

C.R.D.

Conservative Research Department

32 Smith Square Westminster SW1P 3HH Telephone 01-222 9511

Director: ALAN HOWARTH

PRIVATE AND CONFIDENTIAL

3rd April 1981

SIR GEOFFREY HOWE
MR. IAN GOW

cc. Lord Thorneycroft
Sir Harry Boyne
Mr. Peter Cropper

I believe that you have had sight of a memorandum from Christopher Hart to Peter Cropper, dated March 31st (copy attached).

You should know that the document is a tissue of untruths.

At the Monday morning meeting in the Research Department, attended as usual by Sir Harry Boyne (Director of the Department of which Christopher Hart is a member), the question was raised of how most suitably to respond to the 364 economists. Peter Lilley suggested that Research Department should send a brief across to the House. Tony Greenland and I took the view that this was not appropriate, since it is not our normal practice to produce briefs on isolated political events and in any case this event demanded a more immediate and authoritative response. I therefore proposed at the meeting that we should activate a Question to the Prime Minister in the House on Tuesday (and this, as Ian Gow knows, was put in hand). After the meeting I spoke to Peter Lilley and Tony Greenland and encouraged Peter Lilley to ring up Nigel Lawson and offer to draft a speech for him or at least suggest that some effective political counter should be produced.

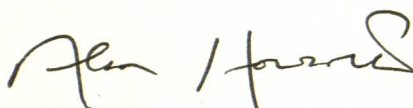
The imputation that the Research Department is not prepared to support Government policy is intolerable. As in any community of intelligent people there are differences of view on the range of issues that arise, and it would be absurd for anyone to suppose that unanimity on every aspect of economic policy exists within the Research Department any more than it does elsewhere in the Party. These differences are honestly and openly discussed at our private, internal meetings, but members of the Research Department loyally support Government policy in the briefing that they produce. At the time of the Budget I reminded the

Department that we must be rock solid in support of the Chancellor, and I have no reason to suppose that any members of the Department have not been conscientious in the performance of their duties.

Peter Cropper will testify that I personally advocated to him before the Budget the sort of tough approach that in fact emerged. I spoke to Adam Ridley only yesterday morning offering help in various specific ways to counter criticism of the Budget strategy that it is rumoured may be published by the Select Committee next week.

The loyalty and support of my Research Department colleagues and of myself is presumably therefore not in doubt. I trust however that you will tell me if I am wrong in assuming this.

I am most concerned that Peter Cropper should have seen fit to bring Christopher Hart's memorandum to the Chancellor's own attention. Had he enquired what the truth was he might have spared his colleagues and friends unnecessary anxiety. I understand also that a copy of the memorandum has been seen by Ian Stewart and John Butcher and also found its way into the hands of Michael Brown, MP. I do not know how many other people may have seen it. The dissemination of falsehood and the stimulation of mistrust within our own Party does us grievous harm at a time when we have great need to stand shoulder to shoulder.



ALAN HOWARTH

ATH/JLS

Conservative and Unionist Central Office

32 Smith Square Westminster SW1P 3HH Telephone 01-222 9000

Memorandum from: Christopher Hart
Date: March 31 1981

To: Peter Cropper

As you know I called your office yesterday to ask for some briefing ammunition with which to arm the backbenchers to help shoot down the 364 economists who attacked the Government.

George Cardoma kindly called me back to say that the Treasury advisors couldn't help, suggesting that I should speak to CRD and particularly to Ann Bullock.

I put in a request to Nicholson and went to see Ann. I was very surprised and disappointed by the response. Ann told me that at the Research Department meeting that morning, it had been decided under Allan's chairmanship not to make any response. The reason for this said Ann, backed up by Tony Greenland, was that it would not be proper to impune the motives of such eminent men, that so many eminent economists could not be wrong, and that it was the Government that had got it wrong.

I protested that it was indeed our business to impune the motives of such eminent men, that the Sun reader would certainly not appreciate the Research Department's apparent squeamishness and would expect to see the Party backing up the Prime Minister and the Chancellor. But Ann said that if the Government had not got it's case across by now it was too late, and she implied, too bad.

Peter Lilley, whom Nicholson suggested I should enlist, told me that he was so disturbed by the attitudes displayed at the morning meeting that he walked out, telling them that he was clearly in the wrong place.

I enclose a briefing which Peter did for us, entirely unsupported by the rest of the Research Department. It seems to me that we were very slow on our feet yesterday. It should not have been left up to Walter Goldsmith and the Governor of the Bank of England to come to the defence of the Government. We should have mobilised the vociferous support of loyal backbenchers, as we have done on many previous occasions, when we have got them to 'father' material prepared between the Research Dept and the Press Office.

We in the Press Office are not experts, and we must rely on the help, expertise and backup of the Research Department when we are engaged in specialist areas like Treasury affairs. If Walter Goldsmith's speechwriters can come up with newsworthy comments supporting the Government, so should the Research Department.