

FROM: NIGEL LAWSON MP



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29th December 1975

*My Dear Margaret*  
I do hope you have had a good Christmas, and that you have been able to enjoy a worthwhile respite from the political treadmill.

I am writing now because we start immediately after the recess with the devolution debate, and there does seem to me to be one fundamental dimension of this which I believe it is very much in our interest to stress, and yet which (so far as I am aware) we have hitherto largely ignored.

Briefly, the point is this. The Scots (or many of them, at any rate) are fed up with decisions affecting Scotland - and in particular industrial (oil) and economic decisions - being taken in Whitehall and at Westminster. Now, while one answer to this (and perhaps the natural one for a Socialist Government) may be to devolve some of the powers of Government to some genuinely Scottish organ of government, a better answer (and one much more in keeping with our own political philosophy) is surely to reduce the powers of Westminster and Whitehall, especially in the economic and industrial spheres, by returning them to the people throughout the United Kingdom, including the people of Scotland, to the greatest practicable extent. It is no accident that as the power of the State has steadily increased, as the share of GNP taken by Government spending has steadily risen, and with it the proportion of income taken in taxation, so separatist tendencies within the UK have steadily grown. For the greater the powers of Government (especially the economic powers) the more important it becomes who precisely the Government is. State Socialism, in short, inevitably breeds separatism: it is notable, for example, how, throughout the ex-Empire, the departure of the British and our replacement by indigenous state socialist regimes of one kind or another has time after time led to a resurgence of tribal conflict. Thus the Conservative insistence on reducing the power of the State is in all probability essential to the continuing integrity of the United Kingdom - and certainly to any reduction in the pressure of steam behind separatism movements of all kinds within the UK.

It is probably also true that, as Professor Alan Peacock argues (see Kilbrandon Report, vol II, pp x and xi), an over-large public sector leads to a loss of democratic control (in contrast to the true democracy of the market-place) and thus to increased dissatisfaction with the democratic system and all its institutions. However, this is essentially a different point - although both a related and an important one. What I am concerned to stress here is that it is to a very considerable extent the increasing politicisation of economic and industrial decision-making that has caused a growing number of Scots to seek a Government (or at least a quasi-Government) of their own; and that until this trend is reversed the 'devolution' issue is likely to become increasingly acrimonious.

I do hope this inevitably oversimplified thesis makes sense to you: I am certainly convinced of it myself.

With all my very best wishes to you for 1976,

*Yours truly  
Nigel*