems were caused by the attitudes of labour and management.

"The problems of productivity are at the centre of the industry's problems."

Prospects for 1985

In the most favourable case, the industry could sell 1.9 million cars per year; in the least favourable case, as little as 0.7 million cars per year.

This compared with a volume of 1.5 million per year in 1975.

The Case for maintaining a substantial volume car industry

"The case is strong."

(i) The industry was Britain's biggest exporter

(ii) It would be difficult to redistribute labour

(iii) The industry had major strengths on which to build.

Changes Required

"There is not the slightest chance of Britain retaining a volume car industry at anything like its present size if present shopfloor attitudes persist."

"The British car industry's approach to quality of workmanship, to new working practices, to continuity of production and manning levels is so out of date that it cannot survive. Workers and management must see the danger and adapt rapidly or go under."

There was a need for rationalisation of plants and products, more investment and better productivity.

"The industry will only be viable, even producing 1.9 million cars per year, if it employs in 1985 a smaller workforce than it does today."

Recommendations for Government Action

"The future of the industry lies in its own hands and in no-one else's, but the Government now owns half the industry and cannot avoid the responsibility of leadership. The Government must:

(a) "Declare its determination to do all in its power to achieve a viable, substantial, internationally competitive and unsubsidised industry in the 1980s."

(b) "Sponsor a programme designed to achieve the fundamental changes in attitude throughout the industry required for improving productivity, quality and continuity of production."

(c) "Recognise the need to rationalise plants and reduce assembly capacity and to ensure that this reduction takes place with the least possible adverse effects on the general level of employment."

(d) "Stabilise the domestic market for cars in particular by stabilising fiscal policy towards the industry. Study alternative means of restraining Japanese imports against the possibility that the coming talks with the Japanese should not prove satisfactory."

(e) "Take action in BL to bring about the changes which CPRS has shown throughout the industry make the provision of capital to BL dependent on achieving specified improvements in productivity, quality and continuity of production. Consider future requests for financial assistance from other car manufacturing firms in the light of the CPRS report."

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A JOINT FRAMEWORK FOR SOCIAL POLICIES (1975)

Aim

To help the Government form a coherent strategy for making and effectively implementing social policies.

Three specific aims:

- "improved coordination between services as they affect the individual"

- "better analysis of, and policy prescriptions for, complex problems, especially when they are the concern of more than one department"

- "the development over time of collective views on priorities as between different programmes, problems, and groups."

Defects in social policy-making:

- Divided responsibilities (i.e. between departments) prevent central government from having an informed, overall view of people and their needs.

- Social issues should be related to some broad framework of social policy and should not just be dealt with individually as they become timely.

- Research and better analysis of existing information should be encouraged, and a greater attempt made to link information with the policy-making process.

- Even well-conceived policies do not always translate into effective action.

Recommendations: "A Programme for Action"

(i) meetings of Ministers every six months for broad discussions aimed at developing consistent priorities,

(ii) periodic "forward looks": lists of social issues likely to become relevant in the next 12 months, to help Ministers look at impending decisions in a wider context,

(iii) improved social monitoring to measure effectiveness of existing policies and to establish a "better trans-departmental information base for social policy", specifically:

(a) establishing a "Social Group" of senior statisticians in the Central Statistical Office,

(b) regular reports on social developments using a key, consistent series of statistics,

(c) further monitoring of the changing positions of sub-groups within the population,

(d) better presentation of this information to Ministers.

(iv) studies of specific topics focusing on major problem areas, not simply on existing policies, (many of the topics suggested were subsequently studied by the CPRS)

(v) longer-term studies aimed at identifying social problems before they arise.

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THE FUTURE OF THE UNITED KINGDOM POWER PLANT MANUFACTURING INDUSTRY (1976)

Note

The industry was divided into two halves: turbine generator makers and boilermakers. There were two companies in each half.

Conclusion

The industry was under "grave threat". Unless Government and the industry took action there was a prospect of 30,000 job losses over the next two to three years.

If this happened the turbine generator sector would lose most of its export potential. The boiler-making side would probably not be able tomeet home requirements for either fossil-fuelled or nuclear power stations.

Nuclear systems would have to be bought from abroad.

Recommendations

In the short term

(i) One power station order should be brought forward (e.g. Drax Stage II)

(ii) The Government should provide additional assistance to exports.

In the long term

The Government should:

(i) Make a commitment to a firm and steady ordering programme starting as soon as possible,

(ii) Place an order for a prototype 1,300 megawatt high-speed turbine generator,

(iii) Encourage the rationalisation of the industry, other offers of help being made conditional on acceptance by management and labour of at least the heads of agreement on mergers and on the speedy implementation of the rationalisation programme,

(iv) Clear up uncertainties about policy on nuclear power stations.

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REVIEW OF OVERSEAS REPRESENTATION (1977)

Aim

"To review the nature and extent of our overseas interests and requirements and in the light of the review to make recommendations on the most suitable, effective and economic means of representing those interests at home and overseas."

Assumptions

In areas where policy objectives had been set by ministers, the CPRS used these, otherwise they formulated their own.

The review looked ten to fifteen years ahead and assumed that its judgements about overseas policy would remain valid for most changes in Government policy.

A theme in the report is that overseas policy since the war has failed to take enough account of our decline in our power and influence.

Four main objectives of overseas policy are:-

- to ensure external security
- to promote economic and social well being
- to honour commitments (to individuals and countries etc.)
- to work for peace and a just world.

Conclusions

All the Government activities that made up overseas representation should be continued but in many of them less work should be done, or work should be done more selectively.

The balance of activities was "broadly right" except that the amount spent on education, culture and broadcasting was too high - 30 per cent of total expenditure and likely to rise under present policies. The recommendations given below on the British Council reflect this.

Some procedures should be simplified (e.g. visiting or settling in the UK), duplication should be avoided, standards should be lowered in some cases, especially in diplomatic work. Some work done abroad could be done at home at about a third of the cost.

These improvements would be brought about by changes in organisation and changes in staffing.

Changes in Organisation Abroad

The report asked for closure of about twenty diplomatic missions and at least thirty-five subordinate posts. It was not specified which were to close, but lists of possibilities (not published) were drawn up. Closures were recommended on the grounds of ineffectiveness. These closures would not be irreversible.

The report favoured the investigation of the potential for joint EEC representation.

The changes would shift the geographical balance of representation away from the developed countries. This was intentional.

Changes in Organisation at Home

"A Government organised on a sectoral basis has found it hard to adapt to change in status in the world and the increased international dimension of many Government activities." In many cases both departments and the Foreign and Commonwealth Office (FCO) had interests and wished to have influence.

The report concluded:

- changes in departmental structure would not help.

- posts overseas should no longer be controlled and directed by the FCO alone. Other departments with an interest should have a say and should pay for staff working exclusively for them.

- machinery should be established to allow departments to work together on their interests in individual countries as they now work together on groups of countries (e.g. the EEC).

- the report also asked for major reductions in the 'Education' and 'Culture' functions. It gave two options and favoured the first:

  (a) Abolition of the British Council and the other smaller agencies doing similar work, dividing their functions between the Ministry of Overseas Development, the Department of Education and Science and a new recruitment and placement agency.

  (b) Retention of the British Council and amalgamating the functions of the smaller agencies with it.

Changes in Staffing

Faults were a lack of specialisation, a lack of interchange between British and overseas workers, workers abroad spending too much time there and getting out of touch, and encouragement by present arrangements of "divisive attitudes".

The report gave three options for change, marginally preferring the first

(a) Merger of the Home Civil Service and the Diplomatic Service and the creation within the combined service of a Foreign Service Group. The FSG would be about forty per cent bigger than the Diplomatic Service, and would involve extra costs of about £1 million per year.

(b) More interchange between the Home Civil Service and Diplomats in a wide range of fields. This would involve much rearrangement of responsibility: "We doubt if this can be achieved."

(c) The creation of a specialist export promotion service inside the Home Civil Service. This would solve most of the problems of option (b) but could limit promotion prospects both in the specialist services and the reduced Diplomatic Service.

"On staffing, the main question for ministers to consider is whether they agree with our conclusions about the need for greater specialisation and interchangeability ... if they do not ... there would be no case for major institutional change, although action would be needed to correct the structural imbalances in the Diplomatic Service and to take account of the reduction in its size which would result from our recommendations (365 - 500 jobs at Executive Officer level and above)."

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POPULATION AND THE SOCIAL SERVICES (1977)

Aim:

To look at the implications for social planning of a possible long-term decline in the birth rate.

Conclusion:

Social services must be flexible enough to respond to demographic change. Redeployment of manpower and resources both within and between services would avoid periods of wasteful overprovision and sudden shortages caused by demographic fluctuations.

Assumptions:

There has been a weak link between demographic change and social programmes in the recent past.

This study uses three variant population projections, but suggests only that a relatively low level of births can be expected over the next 25 years.

The changing breakdown of age groups caused by recent fluctuations in the birth rate figures more prominently in social planning than does the possibility of a long-term decline in births.

General conclusions - social changes foreseen regardless of future birth rate:

- many fewer children of compulsory school age in the 1980s
- increases in the number of 16-24 year olds in the 1980s will put pressure on higher and further education, and probation and after care services.
- the population of working age will increase quickly over the next 10 years (1977-87);

"This provides opportunities for a faster rate of economic growth and of output given macro-economic policies that will sustain high levels of employment, but, in their absence, could add to unemployment problems."

- the increase in the number of people reaching retirement age in the next 25 years is small, but the number of the "more elderly" (age 75+) will increase rapidly.

- thus, the "dependence ratio" (i.e. ratio of children under 16 plus people over 65 to the population of working age) will decrease over the next decade and remain at a low level until the end of the century.

- decreased dependence should yield proportionate savings in social expenditure, but this is not always the case.

Specific Policy Options not contingent on future birth-rate:

Maternity services:

Should be made more flexible to meet temporary peaks without increasing spending.

Education:

Fluctuations in the structure of the child population will have a significant impact on education. To meet the peak demands within particular age groups and to avoid overprovision when numbers decline, various options exist:

(i) accept lower teacher/student ratios during times of peak demand;

(ii) restrict participation during peak demand (particularly in nursery, higher, and further education);

(iii) increase teacher numbers as student numbers grow, and accept that facilities will be underused when the peak is over;

(iv) let teacher numbers decline with student numbers;

(v) encourage participation when numbers decline.

- also, the flexible deployment of teachers between primary and secondary schools would help solve some of the problems caused by fluctuations in the child population.

- central guidance should be offered to local authorities about how to utilise surplus education buildings.

Children's health services:

Guidance is needed to achieve redeployment of hospital space and paediatric staff to reflect the fall in the number of children.

Youth:

The increase in 16-24 year olds in the late 1980s has implications for probation and aftercare services and for vocational training schemes; these implications need to be more fully assessed.

Housing:

Further work is required on linking demographic change to future housing provision because various social attitudes are as influential as demography in determining numbers of households.

It is unlikely that further New Towns will be planned in the near future.

An open question:

Should population projections be used in weighting the rate support grant formula?

Regional planning:

Demographic change should be given its proper weight in local decisions and sub-regional planning.

The report offers no important policy options contingent on a continued declining birth rate. It does suggest, however, that a number of the issues raised above would arise sooner and require swift action.

Additionally - a bit of social spending philosophy:

"Needs" in the social services are virtually insatiable. "In the past 15 years education and the social services have received more than their proportionate share in increased public expenditure. And public expenditure has risen considerably faster than national output. In part the growth in expenditure has reflected demographic pressures but in large part it went to provide real improvements in standards. Yet "needs" were far from satisfied. Indeed, public expectation of still further improvements seemed to grow with increased provision ... There is no reason to expect that in the foreseeable future governments will be able to finance the rates of increase in social services we saw in the recent past, certainly not to exceed them, and public expectations will need to accommodate this ... Resources will have to be provided in part by switching from one programme to another. The room for such switching will be affected to an important extent by the responsiveness of programmes to demographic change ...

Ministers' ability to ensure better room for manoeuvre in the period beyond will depend to an important extent on their willingness to take a hard look at the implications of demographic trends and take early decisions."

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RELATIONS BETWEEN CENTRAL GOVERNMENT AND LOCAL AUTHORITIES (1977

Aim:

To determine how far central government manages its part in the relationship in ways which encourage local authorities' attempts to develop interrelated or "corporate" approaches to social policies.

Conclusion:

Central government should aim at intervening less in local authorities' corporate endeavours; it should concentrate less on pressure and control and more on "the constructive role of promoting and issuing advice on good practice;" and it should "relinquish powers which it no longer needs."

Assumptions:

- the report assumes that no major changes will be made in the way functions are distributed between the two tiers of local government;

- joint, "corporate" approaches are worth encouraging becuase they conserve resources;

- central government is in some significant ways responsible for inhibiting joint approaches to social policy at the local level, but the report defends central government against common, overemphasised criticisms:

  (i) "different parts of central government do not, in general, issue spectacularly inconsistent advice or instructions to local authorities; ... It is important in this kind of discussion not to slip imperceptibly into implying that local authorities' problems would be lessened if only central government did not exist - and that it would be helpful if central government did not. This is plainly absurd."

  (ii) "In general, it would be wrong to draw a picture of vigorous, radical, imaginative, enterprising and corporately-minded local authorities being openly frustrated in their attempts to develop new policies by a central government whose qualities are all precisely

opposite."

- the possibility of disagreement is built into the system; both levels must accept that local priorities will sometimes conflict with national policies.

Reccomendations

(1) "central government could still do more to make the 'boundaries' between departments and policies fewer and less rigid;"

(2) "central government should be more discriminating in choosing the subjects on which local authorities shall or shall not have discretion;" e.g. local government:

- must retain ultimate control over most issues (especially funding and resource allocation), but should have a more relaxed attitude to regional variations in service priorities and implementation;

- must be sensitive to how much freedom local authorities actually want.

(3) central government should make greater efforts to refrain from trying to influence activities of local authorities where these authorities do have discretion; e.g.

- controls and pressures over local authorities should be eased, but not so far that flexibility becomes ambiguity;

- there is a great deal of uncertainty surrounding communications from central government to local authorities;

  * does central exhortation have mandatory force?

  * what does it mean that a certain course of action "may be desirable?"

  * the report notes the confusion created by using words like "advise", "warn", "hope", "encourage", "recommend" ... and asks "are these elegant variations of a purely literary kind, or can the terms habitually used in, say, DOE circulars be put in some kind of rank order of firmness?"

(4) "central government should be more capable of perceiving and dealing with local authorities as corporate entities;" it should be better informed about local circumstances.

- more emphasis on follow-up monitoring of centrally-approved and funded projects and less on detailed proposals for action;

- local authorities need a contact within Whitehall with whom they can discuss problems which go beyond the boundaries of a single service (i.e. a "friend at court");
(the report considers that this function could best be carried out by the DOE).

- the recently established Consultative Council on Local Government and Finance should be further developed. (until recently the proceedings of the Council's meetings were kept confidential from local authorities and so provided little practical guidance or insight!)

The report notes good and bad examples of central/local co-ordination in detail. Among the good are Comprehensive Community Programs (CCPs), Transport Policies and Programme bids (TPPs), and the joint circular on under 50s issued by DES and DHSS. Also, Scotland is proposed as a model for effective central/local government co-ordination.

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VANDALISM (1978)

Aim:

The report is largely illustrative. It acknowledges growing public concern about vandalism and suggests ways that government action and public involvement might reduce it.

Vandalism has no single source, so there is no simple solution. Suggested preventative measures are divided into physical (building and estate design) and diversionary (encouraging other leisure activities). A sense of individual and community responsibility can also play a big part.

About Vandalism:

- definition: "wilful damage to public or private property and amenities."

- it is impossible to say how much vandalism takes place or how much it costs, but public opinion feels that it is rapidly increasing.

- the public considers parental laxity a major cause of vandalism.

- 60% of apprehended vandals are under 20.

- public property - usually council housing - is the vandal's favourite target.

What to do:

Specific suggestions for Government action:

(i) for guidance of local authorities, prepare a "dossier of good preventative practice," drawing together measures which have been found to be effective and lists of helpful organisations. (DOE is working on such a report).

(ii) national or regional conferences on vandalism could contribute to existing information.

(iii) housing policy can be instrumental in discouraging vandalism by

  - eliminating features known to attract vandalism;

  - emphasising maintenance rather than new building,

  - avoiding concentration of problem families in particular estates,

  - minimising surplus uninhabited housing.

(iv) supervised recreational facilities in the right places,

(v) encourage greater use of school and community facilities outside school hours.

(vi) clear up derelict areas, particularly in inner cities.

Additional suggestions for community action:

(i) playgrounds and strategically placed open spaces should be accessible at the right times - evenings, weekends, school holidays.

(ii) reasonably priced sports facilities should be available, perhaps by converting existing premises or using school facilities.

(iii) voluntary organisations can help by providing recreational facilities or by staffing facilities set up by local authorities.

(iv) co-ordination between parents, teachers, local authorities, police, and architects should be improved.

(v) the public should be made more aware of the incidence and cost of vandalism and should appreciate who pays for it.

(vi) council tenants could be made more responsible for care, maintenance and management of the community.

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SERVICES FOR YOUNG CHILDREN WITH WORKING MOTHERS (1978)

Aim:

To discuss the role of government in relation to families with young children and to suggest what form policies might take.

Conclusion:

Existing child-care services are inadequate and waste resources. The report suggests reorganising the two major services provided by the Government - day nurseries and nursery education - into a single co-ordinated service providing education and care.

Assumptions - the present needs:

- The number of working women with young children at home is growing steadily. Of 900,000 children under 5 with working mothers, government provides full - or part-time day care for 120,000. No after-school provision exists for an additional 2.5 million 5-10 year olds whose mothers work.

- At present responsibility for young children is divided between different agencies (DHSS, DES, and local authority social service departments). Administration of services is confusing, and resources are wasted by un-coordinated and overlapping services.

- Clear priorities and an underlying principle behind public spending must be established.

Recommendations - 3 guiding principles:

(1) Flexibility: any reorganisation must be able to respond to regional or temporary variations in available resources or patterns of employment and family structure.

(2) Policy should "build on what we already have"; co-ordination of existing services is preferable to complete reorganisation.

(3) Professional social service workers should try to educate parents about self-help, thereby reducing their dependence on services.

Alternative approaches to better co-ordination of services:

(1) Make the DHSS responsible for children aged 0 - 3, and leave 3 and 4 year olds to the DES. This would ensure that more services for each age group were provided by a single institution.

The advantages of this option are outweighed by the disadvant ages: such reorganisation would require a major upheaval. Also, a sharp age break would result in duplication of expensive professional services.

(2)* Build on work in progress to foster co-ordination between DES and DHSS, specifically:

- set up joint policy committees at the local level;
- establish a central joint committee to oversee policy and expenditure, encourage local flexibility, and keep an eye on basic standards;
- make a special effort to co-ordinate health services with social and educational services for children;
- present services are very expensive per capita. To keep costs down more non-professional manpower should be used. The new co-ordinated service would require additional public expenditure to cover operating costs, but it would provide care for more children at a lower cost per head.
- the new service would require an additional £150 million per year for five years. This money could initially come from a "pump priming grant". Once off the ground (say, 5 years) it could rely on the ordinary Rate Support Grant machinery.
- ideally, this programme should "remove the existing inequities, and in the longer run, improve the conditions under which children in this country are brought up."

* the approach endorsed by the CPRS.

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HOUSING AND SOCIAL POLICIES, SOME INTERACTIONS (1978)

Aim:

To identify issues affecting relations between housing and the other social services and to examine the effect of one service on another.

Assumptions - existing problems:

There are great gulfs between the viewpoints of people in different departments and at different levels of responsibility. Social policy has "a long way to go" before effective consultation and collaboration are achieved.

The CPRS concedes that "there can never be a 'total social strategy' in which each existing policy and new decision is related one to another." Nevertheless, the study offers "pointers" for better co-ordination of programmes.

Pointers for Local Action:

(1) "establishment of consistent key data, assumptions, and priorities", including

- regular updating and agreement on population trends;
- collection and dissemination of policy data on behalf of all authorities concerned;
- joint teams from different services to analyse policy options which affect a number of services and to consult at the decision-taking level.

(2) "agreement on strategy, plans for implementation and review arrangements";

(3) "physical planning to allow for the impact on other services", e.g. access to shops, transport, educational and medical facilities should be considered when designing new estates which will house children and the elderly.

(4) "the implications of housing allocation and management for other services and vice versa", e.g.

* Authorities should consider particular clients' needs and use of other services when allocating housing.

* The functions of staff (e.g. wardens and caretakers) should be clearly defined in relation to back-up social services.

(5) "simplifying some procedures for the public, particularly customers drawing on more than one service"; e.g. information on a variety of other services could be made available at housing aid centres either through leaflets or specially-trained housing staff.

(6) "rights and involvement of the public";
e.g. by encouraging greater public participation, local authorities could evelop the potential role of tenants' associations in maintaining standards, preventing vandalism, and keeping an eye on minor welfare problems.

Pointers for Central Government:

(1) "developments of planning and financial controls"

* Departments' efforts at joint planning need to be compatible with each other and should, where necessary, be linked both centrally and locally.

  The report suggests that it is the DOE's responsibility to provide guidance on this issue.

* New financial arrangements should encourage, not impede, joint planning procedures.

(2) "co-ordination of central policies"

4 major areas:

- The shift from earlier national goals of housing at all costs to housing better fitted to meet people's needs in the widest sense should be reinforced by guidance from central government departments to local authorities.

- "The preventtion of vandalism involves a variety of services and programmes."

- "The balance between institutional and domiciliary care. More work is needed on the identification and exploration of issues and the co-ordination of programmes."

- "Review of the roles and training of staff. Issues include the allocation of functions, the possibility of interchangeable roles, and the avoidance of waste of skills in inappropriate tasks."

(3) Central co-ordination could be assisted by developing departmental planning units and by systematically reviewing the form and impact of departmental guidance.

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SOCIAL AND EMPLOYMENT EFFECTS OF MICROELECTRONICS (1978)

Aim:

The Government's activities in microelectronics were:-

- encouraging the development of the semiconductor industry,

- promoting the application of microelectronics,

- examining the employment and social consequences.

The CPRS was asked to coordinate the third of these activities and this paper presents the conclusions they reached by November 1978.

Assumptions:

The report took a fifteen year horizon.

Conclusions:

The fears frequently expressed about the effect of microelectronics on unemployment did not adequately reflect the potential for creating new jobs, provided the UK did not fall behind its competitors.

Further study was necessasry on the social impact of microelectronics.

Implications for Employment:

"In the work so far we have been struck by the contrast between the vehemence of those who claim that microelectronics will have a catastrophic effect on employment and the inadequacy of the analysis underlying the certainty of that prediction. Our own case studies have impressed us with the difficulties in trying to translate ideas

on what is technologically feasible in a given sector into estimates of probable gains and losses in employment in the same area after a given period ahead."

One reason for this is that "job losses with any new technology tend to be more immediately demonstrable than possible job gains which may be widely diffused."

"Technological change has always been a major source of economic growth and rising real incomes: this should be equally true of microelectronics". It was vital for Britain to remain competitive in the sectors most affected. Britain was strong in programming but "real employment gains will accrue to those countries which can translate microelectronic innovations into new, attractive, inexpensive products for mass consumption". Britain had been weak in this area. The Government must speed up the rate of change.

Results of case studies on employment effects

Service Sector (civil service, word processors, warehousing):

Computers were supposed to make job savings possible. But staff savings were not as large (if they exist at all) as would at first sight be expected, because new services became available which were more valuable to the employer than saving money on the wage bill.

Industrial Sector:

There were so many industrial applications that it was impossible to generalise. In some cases there were job losses, but often there were not.

Microprocessors were usually installed as part of a process of automation and mechanisation. The major changes would not necessarily be on the numbers employed but on the organisational structure and product range.

Social Implications:

Many of the effects of microprocessors would become visible only towards the end of the fifteen year period covered by the report.

Effects on work:

- The balance of skills: Some workers would be freed from the contraints of the production line, but others would suffer as new areas were automated. Clerical operations could be reorganised so as to provide greater job satisfaction.

- Health hazards: remote control devices and better sensors would reduce the health hazards in industrial processes.

- Location of work: Telecommunication costs would fall relative to travel costs. Increasingly it would be possible for people in clerical, professional and managerial occupations to work from home for at least part of the week. There were dangers that greater freedom to work at home might increase, the number of workers, particularly women, suffering the isolation and low pay of existing home workers.

  The work of companies might become less centralised.

Effects on the Provision of Services:

Some services were provided directly to the customer - e.g. by nurses - and innovations might be introduced more slowly here.

The most common pattern of change was likely to be one in which the existing costs could be used to provide a service of a higher quality, which might be more flexible, more reliable or more accessible.

The report identifies four general trends.

- Complementing human skills with machines: In most cases the computer was best used in close conjunction with a human being, to extend his capacity to recall and classify information.

- Tailoring services to individual needs: A wider and more specialised range of services could be provided; a customer could select precisely the information he needed. On the other hand information about individuals could much more easily be collected - a development that would require careful regulation.

- Improving the delivery of services: Services might be available from home terminals. Examples are banking and collecting information on social security.

- Making new services widely accessible: "There is some concern that the overall effect of these developments will be to increase the difficulties faced by the most disadvantaged clients of the welfare state and more generally to increase disparities between the opportunitites available to different groups of people".
  "If new media such as viewdata become widely used it will be necessary to ensure they are available to all". This might be done by setting up public terminals in Post Offices, for example.
  It was equally important that everyone had the skills necessary to take advantage of new services. The ability to follow a guided series of questions at a computer terminal

might need to be explicity taught.

Leisure and Entertainment:

The use of videos would become more widespread. Self teaching packages that could be used with a modified television set were likely to grow steadily in popularity.

Social contacts in the community:

Some services might become depersonalised and some might disappear altogether. This had lead to fears of increased isolation. On the other hand, the fall in costs of telecommunications would encourage wider use of telephones. Also, if more people were able to work at home, the isolation of spouses, children or elderly parents could be reduced. Interactive cable television would provide another medium of communication.

The Individual and Government:

- Privacy: More data would be stored and would be capable of being scanned more cheaply. In the public sector decisions on the extent to which separate databases were linked up would continue to be taken on political rather than technical grounds. In the private sector the rapidly falling cost of computing would lead to a proliferation of data banks in the hands of users who might not have the sophistication, or much incentive, to devise efficient means of protecting their contents from unauthorised access. But microelectronics would also provide means of making data more secure by storing it in a coded form.

- Referendums: Any interactive television system, such as Prestel, provided a potential channel for a poll which was immediate, cheap and increasingly universal. The potential influence on the processes of central and local government was substantial.

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ALCOHOL POLICIES (1979)

Aim:

To analyse available information on the factors involved in alcohol consumption, production and misuse and suggest practical options for tackling the main problems identified.

Conclusions - general:

(i) Alcohol misuse is a growing problem. Government initiatives and a set of consistent policies reflecting Government concern are necessary to keep the trend under control.

(ii) How effective action will be depends on public attitudes. Patience, caution and sustained effort will be required to influence these attitudes.

(iii) Action must take economic and social interests into account.

(iv) The Government could take action immediately in a number of areas.

Conclusions - specific:

A 7-Point Programme for Early Action:

(i) "The Government should announce a positive commitment on countering the rise in consumption levels and on the reduction of alcohol-related disabilities;"

(ii) "This approach should be interpreted widely." 16 Government departments are involved in various alcohol policies. The official stance should be reflected in the Government's attitude toward the effect of the media and health education on drinking habits, and on all policies involving alcohol production or consumption.

(iii) "The trends towards making drink cheaper as a result of the lag of revenue duties should be arrested: as a minimum, duty levels should be kept in line with the RPI;"

(iv) "Liquor licensing should not be further relaxed." Licensing laws should underscore the Government's line on alcohol trends, and minimum drinking ages should be enforced.

(v) "A programme should be adopted on alcohol and work," involving the Health and Safety Executive providing information to the public and the Government setting an example as a major employer.

(vi) Drinking and driving laws must be made tougher as soon as possible.

(vii) "An Advisory Council on Alcohol Policies should be set up with an activist role, not only to advise and comment but to encourage and monitor action; the activities of national bodies should be rationalised and responsibilities at a local level classified."

Additionally: The report strongly urges that the Government publish a "consultative document on alcohol".

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PEOPLE AND THEIR FAMILIES (1980)

This is an illustrative report which looks at how changing family patterns affect general issues which arise in the development of social policies. It offers no solid conclusions, but earmarks areas for further study.

Recent change in family size and structure:

- fewer young children, many more 16-24 year olds;
- older people (65+) are now a record high 15% of the population, and those aged 75+ will grow by one third by the end of the century;
- fewer large families, more one-parent families (divorce rate has trebled in the past 10 years);
- the most dramatic socio-economic change is the increasing number of wives who work outside the home; wive's earnings form an average 25% of a family's income;
- the proportion of lifetime spent working is changing: diminishing for men, lengthening for women;

Despite these changes, the family continues to be a major influence on lifestyle and standard of living.

Likely consequences of above trends continuing:

(i) higher demand for state-sponsored accommodation, day care, and domiciliary services for the elderly and disabled;

(ii) more women seeking employment and more women registered as unemployed;

(iii) more children in low-income, one-parent families or with step-parents;

(iv) increasing percentage of people in ethnic minority families where disadvantages may arise as a result of lower wages, larger family size, or poor housing conditions.

Specific policy issues:

(i) "the part played by particular policies in influencing trends in family size, the choice between home and institutional care, incentives for women to take paid employment outside the home, or the ability of family members to support and care for each other;"

(ii) possible gaps and overlaps in services resulting from, for example, cohabitation or family fragmentation;

(iii) how much responsibility should the state take for family care, especially in light of growing demands for services?

(iv) the role of voluntary bodies;

(v) legal and administrative practice in relation to changes in family structure and relationships.

Two important policy areas:

employment:

- "encouragement or otherwise for women to take paid work";
- problem of hours of family access to services which are provided on a 9-5, 5-day week basis;
- large families as a disincentive to working.

housing: demands affected by

- rise in number of elderly households;
- largest number of 16-24 year olds in half a century will mean more young people wishing to live independently from their families and more young couple wanting to set up households;
- smaller, postponed families will give couples more chance to buy homes of their own.

Policies which will effect demand for new households include:

- "those affecting incomes both from earnings and from redistribution through grants, social security payments, availability of mortgage finance;"
- "measures influencing the number of houses available, access to them and their price - and private sector availability and rent policies, public sector allocation systems;"
- "location of education and training facilities."

Specifically financial policy issues:

(i) has the right balance been struck between benefit payments directed to the individual and payments to the supporting family unit?

(ii) how far should the Government compensate families with children for the cost of their care, and should such support be universal or means-tested; in cash, tax reliefs, subsidies, or benefits in kind?

(iii) what should determine the ages at which people have access to age-related concessions or benefits?

(iv) how should the Government deal with increasing grievances over the inconsistencies in the treatment of men and women in the tax and benefits system?
"Removing these inconsistencies would be costly, although the cost could be considerably offset by changing the tax unit for example to the individual, instead of the couple."

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EDUCATION, TRAINING AND INDUSTRIAL PERFORMANCE (1980)

Aim:

To increase the responsiveness of education and training to the needs of industry.

Assumptions:

The role of the Government was limited (it did not have direct control of education or training) and this would not change.

No increase in resources was possible, so the recommendations would involve no increase in public and industrial expense.

Conclusion:

"We were unable to identify any single issue where a major Government initiative would radically improve the responsiveness of the system".

However, the report makes recommendations in five areas of education and training.

1. Training:

Weaknesses:

- Training was concentrated on a narrow range of jobs

- There was too much emphasis on initial traning.

- "Restrictive labour practices" meant that the only methods of training acceptable to the workforce were sometimes not the most efficient.

Recommendations:

- Efforts should be made to secure acceptance throughout the training system of the principal recommendations of the Donovan report (for example, objective standards of achievement, the universal acceptance of qualifications).

- There should be a shift in emphasis away from craft apprenticeships towards retraining and vocational preparation of young people.

2. Vocational and Academic Education -16-19

Weaknesses:

- Vocational education had low status, a fragmented system of qualifications, and badly publicised links with academic education.

Recommendations:

- The needs of the economy provided a strong case for trying to increase the importance of the further education (i.e. vocational) route.

The following steps should be taken to achieve this:

- Vocational alternatives to the CEE should be encouraged,

- Further education qualifications should be rationalised,

- Student loans should be reconsidered so that financial help can be given to students at further education colleges,

- efforts should be made to stop the upward drift in the level of advancement of courses in further education establishments (as things stood more advanced courses brought in more money).

3. Transition from Education to Work:

Recommendations:

- Better careers advice was necessary. A careers service should be introduced at further education colleges. Career destinations of students should be published.

- There should be better contact between education and industry at all levels.

4. The School Curriculum and Academic Examinations:

Recommendations:

- In discussions on the core curriculum, Government should aim for a core of English, maths, science, a practical subject and perhaps a foreign langugage. There should be an emphasis on the application of knowledge and skills, the teaching of skills in dealing with people, and education about economic issues.

- The Government should consider reintroduction of the "Use of English" exam and a parallel "Use of Mathematics".

- The possibility of a grouped certificate at 'O' level should be considered.

- All examinations boards should include employers to advise on syllabuses.

5. Continuing Education:

Weaknesses:

- Continuing education has low status.

- Problems include inadequacies in initial education, the lack of a comprehensive source of information about the opportunities, and the unwillingness of universities and polytechnics to accommodate the needs of adults.

Recommendations:

- Local Education Authorities should integrate further and adult education.

- The DES should consider funding four or five posts to enable it to act as "education broker".

- There should be more places for mature and part-time students at universities.

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CASHLESS PAY (1981)

Aim:

To encourage wider discussion of methods of payment (and the benefits and difficulties of changing them) among employees, employers, banks, unions, and the public generally.

Assumptions:

Since 1969 Britain has experienced a slow movement from payment in cash to cashless pay (i.e. earnings paid directly into an employee's bank account or payment by cheque). Also, more manual and non-manual workers are being paid monthly rather than weekly.

Britain is still way behind other developed nations on cashless pay.

Conclusion:

As a major employer and provider of benefit payment, the Government should take the lead in accelerating the trend toward monthly cashless pay.

Pros and Cons:

Benefits of weekly cashless pay:

- administrative savings and gains in efficiency for employers;
- for employees, cashless pay reduces risk of theft or loss of cash and provides a variety of banking services;
- banks benefit by gaining new customers;
- for police, for firms, and for the public in general there are clear security gains from phasing out cash payment;
- cashless pay would reduce differences between blue- and white-collar workers (trend toward "single staff status").

Benefits of monthly cashless pay (including above):

- additional administrative savings for employers, who have to calculate wages less frequently;

- monthly pay may make budgeting easier for employees;

Problems with weekly cashless pay:

- employees will still need to obtain cash, and access to banks during working hours may not be possible;

- deep-seated social attitudes: many people want to see their money in cash, and many are sceptical of unpredictable bank charges;

- also, banks, employers, and unions may resist change for its own sake.

Problems with monthly cashless pay:

- where bonus payment schemes are linked to weekly gains and losses, monthly payment would obscure the connection between pay and productivity;

- there are immediate transitional problems to the employee; these could be solved by the employer arranging for a temporaryloan;

- some employees might have trouble adjusting to monthly budgeting.

The Government's role as exemplar:

- if industrial and non-industrial civil servants were paid monthly by credit transfer into bank accounts, the total savings of staff and administrative costs would be £8 million per year.

- there is similar scope for savings at the local level and in other parts of the public sector.

- if social security benefits were paid monthly into bank accounts there would be a considerable gain in efficiency and savings in public expenditure.

- the Government should consider revising or repealing defunct wages legislation which is a psychological, if not an actual barrier to cashless pay. (i.e. the Truck Acts, 1831-1940; and the Payment of Wages Act, 1960, which requires that all manual workers be paid in cash unless they request otherwise.)

APPENDIX C

THE INMATES

ARRIVALS AND DEPARTURES

The appearance of a name preceded by a '+' sign indicates the month of joining
The appearance of a name preceded by a '-' sign indicates the month of leaving
A 'ii' after the name indicates a second session in the tank.

THE ROTHSCHILD YEARS

Feb. 71	+ Butler (Treasury)+ Ross (OECD) + Sanders (MOD) + Mayne (MOD) + Wade-Gery (FCO)
Mar. 71	+ Waldegrave
Apl. 71	+ Carey (DTI) + Plowden (LSE)
May 71	+ Hawkins (West India Sugar) + Read (Shell) + Ridley (Treasury)
Jun. 71	+ Bocock (World Bank)
Jul. 71	+ Fish (Shell)
Aug. 71	
Sept.71	+ Aston (DTI) + Crum (Univ. of East Anglia)
Oct. 71	
Nov. 71	+ Burgh (Employment) + Reading (Cabinet Office)
Dec. 71	
Jan. 72	
Feb. 72	- Fish (Shell) + Rosenfeld (Shell)
Mar. 72	

Apl. 72	
May 72	- Butler (Treasury)
June 72	
Jul. 72	Guinness (FCO)
Aug. 72	- Reading (Cabinet Office)
Sept.72	- Rosenfeld (Shell) - Carey (DTI)
Oct. 72	+ Mortimer (World Bank)
Nov. 72	
Dec. 72	
Jan. 73	
Feb. 73	+ Crawley (Inland Revenue)
Mar. 73	
Apl. 73	+ Harte (MOD)
May 73	

June 73	- Bocock (World Bank)
Jul. 73	+ Neuberger (Student) + Rogers (Treasury) + Reeve (DHSS)
Aug. 73	
Sept. 73	+ Urwick (FCO) - Aston (DTI) - Crum (East Anglia) - Mayne (MOD) - Wade-Gery (FCO)
Oct. 73	
Nov. 73	+ Maclean (Barrister)
Dec. 73	- Waldegrave
Jan. 74	
Feb. 74	Mayer (Environment)
Mar. 74	- Burgh (Employment) - Sanders (MOD)
Apl. 74	
May 74	- Read (Shell)
June 74	
Jul. 74	
Aug. 74	- Maclean (Barrister) - Ridley (Treasury)
Sept. 74	+ Robinson (DHSS) - Rogers (Treasury)

Oct. 74	+ Powell (Oxford University)
Nov. 74	+ Williams (DES)
Dec. 74	- Reeve (DHSS)
Jan. 75	+ Goulding (FCO) - Neuberger (Student) - Urwick (FCO)
Feb. 75	+ Horne (BP)
Mar. 75	- Harte (MOD)
Apl. 75	+ Hart (Bristol University)
May 75	+ Young (MOD)
June 75	
Jul. 75	
Aug. 75	
Sept. 75	+ Blackstone (LSE) - Guinness (FCO)
Oct. 75	+ Mire (Rothschild's Bank)
Nov. 75	+ Odling-Smee (LSE) - Mire (Rothschild's Bank)

Dec. 75	
Jan. 76	+ Hurrell (ODA) + Jenkins (Employment)
Feb. 76	
Mar. 76	- Mayer (Environment)
Apl. 76	
May 76	
June 76	- Horne (BP)
July 76	+ Battishil (Inland Revenue) + Gibson (Cabinet Office) - Crawley (Inland Revenue)
Aug. 76	
Sept. 76	+ Buchanan (BP)
Oct. 76	+ Ashworth (Essex University) - Hart (Bristol University)
Nov. 76	+ Likierman (London Bus.School)
Dec. 76	- Gibson (Cab. Office) - Hurrell (ODA)
Jan. 77	+ Henderson-Stewart(Bowaters) - Williams (DES)

Feb. 77	
Mar. 77	
Apl. 77	+ Bridgeman (Environment) - Plowden (LSE)
May 77.	- Robinson (DHSS)
June 77	+ Boys-Smith (Home Office) + Knapp (MOD) - Goulding (FCO)
Jul. 77	+ Dadd (MAFF)-Young (MOD) - Battishil (Inland Revenue) - Olding-Smee (LSE)
Aug. 77	+ Kingsley (Plessy) - Hawkins (West India Sugar)
Sept. 77	+ Maglashan (FCO) - Buchanan (BP)
Oct. 77	+ Atkinson (BP)
Nov. 77	
Dec. 77	
Jan. 78	
Feb. 78	
Mar. 78	+ Hayman (ODA)
Apl. 78	
May 78	
June 78	- Ross (OECD)
July 78	+ Downey (Treasury) + Morgan (Oxford University) - Jenkins (Employment)
Aug. 78	- Blackstone (LSE)
Sept. 78	
Oct. 78	+ Land (Bristol University) - Mortimer (World Bank)
Nov. 78	+ Hartley (Treasury) + Kind (UKAEA) - Powell (Oxford University)
Dec. 78	+ Rickard(Prices & Consumer Ptn - Likierman (London Bus.School) - Henderson-Stewart (Bowaters)
Jan. 79	
Feb. 79	- Crawley (Inland Revenue)ii + Johns (Inland Revenue)
Mar. 79	
Apl. 79	- Bridgeman (Environment)
May 79	- Boys-Smith (Home Office)
June 79	- Knapp (MOD)
Aug. 79	- Atkinson (BP)
Sept. 79	- Dadd (Maff)
Oct. 79	- Kingsley (Plessey)

Nov. 79	+ Smith (IBM) + Vaight (BP) - Maglashan (FCO)
Dec. 79	- Guinness (FCO)ii - Land (University of Bristol)
Jan. 80	+ Cornish (FCO)
Feb. 80	+ Richardson (FCO)
Mar. 80	

THE IBBS YEARS

Apl. 80	
May 80	- Hayman (ODA)
June 80	+ Norman (Ard Little)
Jul. 80	+ Thompson (GLC)
Aug. 80	
Sept. 80	+ Mackay (Scottish Office)
Oct. 80	
Nov. 80	+ Gibbs (DHSS) - Johns (Inland Revenue)
Dec. 80	
Jan. 81	- Hartley (Treasury) - Morgan (Oxford University)
Feb. 81	+ Youde (NCB)
Mar. 81	+ Martin (DTI) - Kind (UKAEA)
Apl. 81	+ Mackenzie (Tube Investments) - Crawley (Inland Rev.)ii
May 81	+ Beaumann (British Steel) - Downey (Treasury) - Norman (Ard Little)
June 81	+ Bailey (Treasury) + Turner (RTZ)

Jul. 81	+. Wasserman (Home Office)
Aug. 81	- Ashworth (Essex University)
Sept. 81	
Oct. 81	
Nov. 81	+ Nicholson (INCO Europe) + Stuttard (Coopers & Lybrand) - Turner (RTZ)
Dec. 81	+ Rycroft (FCO) - Richardson (FCO)
Jan. 82	
Feb. 82	- Vaight (BP)
Mar. 82	+ Pascall (BP)

THE SPARROW YEAR

Apl. 82	+ Hart (DHSS)
May 82	- Smith (IBM)
June 82	+ Davis (SERC) + Elliot (LSE) + Williams (Treasury)
Jul. 82	- Cornish (FCO)
Aug. 82	+ Green (ICI)
Sept.82	
Oct. 82	
Nov. 82	- Rickard (Prices and Consumer Protection) - Bailey (Treasury) - Gibbs (DHSS)
Dec. 82	
Jan. 83	+ Taylor (MOD) + Caines (DTI) - Mackenzie (Tube Investments)
Feb. 83	+ Smee (DHSS) - Youde (NCB)
Mar. 83	
Apl. 83	+ Young (Vickers) - Beaumann (British Steel)
May 83	- Mackay (Scottish Office) - Thompson (GLC)

THE COMPOSITION OF SOME SELECTED TANKS.

All lists are in order of appointment, the earliest at the top.

11 Months after foundation (January 1972) — Head: Rothschild

Butler (Treasury)	Carey (DTI)	Fish (Shell)
Sanders (MOD)	Plowden (LSE)	Aston (DTI)
Ross (OECD)	Hawkins (W. Indian Sugar)	Crum (Univ.of East Anglia)
Wade-Gery (FCO)	Read (Shell)	Burgh (Employment)
Mayne (MOD)	Ridley (Treasury)	Reading (Cabinet Office)
Waldgrave	Bocock (World Bank)	

When Berrill took over (October 1974) — Head: Berrill

Ross (OECD)	Mortimer (World Bank)	Reeve (DHSS)
Plowden (LSE)	Crawley (Inland Revenue)	Urwick (FCO)
Hawkins (W. Indian Sugar)	Harte (MOD)	Mayer (Environment)
Guinness (FCO)	Neuberger (Student)	Robinson (DHSS)

A Stable Period (February 1977) — Head: Berrill

Ross (OECD)	Powell (Oxford University)	Battishill (Inland Revenue)
Plowden (LSE)	Goulding (FCO)	Buchanan (BP)
Hawkins (W. Indian Sugar)	Blackstone (LSE)	Ashworth (Essex University)
Mortimer (World Bank)	Odling-Smee (LSE)	Likierman (London Business School)
Robinson (DHSS)	Jenkins (Employment)	Henderson-Stewart (Bowaters)

A Stable Period (December 1977) — Head: Berrill

Ross (OECD)	Likierman (LBS)	Kingsley (Plessey)
Mortimer (World Bank)	Henderson-Stewart(Bowaters)	Maglashan (FCO)
Powell (Oxford Univ.)	Bridgeman (Environment)	Atkinson (BP)
Blackstone (LSE)	Boys-Smith (Home Office)	Guinness (FCO)
Jenkins (Employment)	Knapp (MOD)	
Ashworth (Essex Univ.)	Dadd (MAFF)	

A Stable Period (January 1979) — Head: Berrill

Ashworth (Essex Univ.)	Maglashan (FCO)	Morgan (Oxford)
Bridgeman (Environment)	Atkinson (BP)	Land (Bristol Univ.)
Knapp (MOD)	Guinness (FCO)	Hartley (Treasury)
Dadd (MAFF)	Hayman (ODA)	Kind (UKAEA)
Kingsley (Plessey)	Downey (Treasury)	Rickard (Prices & Consumer Protn.)

When Ibbs took over (April 1980) — Head: Ibbs

Ashworth (Essex Univ.)	Kind (UKAEA)	Smith (IBM)
Hayman (ODA)	Rickard (Prices & Cons.Pr.)	Cornish (FCO)
Downey (Treasury)	Crawley (Inland Revenue)	Richardson (FCO)
Morgan (Oxford Univ.)	Johns (Inland Revenue)	
Hartley (Treasury)	Vaight (BP)	

A Stable Period (September 1981) — Head: Ibbs

Rickard (Prices & Cons.Pr.)	Thompson (GLC)	Mackenzie (Tube Investments)
Vaight (BP)	Mackay (Scottish Office)	Beauman (British Steel)
Smith (IBM)	Gibbs (DHSS)	Bailey (Treasury)
Cornish (FCO)	Youde (NCB)	Turner (RTZ)
Richardson (FCO)	Martin (DTI)	Wasserman (Home Office)

When Sparrow took over

Rickard (Prices & Cons.Pr.)	Youde (NCB)	Nicholson (INCO Europe)
Smith (IBM)	Martin (DTI)	Stuttard (Coopers & Lybrand)
Cornish (FCO)	Mackenzie (Tube Invest.)	Rycroft (FCO)
Thompson (GLC)	Beaumann (British Steel)	Pascall (BP)
Mackay (Scottish Office)	Wasserman (Home Office)	

May 1983

Martin (DTI)	Pascall (BP)	Green (ICI)
Wasserman (Home Office)	Hart (DHSS)	Taylor (MOD)
Nicholson (INCO Europe)	Davis (SERC)	Caines (DTI)
Stuttard (C. & L.)	Williams (Treasury)	Smee (DHSS)
Rycroft (FCO)	Elliot (LSE)	Young (Vickers)

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