

4 January 1982

POLICY UNIT


PRIME MINISTER

STRATEGY MEETING: TUESDAY 5 JANUARY

1. I thought it might be helpful background to our discussion with David, Alan and Ian tomorrow, if I gave you the opening sections of the report of our Westwell Weekend discussion. This is attached.

2. As you will remember, the Westwell Weekend followed from a discussion between Cecil Parkinson, David Wolfson and myself and was very much a first bite at the cherry. Approximately 12 hours of actual discussion, to an agreed agenda, produced a full transcript of 84 pages of single spaced typing. From this transcript, the enclosed first draft report was prepared by me before Christmas. It runs to a further 25 pages, making 30 pages of single space typing in all. This 30-page first draft report has not yet been discussed, paragraph by paragraph, with those who came to the Westwell meeting, to ensure that it is complete and correct. This will be done at a half-day meeting next week. I will then, as quickly as possible after that, produce an agreed second draft of the report for you. However, the attached pages, which give the table of contents and the general approach, are not expected to change significantly.

3. I suggest that our meeting tomorrow could start by talking through the attached pages (ie the first three sections of the draft report) and then go on to discuss the organisation and timetable needed to move from this first rough and ready starting point to a fully worked out strategy and the organisation (No. 10 advisers, CPRS, Central Office and Research Department, CPS and their part-time advisers, Department's long-term planning units) needed to make it all happen.



JOHN HOSKYNS

THE WESTWELL REPORT

Stepping Stones to 1986

"Failure is less frequently attributable to either insufficiency of means or impatience of labour than to a confused understanding of the thing actually to be done."

Ruskin

"Working hard to think clearly is the beginning of moral conduct."

Pascal

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WESTWELL REPORT

(First attempt to summarise and structure the transcript of the discussion)

1. INTRODUCTION

- 1.1 The first phase of this Government's programme is now complete, though of course far from perfect. It covered the period mid-1977 to end-1981; a 4½ year period which covered the development of the basic strategy (a sustained monetary deceleration, a sustained effort to reduce public spending as a percentage of GDP, a step-by-step programme of trade union reform, the start of a long process of supply side measures to free-up the workings of the private sector).
- 1.2 While we cannot ourselves be satisfied with progress to date (that would be a very unhealthy sign) it is probably fair to say that no post-War Government has had such a clear understanding of its central objectives, has stuck to them so single-mindedly, or has wasted so little time on short-term political expedients and gimmicks. On the debit side, understanding of the Government's purpose and method has been weak in the country and, even within the Party, has not been thorough enough to give our own troops the convictions - and thus the courage - to stick it out. The Government is thus very vulnerable to the propaganda from Labour, and even from SDP (whose more intelligent members know perfectly well that we are doing what has to be done) that the whole strategy is a ghastly blunder, from which neither the economy nor the Conservative Party will recover.
- 1.3 The Westwell discussion was a first attempt to identify the stepping stones needed to get us from here, via a resounding electoral victory, to 1986 - the next 5 years. The group comprised:
- 3 politicians: David Howell, Cecil Parkinson, Norman Lamont
 - 2 economists: Alan Walters, Douglas Hague
 - 3 businessmen: David Wolfson, Norman Strauss, John Hoskyns.

2.

THE "STEPPING-STONES" APPROACH

2.1

Conventional political thinking makes a strategic approach almost impossible. Life proceeds in a series of short-term hops. For example, the final 2 years in Opposition, obsessed with how to win the coming Election and thus only a sketchy preparation for the task of Government; followed by a chaotic first year in Office, in which the lack of really fundamental thinking in Opposition leads to many mistakes; a second year in which the Government begins to get into its stride and things get done; thereafter, the time horizon shortens week by week from 2 years finally to a few weeks. as, once again, winning the Election at all costs becomes the overriding concern. The Government appears to run out of intellectual steam and energy, and mandarins and nationalised industry Chairmen start to mark time and prepare for a possible change of master.

2.2

We believe that this is a hopeless way to proceed. It means that the last 2 years of Government may be largely wasted, and the first 2 years of the next Parliament (assuming Election victory) less effective than it should be; and probably a smaller rather than a larger chance of winning that Election. Instead, we propose a 5-year Stepping Stones programme. It is concerned not simply with "how to win the next General Election", because that question cannot be addressed unless we are clear about where we want to get to in those 5 years (ie by the end of 1986). The objective is national recovery, not winning the right to preside over the next chapter of decline.

2.3

We therefore have to rethink a complete and credible 5-year programme which includes, contributes to, and requires a resounding Conservative Election victory. In effect, we are taking the MTFs concept and enlarging it, and also rolling it forward rather than letting it end arbitrarily after 4 years.

Of course all this involves a lot of work & thus a lot of people (No 10 advisors, CPRS, Central Office/Research Dept, CPS etc). Part that

2.4

Properly developed, this approach has more to it than meets the eye. By forcing itself to think ahead to its long-term objectives, and then "map backwards" to see how to reach them, it has a much better chance of anticipating problems in time to solve them, and ~~to~~ ^{to} ~~of~~ ^{of} ~~put~~ ^{put} work in hand in time to meet both the electoral and the next Parliament's timetable. It maintains the

putting

is a good thing (see top of page 3 overleaf)

momentum of work in the Departments; it gives opportunities for back-benchers and Research Department staff to identify more closely with the Government's aims and policies, at the critical mid point when morale is typically lowest and doubts are strongest. *Above all it should make for greater unity in the Cabinet.*

- 2.5 Of course none of this is enough to solve the country's problems or win the Election, but it must be better than doing nothing. And at best, it will close the ranks, multiply among them a sense of purpose, hope and greater confidence, and this must eventually affect the impression the Government and the Party convey to the media, to constituents and to the public at large. As in military matters or in business, any plan is enormously preferable to no plan. Opinion-formers (media, academics etc) will see that this Government is behaving calmly and responsibly on the assumption it will be back again after the Election. This very confidence (and it is a sort of confidence trick) will make it easier for the Government and the Whitehall machine to continue to perform competently - itself important in electoral terms. The more this approach can demonstrate depth and quality in our thinking, and integrity and intellectual honesty in our motives, the more the superficiality of the SDP in particular will become apparent.

3. THE QUESTIONS WE HAVE TO ANSWER

- 3.1 Most efforts at strategic planning move from simplicity and order towards complexity and confusion instead of, as was intended, the opposite direction. A great deal of time and effort is therefore needed in the early stages, to ensure that this does not happen. A complete Stepping Stones programme which will actually achieve its objectives (ie make the future different from what it threatens to be) has got to be complete from "macro" to "micro", from the broad brush outline of the battle plan right down to a specific Minister making specific points, on the right medium (eg TV) on selected issues, at a particular moment when the opportunity offers. The "micro" activity will only happen ~~if~~ the "macro plan" required it.

- 3.2 When we talk about a Stepping Stones programme, therefore, we are talking about:

- 2 -
- (a) The clearest ^{& fullest} possible statement of "the nature of the thing actually to be done". This will be a (fairly substantial) piece of paper.
- (b) It can never be complete or perfect, but it is the "architect's drawing", without which nothing ~~much~~ ^{else} can start.
- (c) Opinion research on key issues.
- (d) Outline design of policy measures for the next Parliament.
- (e) Completing the implementation of ^{"first term"} policy which turns out to be essential before the Election.
- (f) Developing a "game-plan" to change attitudes on the key issues identified in (a) above.
- (g) The preparation of speeches, broadcasts, films, "events" required by the game-plan.
- (h) Some sort of day-to-day operating system to respond in "real time" to day-to-day events; eg getting the right Minister, properly briefed, in the right place to turn a problem into an opportunity and then make the most of that opportunity.
- (i) Meticulous preparations by the Government for the more predictable "crisis management" tasks - usually public sector strikes. These are important for their economic consequences and the evidence they provide to the electorate of a Government's skill and nerve when the chips are down. *They should also be used to educate the public about economic & moral principles at stake.*

3.3

The initial Stepping Stones document - item (a) in the list above - must answer the following questions:

- Economic outlook. What will the economic situation look like by the next Election, on the "momentum" of present policies? What measures are still possible (ie not too late) to improve the outlook?
- Election issues. What will the key Election issues be? What voting criteria must be established? Myths created or demolished?
- Policy measures for 1984-6. What are the main policy measures the Government will want to take during the period 1984-6?
- The Election mandate. Which measures will require a specific mandate? Which pledges must be included in the Manifesto? Which pledges must be carefully avoided; which current commitments must be undone in the Manifesto?
- Making it happen. How is the broad strategy agreed, and by whom? What human resources to do the work and how organised? *Composition* of the Stepping Stones Steering Group? How are day-to-day communications handled?
- (Insert earlier. A qualitative snapshot of 1989. What we want the country to look like and feel like at the end of a second term.)

3.4

The Westwell group discussed the first two and the last of these items: economic outlook, key Election issues and making it happen. The rest of this paper attempts to summarise the points that arose in discussion, most of them under these three headings but some of them fitting into other headings on the list. (Westwell also discussed the rationale for the Stepping Stones approach* as a whole, four of the members having been involved last time round.)

* As outlined in Section 2 above.