# *Preface*

## *by Rt. Hon. Lord Tebbit C.H.*

These essays by 'Alfie' Sherman are highly relevant to the politics of today. His critics include both those who bitterly oppose the ideas he helped to bring to the centre of politics in the late '70s and '80s and those who embrace the ideas but dispute Sherman's claim to have been central in writing the Keith Joseph–Margaret Thatcher agenda. His fans will enjoy the panache with which he still preaches his gospels. Particularly in the early years, Sherman and I scarcely knew each other and we never became close colleagues. We shared an affection for both Margaret Thatcher and Keith Joseph, and our political thinking seemed always in tune. Despite the attacks on all four of us for holding materialistic two-dimensional views, Sherman was extremely aware that free market capitalism is a tool, not an objective — as he constantly demonstrates in these writings. None of us were simply economic liberals, and Sherman is emphatic that 'family and civilised values are the foundation on which the nation and its economy are built.'

Sherman came to his conclusions through intellectual argument from his early Marxist convictions. I can never point to any

process by which I reached my own views, similar as they are. In many ways it is as though we mostly inhabited parallel universes, meeting only from time to time, usually in desperate late night speed writing epics in which Sherman's superior typewriting skills gave him a powerful influence on what went in or was left out of the draft.

As an 'ideas' man, as he describes in these essays, Sherman was frequently frustrated by what he says was a simple lack of courage and conviction on the part of us, the politicians. I (and I suspect Keith Joseph and Margaret Thatcher) were often irritated by Sherman's cavalier attitude to the constraints and conventions within which we had to work, but between us at least some progress was made during the 1980s.

Readers of this book will not find it difficult to envisage that earlier Alfred Sherman in his time as a soldier in the Spanish Republican Army. 'Not' as he indignantly corrected a colleague, 'an infantryman. I was a machine gunner.'

And he still is.

*Norman Tebbit*
*House of Lords, March 2005*

# *Editor's Foreword*

> 'I could not have become leader of the Opposition, or achieved what I did as Prime Minister, without Keith [Joseph]. Nor, it is fair to say, could Keith have achieved what he did without the Centre for Policy Studies and Alfred Sherman.'
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> Margaret Thatcher, *The Path to Power*.[1]

> 'How MT got herself so thoroughly mixed up with this very clever but twisted man is still a mystery to me.'
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> George Urban, *Diplomacy and Disillusion at the Court of Margaret Thatcher*.[2]

Thumb through the index of almost any study of the Thatcher years — biographical, scholarly or journalistic — and you will come across the name of Sir Alfred Sherman. The relevant pages include some mixed notices about his abilities and character. 'Talented, if unpredictable' is the unusually tactful verdict of two contributors to a book on the Anglo-American conservative 'revolution' of the

[1] HarperCollins, 1995, 251.

[2] I.B Taurus, 1996, 70.

1980s.[3] 'Abrasive' is a more common epithet. The late Hugo Young, while accepting that Sherman was 'an extremist' and referring to his 'reluctance, in any circumstances, to underestimate his own importance', considered him to be Thatcher's 'chief intellectual provider'.[4] In her memoirs Lady Thatcher herself pays tribute to Sherman's 'brilliance', the 'force and clarity of his mind', his 'breadth of reading and his skills as a ruthless polemicist'. She credits him with a central role in her achievements, especially as leader of the opposition but also after she became prime minister.[5] Some of her former colleagues, though, are less complimentary. Lord Howe recalls Sherman as a 'zealot', suggesting that 'good ideas all too often lost their charm in the light of the zeal with which he espoused them.'[6]

It is difficult to decide which is the more improbable: the fact that someone like Sherman became a key prime ministerial adviser, or that someone like Margaret Thatcher was able to become prime minister. Born in Hackney in London's East End, the son of a Jewish Labour councillor, until 1948 Sherman was a Communist. Instead of subsiding towards the Right in easy stages, he soon became an indefatigable free-market crusader. The present book contains a fascinating insight into the process of ideological conversion. Sir Alfred

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[3] Tim Hames and Richard Feasey, 'Anglo-American think tanks under Reagan and Thatcher', in Andrew Adonis and Tim Hames (eds) *A Conservative Revolution? The Thatcher-Reagan decade in perspective*, Manchester University Press, 1994, 222.

[4] Hugo Young, *One of Us: A biography of Margaret Thatcher*, Pan, 1990 edition, 88, 22.

[5] Thatcher, *Path to Power*, 251.

[6] Geoffrey Howe, *Conflict of Loyalty*, Macmillan, 1994, 86.

freely acknowledges that he retained much of his Marxist mind-set, even if the ideals were very different. In some ways his odyssey was a help rather than a handicap. As a convert, he knew the best way to encourage a similar change in others. And although he reached this position by a circuitous route, at least he had arrived long before his celebrated coadjutors of the 1970s and early 80s.

Sherman's intellectual equipment gave him a high ranking in the hierarchy of Thatcherite 'gurus'. At the pinnacle were the academic apostles of political and economic freedom, Friedrich von Hayek and Milton Friedman. But Sherman was the middleman who made their message intelligible to the politicians and, through them, to members of the public who wanted an alternative to the post-war consensus. His relationship with Sir Keith Joseph, described below, is probably unique in post-war political history. When they first met in the 1960s Joseph was already a cabinet minister. But he soon learned to defer to Sherman's intellectual authority. After the fall of the Heath Government in February 1974 Joseph needed someone to explain what had gone wrong. At first, Sherman spurned him as someone who had turned out to be 'a lion in opposition but a lamb in government', having been free with taxpayers' money at the Department of Health and Social Security. But this personal rebuff only made Joseph more anxious to win himself a second chance, when he might fulfil his painful sense of public duty.

Thus by the time that the Centre for Policy Studies (CPS) had been established in March 1974 Sherman had begun to act as Joseph's tutor and psychological prop. The relationship has no parallel in post-war British politics. In John Ranelagh's apposite phrase, 'Sherman put a burr under Joseph's sad-

dle'.[7] Without him, Joseph might have undertaken his campaign to convert the Conservative Party to the cause of capitalism, but it would probably have been ineffectual and short-lived. Instead it provoked a debate which went far wider than the confines of the party, and set in train the events leading up to Mrs Thatcher's leadership victory of February 1975.

Sherman himself is sceptical about the extent to which influence 'can be defined, let alone measured or assessed'.[8] But his contribution included two essential ingredients for anyone hoping to bring about a radical change in politics: eloquence, and a sense of certainty. Despite his exposure to some of the more abstruse works of philosophy in a variety of languages, he had the elusive gift of squaring the rhetorical circle. He was not a man for superficial soundbites. But even when the argument made demands on his audience, he could crystallise it in a memorable phrase. His drafting skills, whether for speeches or articles, made a deep and lasting impression on Joseph. Sherman might have been a volatile colleague, but he was also more versatile than his critics imagined. While it suited him to work one-to-one with a politician who normally deferred to his judgement, he could also play a constructive role in the speech-writing team which served the hyper-critical Margaret Thatcher.

But there was one team in public life to which Sherman could never adapt. In Opposition he had furnished Joseph and Thatcher with a hard-hitting critique of the civil service.

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[7] John Ranelagh, *Thatcher's People: An insider's account of the politics, the power and the personalities*, HarperCollins, 1991, 174.

[8] *Guardian*, 29 January 1981.

In his view, bureaucrats were inveterate empire-builders, who would resist radical reform until they had been stripped of the last briefcase and bowler hat. Joseph's conduct at the Department of Industry after the Conservatives returned to office apparently confirmed this analysis. But Joseph was not the only culprit in Sherman's eyes; and Mrs Thatcher's own performance was the more disappointing because he had never questioned her political courage. Although Sherman does not belabour the point, he clearly believes that his own influence waned after 1979 because Thatcher was 'captured' by more orthodox advisers.

The irony here is that most observers believe that Mrs Thatcher 'politicised' the civil service, favouring 'can-do' candidates in her own image over the more traditional type. The accounts conflict because they are the products of polarised perspectives. In Sherman's eyes, the civil service had played a crucial part in creating Britain's post-war problems. If it was not tackled head-on at the earliest opportunity, it would sap the new government's radical impetus. But Sherman's analysis, which owed something to 'rational choice' theory, actually portrayed senior civil servants as deeply *irrational*. If the analysis was true, the denizens of Whitehall would have been eager to take on additional responsibilities at the very time that orthodox post-war ideas about the virtues of state activism were falling into general disrepute. This mentality was brilliantly portrayed in the contemporary sitcom *Yes, Minister,* but it had little relevance to reality.

In practice, civil servants knew that they would have to reach some kind of accommodation with the incoming Thatcher Government. But Sherman, for his part, was not

prepared to compromise. He and his 'outsider' allies, John Hoskyns and Norman Strauss, had planned carefully for a radical reforming government. For the supporters of the post-war consensus the first Thatcher Government was quite radical enough. But by 1983 Hoskyns, Strauss and Sherman had either departed or become disillusioned, because in their view the government had been too timid in its approach both to institutions and to policies.

Sherman never minimised the distance between his outlook and that of the average British MP, famously complaining that he was a 'man of ideas fallen among party politicians'.[9] But this is not to say that he was a lion in opposition and a loose cannon in government. His greatest direct service after 1979 was the appointment of Jurg Niehans, on his own initiative, to investigate a monetary policy which was palpably failing. In this respect, at least, Sherman was actually more pragmatic than Treasury ministers. But, as Mrs Thatcher put it on a later occasion, 'Advisers advise; ministers decide.' Government advisers are allowed to have an agenda of their own; but they must keep it to themselves until they find that their objectives coincide with those of their political masters. Even in the Niehans incident Sherman was driving forward his own agenda; and (as Machiavelli could have warned) prudent advisers should never try to prove themselves right when the official policy is perverse.

As Sherman recounts below, the precise reasons for his departure from the inner Thatcher circle are unclear, and it is

[9] Quoted in Richard Cockett, *Thinking the Unthinkable: Think-tanks and the economic counter-revolution 1931-1983*, HarperCollins, 1994, 235.

unlikely that the prime minister herself wanted him to go. But it was somehow fitting that events within the CPS provide part of the explanation. From the outset Sherman had been the animating spirit of an organisation which lacked resources; but he had never been allowed to control it. Almost certainly he was obstructed by anti-semitism, and his Marxist past was also held against him. But probably none of this would have counted had he been what William Hazlitt sneeringly called 'A Good-Natured Man'.[10] Margaret Thatcher wanted to re-write the political rule-book; but Alfred Sherman wanted to see it burn. After his protégée had been re-elected in 1983 she could feel part of a new and altered Establishment, with no reason to retain those among her supporters who were instinctively suspicious of anything that smacked of complacency. Whether or not Britain is better off for the change, on an objective review of events since 1983, is for the reader to decide.

Sherman's departure from the inner circle of Thatcher's advisers left him with a dilemma. Sensing that the Conservative 'revolution' would be incomplete without additional impetus, he had a strong desire to maintain his contribution to the debate on Britain's future. But in order to establish his credentials as a commentator, he had to remind readers of his part in the 1974–9 period. As a result, he left himself vulnerable to the charge that he had overstated his role. Once he had departed from the scene critics like George Urban could accuse him of egotism, while simultaneously regretting that Margaret Thatcher had allowed herself to get 'so thoroughly

[10] William Hazlitt, 'On Good Nature', *The Round Table*, Everyman's edition, 1936,100–5.

mixed up' with such a man. It is fairly easy to read between the lines of the various accounts. Sherman's influence during the formative years of 'Thatcherism' was at least equivalent to that of Sir Keith Joseph. But the latter's role has never been disputed, largely because he was incapable of making personal enemies. Whenever the 'abrasive' Sherman caused offence, he gave someone a new reason for both deploring and belittling his contribution.

The treatment of Sherman after his enforced departure from the CPS reminds us that intellectuals rarely prosper when they stray into politics. Sherman was not tortured like Machiavelli, or impeached like Francis Bacon; but his fate was similar to theirs in that he enjoyed a glimpse of power through his own endeavours, and was forced to recognise the limitations of unaided brain-power when favour was snatched away. For good or ill, Sherman's career reinforces the old cliché about prophets without honour. Whatever the merits of his economic arguments, his advocacy of 'joined-up' government, overseen by a fully-fledged Prime Minister's Department, should strike the reader as unusually far-sighted. Sadly, although government coordination has been trumpeted since 1997, the reality is as distant as it was back in 1979.

Since the end of his formal connection with Lady Thatcher's inner circle, Sir Alfred Sherman has retained his gift for getting into controversial company. He remains a prolific writer. The main text of this book has been compiled from a large number of manuscripts which were composed in Sir Alfred's favoured essay form. As editor, I have regarded this process of distillation as my main task; the explanatory footnotes have been minimised in the expectation that read-

ers will already be aware of most of the personalities and events. I should add that although my own perspective on the Thatcher years could hardly be more different, I wholeheartedly agree with Sir Alfred's prediction that a collaboration on this project might be both fruitful and fun. We have also been fortunate in our choice of publisher; our thanks go to all at Imprint Academic, particularly the ever-resourceful Keith Sutherland.