

Begins: 28/1/81.
Ends: 4/2/81.

PO -CH /GH/0035
PART A

Chancellor's (Howe) Papers:

CHANCELLORS VISIT TO
SCOTLAND

PO -CH /GH/0035
PART A

Disposal Directions: 25 Year

Phillips
24/7/95.

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BRIEFING NOTE FOR CHANCELLOR

Annex 0

28/1/81

JOHN BROWN ENGINEERING LTD, CLYDEBANK

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The company, with a 1600 labour force and the major industrial employer in Clydebank, had decided towards the end of last year to declare 75 redundancies because of the worldwide recession in the market for gas turbines. It is, therefore very encouraging that this business has been obtained at this juncture.

Mr Strachan has stated that the sensible attitude displayed by the unions by accepting recently a realistic pay increase of 7% was of considerable assistance in clinching the orders which will give greater security of employment to the existing workforce and has ended the threat of the 75 redundancies.

A further significant point is that it will contribute to restoring the image of Clydebank as a major manufacturing centre so badly dented by the collapse of the Singer Company last year.

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7% rise helps to win orders

By WILLIAM CLARK
Industrial Reporter

A DECISION by a threatened work force to settle for a 7% pay rise has won their firm more than £20m in orders and guaranteed them security for at least a year.

Mr Graham Strachan, managing director of John Brown Engineering Ltd., of Clydebank, confirming that the firm had won major projects for Brunei, India and Oman, said: "The workers adopted a most sensible attitude in accepting a realistic pay increase.

"At 7% we remained competitive but higher and I don't think we would have been, in the face of world competition. There is a very small margin between

success and failure and we have won or lost orders on a price difference of just 1%.

It was last November that the 1600 workforce in the face of 75 immediate redundancies, with hundreds of other jobs threatened, and a thin order book, made the pay deal.

Weeks later the firm clinched the orders that will help to restore the morale of the unemployment black spot, and redundancy threat was also lifted.

The firm will supply four gas turbines for Brunei, two for Oman as the cheapest bidder, and one for West Bengal which was won by a promise of quick delivery.

**HOWE HINTS AT
CIGARETTE AND
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Drink and cigarettes may be targets for tax rises in the next Budget, Sir Geoffrey Howe, Chancellor, hinted yesterday in Scotland when he pointed out that indirect tax increases had featured in almost every budget.

"They do so for the reason that we have inflation. Some taxes such as VAT rise as prices rise, but others, such as the hardy annuals tobacco and alcohol, have to be adjusted in the light of inflation."

The only alternative, he said, a heavy burden in direct taxes, but Sir Geoffrey gave a further strong hint that businesses might be given some help.

Chancellor hints at higher indirect taxation to help new businesses

By Melvyn Westlake

Sir Geoffrey Howe yesterday gave the strongest hint yet that he intends to raise taxes on alcohol and cigarettes in his third Budget, on March 10.

Speaking at a press conference in Scotland he indicated that he had little choice but to increase taxation borne by individuals in order to raise the money to help new businesses and small companies.

An increase in VAT appeared to be ruled out by the Chancellor. VAT rose as prices rose, he said, but other taxes, such as the "hardy annuals, tobacco and alcohol, have to be adjusted in the light of inflation. There is nothing unusual about that".

There has been much speculation that this is the kind of strategy that he would feel obliged to adopt. The private manufacturing sector of the economy has been hit harder than any other by the recession, while living standards have held up surprisingly well for many people still in work.

As a consequence, it has looked increasingly likely that the Chancellor would want to spread the burden of recession more widely by shifting taxation from business to individuals.

Sir Geoffrey said: "I cannot produce or generate money that isn't there. But if there is any room for help and relief at all it must be directed at business, at new business and small businesses and particularly to encourage new business because that is where the jobs will come."

The Chancellor, however, has

little room for manoeuvre. Government spending is already certain to be higher in the next financial year than planned. If public sector borrowing is to be kept down to acceptable levels, taxes will have to rise, even though they have already gone up quite sharply overall since the Government took office.

This was admitted recently by Mr Nigel Lawson, Financial Secretary to the Treasury. At the same time, there is a strong resistance among some ministers to any increase in the standard rate of income tax.

This means that the Chancellor will either have to cut the real value of tax allowances, by not raising them in line with inflation, or increase excise duties, or both. The projection of a £10,000m Government borrowing requirement in 1981-82 already assumes that excise duties will rise in line with the general increase in prices.

Effectively confirming such a prospective increase, the Chancellor said yesterday that "the surprise would be a Budget in which a Chancellor did not have to do anything about indirect taxes". He said: "People have got to understand the general case about indirect tax increases which feature in almost every Budget".

In a separate speech yesterday evening, the Chancellor appeared to rebuff pleas from the oil industry to reconsider the new tax he is imposing on oil production. He said companies must be allowed a fair return, but after oil price increases over the last two years, the new oil tax would not be unfair.

Howe hints at dearer tobacco and alcohol

BY DAVID MARSH

SIR GEOFFREY HOWE, the Chancellor, yesterday dropped a hint that taxes on alcohol and tobacco will go up in the March Budget.

Speaking at a Press conference during a visit to Scotland, Sir Geoffrey also indicated that the Budget would contain some relief for businesses, particularly to help companies to start up.

He said that taxes on tobacco and alcohol normally had to be adjusted at Budget-time in the light of inflation. "There is nothing unusual in that."

Speaking after a visit to the PAYE computer centre at East Kilbride, the Chancellor emphasised that the Budget would provide only limited help for industry.

"I cannot produce or generate money that is not there. But if there is any room for help and relief at all, it must be directed at businesses, at new businesses and small businesses."

He once again underlined the need for restrained pay settlements both in the public and private sectors.

Turning to the taxation of North Sea oil, Sir Geoffrey told a dinner of the Scottish Oil Club in Glasgow last night that it was right that the Exchequer should share in the "unanticipated gains" of the oil companies.

Discussions with the industry on a new tax on UK oil production and a review of petroleum revenue tax reliefs were still in progress. But he was "conscious of the need for a fair balance between the needs of the nation and the rights of the oil companies."

Sir Geoffrey paid tribute to the companies involved in the "success story of North Sea oil." The way that British industry had responded to the requirements of North Sea operators for equipment and services was "a source of legitimate pride."

Public sector workers owe debt, says Howe

By a Staff Reporter

The Chancellor of the Exchequer, Sir Geoffrey Howe, said yesterday that public sector employees should accept low pay settlements or agree to no increases at all because of the debt they owed to the private sector.

Speaking during a one-day visit to Scotland, he stressed that the costs of the public sector were borne out of the rates and taxes of the private sector, which had been experiencing many, more redundancies.

It was important "for those of us lucky enough to be paid by the public sector and to have reasonably secure jobs to show ourselves willing to accept very modest pay settlements," he said.

"People in private industry

are accepting nil pay settlements to ensure the survival of their firms and we owe them the debt since they, in effect, pay us."

Sir Geoffrey said that he was sympathetic to the problems of depressed regions.

But many new industries and firms were being born even in these hard times. Scotland, despite the problems of traditional industries, had been making good headway in high technology.

The Chancellor toured a tax office at East Kilbride, and later visited the Scottish Oil Club in Glasgow, where he said that could be no more striking evidence of what private enterprise could achieve than the success story of North Sea oil.



cc: Sir L Airey
Mr Cropper

MR EVANS IDT

2/2/81.

CHANCELLOR'S MEETING WITH WHITLEY TRADE UNION REPRESENTATIVES
DURING THE VISIT TO CENTRE 1, EAST KILBRIDE ON 30 JANUARY 1981

You mentioned to me that the CSD had received representations from the Inland Revenue Staff Federation about remarks by the Chancellor on the question of Civil Servants Pay during the meeting with Trade Union representatives at Centre 1 last Friday. You mentioned that CSD were concerned in particular about the Guardian report (attached) and had asked for an account of what the Chancellor actually said.

2. The Guardian report seems to me to be a fair reflection of what the Chancellor said, with the important exception that he did not argue that public sector employees should "agree to no increases at all because of the debt they owe to the private sector". He made the case for low settlements in the public sector, including the Civil Service, and explained the reasons why the Government had decided to suspend pay comparability. He referred to relative job security in the Civil Service compared with the hard pressed industrial private sector and contrasted the figures for redundancy payments in the public and private sectors over the past year. He also said that the increase in the level of earnings over the past year was far higher in the public sector than in the private, and although he accepted that part of the reason for this was "catching up" he felt there was a very powerful case for pay moderation now. The Trade Union representatives expressed their disappointment at the decision to suspend PRU, and argued strongly that the findings should anyway have been published, but they certainly did not give the impression that they found the



Chancellor's remarks provocative or unacceptable. The exchange was generally cordial and polite and I had the impression that the Trade Union representatives went some way to accept the logic and validity of the Chancellor's arguments.

P.S.J

P.S. JENKINS
2nd February 1981

2/2/81.

CHANCELLOR OF THE EXCHEQUER'S VISIT TO CENTRAL SCOTLANDFRIDAY, 30TH JANUARY, 1981ITINERARYThursday 29th January

11.30 p.m. Depart Euston Station

Friday 30th January

6.05 a.m. Arrive Glasgow Central Station
8.15 a.m. Depart Central Hotel
9.00 - 11.00 a.m. Visit Centre One - East Kilbride
11.00 - 11.30 a.m. Media - Centre One
12.45 - 3.00 p.m. LUNCH: Conservatives - North
British Hotel, Edinburgh
3.20 p.m. Visit: Brown Brothers - Leith
5.30 p.m. Conservative workers - Rankine
House, 183 Bath Street,
Glasgow
7.30 for 8.00 p.m. DINNER: Scottish Oil Club -
Central Hotel, Glasgow

(Stay overnight at the Central Hotel)

Saturday 31st January


7.00 a.m. Depart Central Hotel
7.30 a.m. Depart Glasgow Airport - BA 4863
8.40 a.m. Arrive Heathrow - De Havilland Suite,
Terminal 1.

Five points were raised by the Chancellor following the East Kilbride visit, and he would appreciate comments from the Inland Revenue on each of them.

1. Minor Allowances. The tool and clothing allowances appeared to be very time consuming complications in the East Kilbride system, involving very little money. Can we proceed towards their elimination?
2. Free Petrol. In the course of discussion there seemed to be some suggestion that tax could be collected on the benefit of free petrol, by placing the responsibility for returning details on employers, and backing that duty up by penalties.
3. Directors PAYE. A lot of money was being lost due to inordinate delays in finalising directors' PAYE liabilities. (A PAC point-PJC). Might this be an area for interest penalties?
4. Pensioners. In discussion with the girls running the PAYE accounts (about 6,000 per girl) it was made clear that the average pensioner required about twice as much work as the average working PAYE taxpayer. This was because
 - i) the pension uprating came in the middle of the tax year;
 - ii) an increasing number of pensioners had two sources of income - OAP plus an occupational pension, and many had investment income as well;
 - iii) having always left their income tax to the company pay office, they now found themselves in direct contact with the Inland Revenue.
 - iv) in retirement, there is more time to brood on, and write in about, grievances (real and unreal).

Is DHSS a complete bar to uprating pensions on April 5th? Can the PAYE system be simplified as it affects pensioners?

5. Discount on ^{prompt} Payment. This is clearly worth pursuing.


2 Feb 81.



3/2/81.

(P)

CHANCELLOR'S VISIT TO SCOTLAND ON 30TH JANUARY 1981

General

1. The visit (itinerary at Annexe A) was generally a success and the Chancellor was well satisfied with his speeches, both of which went down well. The main points of interest or to be followed up are as follows:-

(a) Visit to Centre 1. This was well-organised and went smoothly. The Chancellor was impressed by the high morale and commitment of those he spoke to; and made the general comment that, as in the case of the visit to DNS at Durham, the sheer volume of paper needing to be processed, stored and retrieved spoke eloquently of the need to make the fastest possible progress with computerisation. A note by Mr. Cropper on the main points raised during the visit is attached (Annexe B); comments are sought from Inland Revenue. The meeting with the Trade Union Side was concerned largely with pay questions; a minute to Mr. Evans reporting the gist of it, and the press comment that was provoked, is attached (Annexe C). The other issues raised were:-

- (i) The Scott Report. The Trade Union Side said they had seen reports to the effect that the Scott Committee had found broadly in favour of the existing system, yet the Prime Minister was about to overrule them. The Chancellor said there was no basis to this; the Government was still considering its reaction;
- (ii) 400 jobs had been lost at Centre 1 (through wastage) over the last two years; promotion prospects were very poor.
- (iii) The fact that DHSS had been allowed 1,000 extra staff to deal with social security fraud contrasted



with the constant cuts in the IR - despite the evidence of vast uncollected amounts of revenue in the "black economy". It would be far more cost-effective to increase IR numbers to combat tax fraud. The Chancellor said he had made this point in Cabinet, but it had to be treated with caution given the overriding objective of reducing the size of the Civil Service.

(iv) The industrial civil servants at Centre 1 (represented by Mr. McCamm, T & GWU) had special grievances over pay. Both non-industrial civil servants and private sector industrials doing comparable jobs had "leap-frogged" over them. They had a generally good relationship with senior management, but felt apart from the rest of the Department, and wanted to be a more integral part of it.

(b) The Media. There were no unexpected or particularly difficult questions. The Chancellor was able to use to good effect the report that John Brown Engineering Ltd's success with £25m gas turbine orders owed much to the Union's willingness to accept a realistic pay settlement of 7 per cent (see Annexe D). Most questions were directed to the level of unemployment and redundancies in Scotland, the prospect of the recession bottoming out in the near future, the reasons for the visit and the broad strategy for the Budget (on the last see press cuttings at Annexe E).

(c) Visit to Brown Bros., Leith. The main impression was of a well-run firm with a good specialist product continuing to do well despite the difficulties caused by high interest rates and the level of sterling. There was a specific complaint about the removal of SDA status. Otherwise the main point was the crucial importance of winning the US Navy contract for stabilisers for frigates. The case was argued for more pressure to be brought to bear on the Americans, praying in aid the large imbalance in defence sales between us, and generally



being tougher in our approach. Particular criticism was made of the MOD Navy sales department which was accused of sluggishness and lack of energy in fighting for important contracts.

(d) The Oil Club Dinner. Some 400 were present, and it was a "grand" occasion. One had a sense of the vitality and prosperity of this sector of Scotland's economy and of its outward-looking character. Speeches were fairly serious and carefully prepared, and the Chancellor's seemed to strike the right note. I attach extracts from the speech by Hugh Hunter Gordon (Annexe F) - the questions covered are youth unemployment and the need for more resources to be concentrated on industrial training, and the oil companies' need for a stable planning framework for exploration and production. I would be grateful for Mr. Buckley's comments on the youth unemployment passage. (In addition, Mr. Aaronson may be able to poach ideas or material from the speech for, e.g. Perth; I am sending him a complete copy).

PSJ

P.S. JENKINS
3 February 1981

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| Sir Douglas Wass | Mr. Evans |
| Mr. Ryrie | Mr. Ridley |
| Mr. Littler | Mr. Cropper |
| Mr. Unwin | Mr. Cardona |
| Mr. Dixon | |
| Mrs. Gilmore | Sir Lawrence Airey (IR) |

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Annexe D 19

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YOU SEE, A SENSE OF PERSONAL PRIDE, DEMONSTRATED BY BEING ABLE TO BE SELF-RELIANT, IS VITAL FOR EVERY INDIVIDUAL AND COMMUNITY. IT IS CERTAINLY MOST TRUE FOR SCOTLAND. I AM SURE THAT THIS GOVERNMENT DOES RECOGNISE THIS, AND WILL ENDEAVOUR TO DO SOMETHING NOW TO CHANNEL THIS SCOTTISHNESS INTO A CONSTRUCTIVE ROLE WITHIN THE UNITED KINGDOM.

I I WOULD NOW LIKE TO MOVE ONTO THE QUESTION OF UNEMPLOYMENT AND I MAKE NO APOLOGY WHATSOEVER FOR SO DOING. THERE ARE FEW OF US IN SCOTLAND WHO HAVE NOT BEEN TOUCHED DIRECTLY OR INDIRECTLY BY UNEMPLOYMENT. OF PARTICULAR CONCERN IS THE EFFECT OF HIGH UNEMPLOYMENT AMONGST YOUNG PEOPLE. I WOULD LIKE TO READ YOU AN EXTRACT OF A LETTER FROM A CHAIRMAN OF A SCOTTISH BOYS CLUB ASSOCIATION - "ITS GREAT VALUE" HERE HE IS REFERRING TO THE COUNSELLING WORK DONE BY YOUTH CLUBS FOR UNEMPLOYED YOUNG PEOPLE "ITS GREAT VALUE BECOMES APPARENT WHEN ONE MEETS THE MANY YOUNG MEN WHO HAVE ALREADY BEEN GIVEN A YEAR OF TRAINING IN ORDER TO ACQUIRE CERTAIN INDUSTRIAL SKILLS AND THEN HAVE BEEN THROWN ONTO THE INDUSTRIAL SCRAP-HEAP BECAUSE THERE WAS NO WORK OR EVEN APPRENTICESHIP WHEN THE TRAINING WAS FINISHED. " HE GOES ON TO SAY -

"I, PERSONALLY, HAVE SPOKEN TO SOME OF THE EMBITTERED YOUNG MEN AND WOMEN, AND HAVE BEEN DISTRESSED TO OBSERVE THE FRUSTRATION, BEWILDERMENT, AND ANTI-SOCIAL FEELING THAT HAS BEEN ENGENDERED IN THESE YOUNG PEOPLE AND WHICH MUST OFTEN BE AT THE ROOT OF THE VANDALISM AND OTHER INEXPLICABLE CONDUCT WHICH IS BECOMING SO COMMON TODAY. "

ALEXANDER LYALL, CHAIRMAN, GLASGOW BOYS' CLUB

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SIR, THERE ARE PROBABLY SOME 40 TO 50,000 YOUNG PEOPLE BETWEEN THE AGES OF 16 AND 24, UNEMPLOYED IN SCOTLAND AT THE MOMENT, ABOUT 22% OF ALL UNEMPLOYED. ALTHOUGH THIS REPRESENTS ONLY SOME 2% OF THE WORKING POPULATION, THE REALITY OF THAT PERCENTAGE AND ITS RECENT GROWTH IS OBVIOUSLY DISTRESSING. I AM ALSO DISTRESSED TO FIND BY MY OWN CALCULATIONS THAT ^{OVER} ~~OVER~~ HALF OF THE CURRENT UNEMPLOYMENT IS BEING BORNE BY PEOPLE UNDER 35; THE YOUNG AND DEVELOPING, THE FUTURE GENERATIONS, ARE BEING HIT HARDEST. DESPITE POPULAR CONCEPTIONS, TODAY'S YOUNG WANT TO WORK; THEY WANT TO CONTRIBUTE TO THE COMMUNITY AT LARGE. THE YOUTH EMPLOYMENT PROGRAMMES IN SCOTLAND ARE CURRENTLY PROVIDING FOR SOME 15,000 YOUNG PEOPLE, WHICH IS JUST NOT GOOD ENOUGH AGAINST A BACKCLOTH OF 45,000 OTHERS NOT GIVEN AN OPPORTUNITY TO CONTRIBUTE. IF WE WISH TO CREATE A GENERATION OF PEOPLE DISINTERESTED IN OUR TYPE OF SOCIETY IN SCOTLAND BECAUSE OUR SOCIETY WASN'T INTERESTED IN THEM IN A TANGIBLE WAY WHEN THEY WERE IN THEIR SOCIALLY FORMATIVE YEARS, AND WHEN THEY WISHED TO CONTRIBUTE, THEN WE CAN AFFORD TO TAKE NO ACTION. BUT, I BELIEVE THAT THERE IS CLEARLY AN OBLIGATION ON US ALL, COMPANIES, GOVERNMENT AND INDIVIDUALS TO DO SOMETHING POSITIVE ABOUT IT.

LET ME BE CLEAR THAT THERE IS ONE THING THAT, UNLIKE SOME, I DO NOT ADVOCATE, AND THAT IS THE EMPLOYMENT OF MORE PEOPLE IN GOVERNMENT ESTABLISHMENTS, LOCAL OR NATIONAL, UNLESS THEY ARE DIRECTLY PRODUCTIVE.

TO ME, IT IT'S JUST MADNESS THAT THOSE OF US THAT ARE EMPLOYED ARE SETTING ASIDE OVER 4% OF OUR INCOMES, 20% OF OUR PERSONAL TAX BILLS TO COVER UNEMPLOYMENT BENEFITS, AND YET WE ARE GETTING NOTHING BACK. I'M INVOLVED IN BOTH THE ELECTRONICS AND OIL INDUSTRIES. I AM OPTIMISTIC ABOUT THEIR FUTURE. JOHN RAISMAN, CHAIRMAN OF SHELL UK, HAS SPOKEN FREQUENTLY AND AT LENGTH RECENTLY OF THE FUTURE OIL INDUSTRY REQUIREMENTS. BOTH INDUSTRIES, PARTICULARLY IN SCOTLAND, ARE GOING TO NEED MANY PEOPLE, PROPERLY TRAINED, TO TACKLE THE FUTURE TASKS AND TAKE THE OPPORTUNITIES THAT ARE COMING.

THE TRAINING AND EDUCATIONAL RESOURCES OF BOTH THESE INDUSTRIES ARE MUCH UNDER-UTILISED AT PRESENT; THEY COULD PLAY A MAJOR ROLE IN THE TRAINING OF THE PEOPLE THAT ARE GOING TO BE NEEDED IN THE FUTURE, PROVIDED THAT IT DOESN'T HIT THE CURRENT BOTTOM LINE, AND ESPECIALLY IF GOVERNMENT CAN WITH IMAGINATION CREATE IMPROVED AND ATTRACTIVE SCHEMES FOR SUBSTANTIAL TRAINING.

I AM SURE THAT ANY SUCH TRAINING SCHEME MUST CONCENTRATE SELECTIVELY ON THE TYPES OF JOBS THAT WILL BE NEEDED IN THE FUTURE. THIS IS NOT SOMETHING THAT CAN BE LEFT TO THE MARKET PLACE AT THIS TIME.

LET'S GET, SIR GEOFFREY, AT LEAST THE YOUNG UNEMPLOYED, WHO ARE AFTER ALL ON YOUR PAYROLL, INTO INDUSTRIAL TRAINING NOW SO THEY CAN MAKE THEIR PROPER CONTRIBUTION IN THE FUTURE.

THIS LEADS ME TO MY THIRD THEME, THE FUTURE.

IT IS A SAD FACT THAT THE PLANNING HORIZONS OF GOVERNMENTS AND INDEED SOME COMPANIES ARE VERY SHORT. THE INDIVIDUAL'S CONCEPT OF THE FUTURE IS ON A MUCH LONGER SCALE; IT NOT ONLY COVERS HIS OWN LIFETIME BUT ALSO THOSE OF HIS CHILDREN AND GRANDCHILDREN (FOR WHICH AFTER ALL MOST OF US WORK).

BUT SOME COMPANIES DO HAVE TO PLAN IN THE LONGER-TERM - THE OIL AND PETROCHEMICAL INDUSTRIES ARE CASES IN POINT. FOR THESE, THERE IS ENORMOUS FRUSTRATION WHEN THE NEED FOR LONG TERM PLANNING IS NOT RECOGNISED AND THE LIKELY SUCCESS OF OUR EFFORTS ARE THWARTED BY CHANGING GOVERNMENT POLICIES AND ACTIONS. NOW WE ALL RECOGNISE THAT OIL IS A VITAL COMMODITY TO THE COMMUNITY AND THAT IT THEREFORE FALLS PROPERLY WITHIN THE CONCERNS OF ANY GOVERNMENT. WE ALL RECOGNISE THE ESSENTIAL INSTABILITY OF OUR TIME RESULTING FROM OUR DEPENDENCE ON SUPPLIES OF OIL FROM THE VOLATILE MIDDLE EAST. MORE SO IT IS WHY WE FEEL THAT THERE SHOULD BE A STABLE PLANNING FRAMEWORK SET UP FOR OIL EXPLORATION AND PRODUCTION WITHIN OUR OWN BOUNDARIES. NOW THE LOCAL COMPANIES THAT ARE SUPPLIERS TO THE OIL INDUSTRY ARE ESPECIALLY CONCERNED. THE BOOM OF 72-74, THE SLUMP OF THE SUBSEQUENT YEARS, RESULTING TO A LARGE EXTENT FROM CERTAIN POLITICAL ACTIVITIES; THESE HAVE NOT ENCOURAGED THE ESTABLISHMENT AND MAINTENANCE OF THE LONG-TERM INDUSTRIAL SUPPLY BASE REQUIRED TO KEEP OUR OIL FLOWING THROUGH INTO THE NEXT CENTURY. THIS BASE IS CURRENTLY MORE FRAGILE THAT IT MIGHT APPEAR; THE REWARDS TO DATE HAVE BEEN PRETTY MEAGRE FOR THE AMOUNT OF INITIATIVE

AND INNOVATION THAT HAS BEEN SHOWN. FREEDOM FROM POLITICAL U-TURNS IN OUR INDUSTRY WOULD REMOVE ONE MAJOR UNCERTAINTY IN TRYING TO EARN OUR REWARD AND SECURE THE BASE.

IN A SOMEWHAT SIMILAR FASHION, WE AS INDIVIDUALS IN SOCIETY NEED TO HAVE A MORE STABLE FUTURE TO LOOK TOWARDS. WE NEED FREEDOM FROM VIOLENT AND RAPID CHANGES IN THE POLITICAL CLIMATE. THEN WE WOULD BE IN A BETTER POSITION TO TAKE MORE RISKS, BE MORE ENTERPRISING, WITHOUT BEING CLOBBED BY QUITE SO MANY THINGS OUTSIDE OUR CONTROL. WE ALL APPRECIATE, SIR, THE CURRENT SHORT-TERM OBJECTIVE OF YOUR GOVERNMENT; GET INFLATION DOWN; GET THE MONEY SOUND; GET STABILITY, THEN WE CAN PLAN TO GET SOMEWHERE. BUT NOW IS NOT AN EASY TIME; IT IS THE TIME FOR A VISION OF THE FUTURE; IT IS A TIME FOR A DEMONSTRATION OF THE LEADERSHIP, THAT APPEALS TO THE NATION AS A WHOLE. FOR THE BROADCASTING OF A PHILOSOPHY WHICH DEMONSTRATES THAT A CARING AND CONCERNED BENEVOLENT MARKET BASED ECONOMY REALLY WILL RETAIN PERSONAL FREEDOM, WILL BUILD PERSONAL PRIDE AND SATISFACTION, AND PROVIDE REAL TANGIBLE PROSPERITY.

NOW I HEARD THE OTHER DAY A SENIOR MEMBER OF THE LAST SOCIALIST ADMINISTRATION, A SCOT, A MAN OF HIGH INTELLECT AND POWERFUL ADVOCACY, CLAIM THAT "THE CENTRALLY PLANNED ECONOMY OF THE EAST EUROPEAN VARIETY WAS A RESPECTABLE POLITICAL ALTERNATIVE FOR THE UK." WHEN CHALLENGED, ON THE GROUNDS THAT THE BRITISH WOULD NOT ACCEPT THE DESTRUCTION OF THEIR

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I VERY MUCH HOPED SIR GEOFFREY, WHEN I WAS DESPERATELY TRYING TO THINK OF SOMETHING TO SAY IN MY REPLY OF THANKS TO YOU THAT YOU WOULD BRING UP THE SUBJECT OF "GETTING GOVERNMENT EXPENDITURE DOWN", YOU DID AND IT GIVES ME THE EXCUSE TO RETELL (YOU DIDN'T, BUT THAT ISN'T GOING TO STOP ME FROM TELLING) THE STORY THAT I READ THE OTHER DAY, WHICH IS ATTRIBUTED, I BELIEVE, TO REG PRENTICE. HIS STORY IS THAT ONCE A MINISTER OF THE CROWN WAS ADDRESSING A VILLAGE MEETING SOMEWHERE IN THE WEST COUNTRY; OBVIOUSLY HE WAS SUPPORTING GOVERNMENT POLICIES. "WE WILL CUT GOVERNMENT EXPENDITURE" HE TOLD HIS AUDIENCE "AND THIS WILL HELP US TO FIGHT INFLATION". AT WHICH POINT A VOICE FROM THE BACK OF THE HALL WAS HEARD SAYING "AAARH, BUT WHEN BE ALL THIS AGOING TO 'APPEN?". IGNORING THIS, THE MINISTER WENT ON WITH HIS SPEECH "WE WILL CUT DOWN THE BUREAUCRACY, AND MAKE THINGS MORE EFFICIENT". THE VOICE FROM THE BACK WAS HEARD AGAIN MORE DEMANDINGLY "AAARH, BUT WHEN BE ALL THIS AGOING TO 'APPEN THEN?" THE MINISTER DECIDED THAT HE MUST DEAL WITH THE HECKLER THERE AND THEN, SO HE ASKED HIM "MY MAN, DO YOU WORK ON A FARM?" THE ANSWER CAME BACK "AAARH". "WELL SUPPOSE THEN", THE MINISTER SAID "YOU PUT YOUR PRIZE BULL INTO A FIELD OF COWS; YOU WOULD EXPECT SOME RESULTS, BUT YOU WOULDN'T EXPECT TO SEE THOSE RESULTS THE NEXT MORNING NOW, WOULD YOU?" THERE WAS A LONG PAUSE FROM THE BACK OF THE HALL, AND THEN CAME THE RETORT "NO, THAT BE RIGHT, BUT NEXT DAY I'D CERTAINLY EXPECT TO SEE MORE CONTENTED FACES THAN I SEE AROUND 'ERE."

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THE THEME AROUND WHICH I WOULD LIKE TO MAKE MY REMARKS, IS CONCERNED WITH THE FUTURE OF SCOTLAND; THIS THEME IS CONCERNED WITH THE RE-EMERGENCE OF THAT PARTICULAR SCOTTISH IDENTITY THAT MOST OF US WHO LIVE AND WORK UP HERE FEEL; IT IS ALSO CONCERNED WITH THE IMPACT OF TODAY'S UNEMPLOYMENT ON THE FUTURE AND THE PART THAT COULD BE PLAYED IN THE FUTURE BY THE PROJECTED GROWTH OF THE OIL AND ELECTRONIC INDUSTRIES.

YOU SEE, I'M I'M VERY CONCERNED THAT UNLESS WE DO TAKE SOME IMMEDIATE IMAGINATIVE AND CREATIVE STEPS TO DEAL WITH THE PROBLEMS OF UNEMPLOYMENT, PARTICULARLY UNEMPLOYMENT AMONG YOUNG PEOPLE, THEN WE WILL CREATE A SITUATION IN WHICH THESE SAME YOUNG PEOPLE WILL BE SWITCHED OFF AND WHERE, AS THE FUTURE GENERATION, THEY WILL NOT SUPPORT THE BELIEF THAT SCOTLAND'S BEST INTERESTS ARE SERVED WITHIN THE FRAMEWORK OF THE UK AND THEY WILL DENY ALSO THE VIRTUES OF A MARKET BASED ECONOMY; AND THIS CANNOT BE ALLOWED TO HAPPEN.

I WOULD LIKE TO PURSUE THIS THEME ON THREE FRONTS; THE SCOTTISH IDENTITY, UNEMPLOYMENT AND THE FUTURE.

NOW, SIR GEOFFREY, I DON'T THINK THAT ANYONE WILL DISPUTE THE FACT THAT THERE IS A SCOTTISH IDENTITY. WHY THIS SHOULD BE SO, ONE DOESN'T KNOW - NEVERTHELESS, IT HAS SURVIVED THE ROMANS, THE VIKINGS, THE NORMANS AND THE ENGLISH. IT IS STILL HERE.

THE NOTION THAT THE RESULT OF THE DEVOLUTION REFERENDUM PUT PAID TO THE FEELING THAT THE SCOTS WOULD LIKE TO HAVE MORE CONTROL OVER THEIR OWN AFFAIRS WOULD BE VERY MISLEADING. HOWEVER, MOST SCOTS REALLY WOULD NEVER WISH TO BE ANYTHING THAN A PART OF THE UNITED KINGDOM; THE CULTURAL, HISTORIC AND ECONOMIC TIES ARE TOO STRONG FOR ANYTHING ELSE. NEVERTHELESS, THE SENSE OF REMOTENESS FROM THE APPARENT SEAT OF GOVERNMENT IN LONDON REMAINS; THERE IS THE REALITY OF OUR BRANCH OFFICE INDUSTRIAL ECONOMY WITH ITS RULE, THAT THE FARTHER AWAY THE FACTORY FROM THE CENTRE OF MANAGEMENT, THE GREATER THE PROBABILITY OF PEREMPTORY INTERFERENCE AND CLOSURE; THESE COMBINE WITH THE SENSE OF SCOTTISHNESS TO ENSURE THE CONTINUATION OF THE NEED THAT MOST SCOTS FEEL FOR GREATER SELF-RELIANCE AND MORE DIRECT INVOLVEMENT IN THEIR OWN AFFAIRS. IF YOU LIKE, A NEED TO DEMONSTRATE THAT WE CAN MAKE A PROPER CONTRIBUTION TO UK LTD., AND THAT WE ARE NOT A REGIONAL LAMEDUCK.

WHEN I WAS UNDERGOING MY ARMY BASIC TRAINING, MY SERGEANT MAJOR STOPPED IN FRONT OF ME ONE DAY AT INSPECTION AND LOOKED AT ME AT LENGTH UP AND DOWN. I KNEW THAT I WAS IN FOR THE HIGH JUMP. HE SAID VERY SOFTLY TO ME, "MR. HUNTER GORDON, SIR, IT IS ALL A MATTER OF PERSONAL PRIDE"; THEN AN ENORMOUS BELLOW CAME OUT - "GO AND GET YOUR BLOODY HAIR CUT" CHASTENED AND WISER, OFF I WENT AT THE DOUBLE.

YOU SEE, A SENSE OF PERSONAL PRIDE, DEMONSTRATED BY BEING ABLE TO BE SELF-RELIANT, IS VITAL FOR EVERY INDIVIDUAL AND COMMUNITY. IT IS CERTAINLY MOST TRUE FOR SCOTLAND. I AM SURE THAT THIS GOVERNMENT DOES RECOGNISE THIS, AND WILL ENDEAVOUR TO DO SOMETHING NOW TO CHANNEL THIS SCOTTISHNESS INTO A CONSTRUCTIVE ROLE WITHIN THE UNITED KINGDOM.

I I WOULD NOW LIKE TO MOVE ONTO THE QUESTION OF UNEMPLOYMENT AND I MAKE NO APOLOGY WHATSOEVER FOR SO DOING. THERE ARE FEW OF US IN SCOTLAND WHO HAVE NOT BEEN TOUCHED DIRECTLY OR INDIRECTLY BY UNEMPLOYMENT. OF PARTICULAR CONCERN IS THE EFFECT OF HIGH UNEMPLOYMENT AMONGST YOUNG PEOPLE. I WOULD LIKE TO READ YOU AN EXTRACT OF A LETTER FROM A CHAIRMAN OF A SCOTTISH BOYS CLUB ASSOCIATION - "ITS GREAT VALUE" HERE HE IS REFERRING TO THE COUNSELLING WORK DONE BY YOUTH CLUBS FOR UNEMPLOYED YOUNG PEOPLE "ITS GREAT VALUE BECOMES APPARENT WHEN ONE MEETS THE MANY YOUNG MEN WHO HAVE ALREADY BEEN GIVEN A YEAR OF TRAINING IN ORDER TO ACQUIRE CERTAIN INDUSTRIAL SKILLS AND THEN HAVE BEEN THROWN ONTO THE INDUSTRIAL SCRAP-HEAP BECAUSE THERE WAS NO WORK OR EVEN APPRENTICESHIP WHEN THE TRAINING WAS FINISHED. " HE GOES ON TO SAY -

"I, PERSONALLY, HAVE SPOKEN TO SOME OF THE EMBITTERED YOUNG MEN AND WOMEN, AND HAVE BEEN DISTRESSED TO OBSERVE THE FRUSTRATION, BEWILDERMENT, AND ANTI-SOCIAL FEELING THAT HAS BEEN ENGENDERED IN THESE YOUNG PEOPLE AND WHICH MUST OFTEN BE AT THE ROOT OF THE VANDALISM AND OTHER INEXPLICABLE CONDUCT WHICH IS BECOMING SO COMMON TODAY. "

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PERSONAL FREEDOM, HE ANSWERED WITH A PHRASE THAT OBVIOUSLY APPEALED TO HIM. HE SAID "FREEDOM IS A FLOWER WHICH FEEDS UPON A BED OF AFFLUENCE". IF HIS REMARKS ACCURATELY REFLECT THE SERIOUS INTELLECTUAL SOCIALIST THINKING OF ANY FUTURE POTENTIAL GOVERNMENT OF THAT PERSUASION, THEN OUR INDIVIDUAL FREEDOM CLEARLY DEPENDS UPON CREATING A HIGHLY FERTILE BED OF AFFLUENCE RIGHT NOW.

FINALLY SIR, I AM AN OPTIMIST.

IN THAT CONNECTION, I WONDER IF YOU HAVE COME ACROSS THE STORY OF THE RESEARCH WORK THAT WAS UNDERTAKEN BY A CERTAIN AMERICAN UNIVERSITY INTO THE PSYCHOLOGY OF OPTIMISM AND PESSIMISM. PART OF THE WORK WAS THE EXPOSING OF TWINS, ONE AN OPTIMIST, THE OTHER A PESSIMIST, TO A ROOM WHICH WAS COMPLETELY EMPTY APART FROM A PILE OF STEAMING PONY MANURE IN THE MIDDLE. THE PESSIMIST TWIN BOY WENT IN FIRST, AND HE JUST FLED TO A CORNER, POOR LITTLE LAD, AND CRIED HIS HEART OUT. THE OPTIMIST WENT IN NEXT, AND IMMEDIATELY, WITHOUT ANY HESITATION, HE DIVED RIGHT INTO THE MIDDLE OF THE MANURE HEAP. SOME MANY SECONDS LATER, HE RE-EMERGED, UTTERLY DISHEVELLED, HE LOOKED AROUND WILDLY AND SHOUTED "THERE'S JUST GOT TO BE A PONY IN HERE SOMEWHERE" BEFORE SUBMERGING AGAIN.

BUT OPTIMISM ALONE IS NOT ENOUGH, WHEN SEEMINGLY ONE IS IN THE MIDDLE OF A MESS.

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I THINK, SIR, THAT WITH CONSISTENT POLITICAL LEADERSHIP, CONCERNING ITSELF WITH THE REASONABLE ASPIRATIONS OF ITS REGIONS, WITH IMAGINATIVE SOLUTIONS TO OBTAIN THE PRODUCTIVE EMPLOYMENT OF ITS PEOPLE, AND A CLEAR PHILOSOPHY AND VISION OF THE FUTURE FOR US ALL TO WORK TOWARDS, THEN I THINK THAT IT IS POSSIBLE THAT WE, AS INDIVIDUALS IN THE OIL INDUSTRY IN SCOTLAND, WILL BE ABLE TO CONTRIBUTE MUCH TOWARDS CREATING THE AFFLUENCE AND ACHIEVING THE VISION.

GOVERNMENT HAS TAKEN BRAVE STEPS SO FAR TO CREATE THE INITIAL CONDITIONS FOR A SOUNDLY BASED REVIVAL OF THE UK ECONOMY. FOR THE INSTRUMENTS OF THE ECONOMY, INDUSTRY AND PEOPLE, IT HAS BEEN A PRETTY PAINFUL PROCESS. IT IS NOW THE TIME FOR THE CONDITIONS TO BE SET BY YOU, SIR, FOR INDUSTRY TO PREPARE ITSELF TO CONSTRUCTIVELY AND POSITIVELY GRASP THE FUTURE. WE CAN DO OUR BIT, SIR, WITH YOUR ACTIVE ASSISTANCE AND SUPPORT. YOU MAY NEVER THEN HAVE TO DO IT AGAIN.

SIR GEOFFREY, ON BEHALF OF ALL MEMBERS OF THE SCOTTISH PETROLEUM CLUBS AND OUR GUESTS HERE, I WOULD LIKE TO THANK YOU VERY MUCH FOR COMING, FOR GIVING US YOUR THOUGHTS AND SPENDING SOME OF YOUR TIME WITH US. WE HAVE ALL REALLY APPRECIATED IT.

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