

PRIME MINISTER

cc Mr. Wicks
Professor Griffiths
Mr. O'Sullivan

Scotland

At 9.00 am tomorrow you have an hour and a half seminar on Scotland. This was precipitated by Malcolm Rifkind's paper on how to improve the Party's performance in Scotland, as well as a separate submission by the Policy Unit. The meeting will be attended by all five Scottish Office Ministers, Lord Goold and John Mackay from Scottish Central Office, Peter Morrison (who is standing in for Peter Brooke who is at a European Budget Council) Nigel Wicks, Brian Griffiths, John O'Sullivan and myself.

You might like to briefly discuss the changes which have recently occurred in the Party's organisation in Scotland which are outlined in Malcolm Rifkind's paper. I believe these are working well. However, I suggest we should concentrate on :

- (a) how to improve the presentation of the Conservative message in Scotland, and in particular whether we can encourage the establishment of Conservative newspapers and periodicals in Scotland.
- (b) the implementation of radical policies in Scotland which will break up the "dependency culture" which is currently the greatest obstacle to increased Conservative support. A number of ideas of how to do this are contained in the Policy Unit's paper.

I attach:

- FLAG A - Malcolm Rifkind's paper and his relevant speeches
- FLAG B - the Policy Unit's paper
- FLAG C - a paper by Liam Fox (one of our candidates at the election and Alistair Cooke of the Research Department - Malcolm Rifkind has not seen this.)

JOHN WHITTINGDALE

23.2.88

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Prime Minister

At our meeting before the Christmas recess I promised you a paper on the strategy I am pursuing to facilitate the Party's recovery in Scotland.

As you know the problem did not begin with the General Election nor with the present Government's term of office. There has been a persistent decline in our support since the early 1960s with only an occasional uplift, the most significant being your own first campaign in 1979 when we won back 7 seats from the Nationalists and increased our share of the vote from 25% to 31%.

Our present level of support is dangerously low for the party of Government and the party in Scotland is united in its determination to achieve substantial and continuing growth in our parliamentary and local government representation.

To achieve that end we are pursuing a three-part strategy. That involves firstly, a major reorganisation of the party organisation in Scotland; secondly, the successful presentation and enactment of Scottish business and legislation in Parliament; and thirdly, a professional, confident and coherent advocacy and implementation of Government policy in Scotland.

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1. So far as party organisation is concerned much has already been achieved in the last 6 months as Jim Goold will have reported to you.

John Mackay's appointment as Chief Executive of the Party in Scotland is providing a far greater awareness within Central Office of the political requirements of the MPs, candidates, councillors and party activists that Central Office is there to serve.

Alex Pagett is proving an excellent head of the press and media department and is already acknowledged by Scottish journalists as the most competent professional employed by any party in Scotland. He will have a staff of two to support him, one of whom will concentrate on local papers which have been neglected in the past.

For the first time we will have a proper research department which will ensure that both the constituencies and our elected Members get the high standard of political briefing and other literature that they need.

This reorganisation is expensive but, as you know, we have taken the political decision to raise the necessary finances from our supporters in Scotland. We recently launched a new Scottish Business Group of leading industrialists chaired by James Gulliver and including Hector Laing, Ian Macgregor and Bill Hughes (current Chairman of the CBI in Scotland) to help raise the necessary finance.

Scottish business and industrial leaders have been much more willing in recent months to give public support to the Party and the Government than in the past and we are planning to create similar groupings of sympathetic supporters in education, health and other major interest areas.

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Our first major political challenge will be the District Council Elections in May. Our objective is to ensure more Conservative candidates than ever before and the recapture of a number of important councils where Conservative control is within reach.

Having nearly completed the reorganisation of Central Office it is vital that we now use these additional resources to benefit and revive the constituency organisations many of which are in a poor condition. Central to this will be encouraging them to employ professional agents and we are considering whether Central Office might second trained personnel to constituencies to help build up their organisation and learn how to use modern political techniques. We are also removing dead wood from the candidates list and insisting on high standards from potential new applicants.

2. Within the House of Commons the first 6 months of the new Parliament has been very satisfactory partly due to the incompetence of the Opposition and partly because of the tactics we have adopted.

Scottish Labour MPs expected to find a demoralised and depressed Scottish Conservative representation. Instead they have found us bloodied but unbowed. We have been greatly assisted by English Conservative colleagues many of whom have attended and contributed to Scottish business.

Both at Question Time and during the passage of orders and legislation we have been on the attack and faced an Opposition strong in number but lacking in strategy and frustrated by their impotence. The lack of

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mandate argument is used by them less and less often as the implication of it in England for any future Labour government sinks in.

The Select Committee problem should be short term and while the legislative programme will impose a heavy burden on the ten Scottish Tory MPs there is a healthy realisation that this represents a challenge that must be met and overcome.

I must also record my appreciation of Cabinet colleagues who have been speaking in Scotland on a series of themes and getting wide coverage of their remarks. Occasional press carping at their speeches has been accompanied by growing realisation that the Government is working as a united team for the Party's recovery north of the Border.

3. This leads me to the most important component of our strategy; the advocacy and implementation of policy.

There were many who argued in the aftermath of the election that our reversals in Scotland meant that Government policy was harmful to Scottish interests and that we would have to abandon many of our objectives and policies.

As you know, we have rejected that course and adopted a more robust and radical alternative. While it is essential to be sensitive to legitimate Scottish interests and aspirations it is also vital for us to demonstrate and explain the relevance and benefit of the Government's policy in Scotland.

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I had felt for some time that while Scots were aware of the Government's ideas on housing, education, industry etc there had been insufficient effort to explain how these various policies interrelated and why they are particularly relevant to Scottish circumstances.

Accordingly, I have been making a series of key-note speeches explaining why the Government's policy is not only relevant but essential to Scotland's future and why, what is often called 'Thatcherism', is particularly beneficial to Scotland.

I have sent you copies of the first two speeches; one to the Engineering Employers Federation on the need to end the "dependency culture" in Scotland; the second to the Scottish Council Forum at Gleneagles on how incentive has been the theme of our first two terms and responsibility is the theme of our current term. These speeches have received wide coverage in Scotland and have, recently, been the theme of in depth interviews in the Financial Times and the Independent.

The next speech in the series will be on the special importance and desirability of privatisation to the Scottish economy and to the health and growth of the private sector in Scotland. The privatisation of the Scottish electricity industry and the proposals I intend to put to you shortly on the privatisation of the Scottish Bus Group will be of particular benefit as will the transfer of Ravenscraig and the Scottish steel industry into the private sector.

The main theme is, of course, enterprise and the need for Scotland to help lead the way as it did during the 19th century. Glasgow became the

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second city of the Empire not through government subsidies but because of the initiative and enterprise of its citizens. That is the kind of message we intend to press.

I have no illusions about the size of the task we face. We are challenging some deep-seated assumptions and prejudices. We are intending to reverse a generation of political decline. As 'The Scotsman' said in a recent editorial, we are 'driving deep into Scotland's psyche'. It is, however, a challenge we propose to meet.

I shall, of course, be available if you would like to discuss this approach and would welcome any comments you might wish to make.

MR

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11 January 1988

Attached

1. Speech to Engineering Employers Federation
2. Speech to the Scottish Council Forum at Gleneagles
3. Editorial, The Scotsman, 6th November 1987
4. Interview, The Financial Times, 17th December 1987
5. Interview, The Independent, 23 December 1987

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**EXTRACT OF SPEECH BY SECRETARY OF STATE FOR SCOTLAND,
THE RT HON MALCOLM RIFKIND QC MP TO SCOTTISH ENGINEERING
EMPLOYERS' FEDERATION ON TUESDAY, 1 SEPTEMBER 1987**

THE CHALLENGE FACING SCOTTISH CONSERVATIVES AND THE GOVERNMENT IS FORMIDABLE BUT IT IS A CHALLENGE OF OUR OWN MAKING.

QUITE CONSCIOUSLY AND DELIBERATELY WE ARE DETERMINED TO CHANGE MANY OF THE ATTITUDES AND POLICIES THAT HAVE DOMINATED SCOTLAND FOR YEARS AND WHICH ARE RESPONSIBLE FOR MANY OF SCOTLAND'S SOCIAL, ECONOMIC AND INDUSTRIAL PROBLEMS. SUCH AN OBJECTIVE IS BOUND TO BE HIGHLY CONTROVERSIAL AND FULL OF POLITICAL RISK BUT IT IS ESSENTIAL IF SCOTS AND SCOTLAND IS TO REALISE ITS FULL POTENTIAL.

THESE ATTITUDES AND POLICIES WHICH HAVE DOMINATED SCOTTISH LIFE HAVE BEEN ESSENTIALLY PATERNALIST. IT HAS BEEN ASSUMED BY THE LABOUR PARTY, BY THE TRADE UNIONS AND EVEN BY A SIGNIFICANT PROPORTION OF SCOTS WHO DO NOT ASCRIBE TO SOCIALIST VALUES THAT ONLY GOVERNMENT, CENTRAL OR LOCAL, IS CAPABLE OF PROVIDING THE RESOURCES, THE INITIATIVE AND THE LEADERSHIP THAT CAN PROVIDE OUR PEOPLE WITH THEIR SOCIAL AND ECONOMIC REQUIREMENTS. A PATERNALIST, WELL-MEANING BUREAUCRACY HAS BEEN THE DESIRED FRAMEWORK FOR GENERATIONS OF SCOTS.

THE LEGACY OF THAT APPROACH CAN BE SEEN THROUGHOUT SCOTLAND. HALF OF ALL SCOTS ARE DEPENDENT ON LOCAL OR CENTRAL GOVERNMENT FOR THE VERY HOUSES THEY LIVE IN. AN EDUCATIONAL SYSTEM OPERATES WHICH HAS OVER THE YEARS DENIED THE PARENTS ANY MEANINGFUL INVOLVEMENT IN THEIR CHILDREN'S SCHOOLS. A SUSPICION OF ENTERPRISE AND THE PRIVATE SECTOR IS FOSTERED WHICH HAS LED MANY OF OUR BEST BUSINESSMEN TO DEPART SOUTH TO PURSUE THEIR CAREERS.

IT IS IRONIC THAT IT IS THOSE WHO HAVE FOSTERED AND PROMOTED SUCH POLICIES WHO ARE THE FIRST TO COMPLAIN BITTERLY THAT SCOTLAND DOES NOT ENJOY TO THE SAME EXTENT THE PROSPERITY, THE ECONOMIC GROWTH AND THE LOWER LEVELS OF UNEMPLOYMENT OF THE SOUTH-EAST OF ENGLAND. IT HAS NOT YET DAWNED ON THEM THAT THE EXPLANATION FOR THIS MIGHT BE FOUND ON OUR OWN DOORSTEP.

OFTEN WE ARE TOLD THAT SCOTLAND SUFFERS A FUNDAMENTAL ECONOMIC DISADVANTAGE COMPARED TO THE SOUTH-EAST BECAUSE OF ITS GEOGRAPHICAL POSITION SEVERAL HUNDRED MILES FURTHER AWAY FROM THE MARKETS OF CONTINENTAL EUROPE. IT IS A PRETTY SPURIOUS EXCUSE WHEN ONE CONSIDERS HOW SUCCESSFUL THE JAPANESE HAVE BEEN IN PENETRATING OUR MARKETS FROM SEVERAL THOUSAND MILES AWAY ON THE OTHER SIDE OF THE WORLD.

OUR REAL DISADVANTAGE COMPARED TO THE SOUTH-EAST OF ENGLAND IS THE ANTI-ENTERPRISE, PATERNALISTIC, QUASI-SOCIALIST CULTURE FOSTERED IN SCOTLAND FOR SO LONG. A TRADE-UNIONIST IN THE SOUTH-EAST HAS LONG EXPECTED AND BEEN ENABLED TO OWN HIS OWN HOME, ORDINARY PARENTS HAVE FOR MANY YEARS SERVED AS GOVERNORS OF STATE SCHOOLS, PEOPLE WITH MODEST MEANS HAVE OFTEN USED THEM TO START UP THEIR OWN SMALL BUSINESSES. SCOTS HAVE THE SAME ASPIRATIONS AND ABILITIES BUT FOR GENERATIONS HAVE BEEN LED TO EXPECT BENEVOLENT BUREAUCRATS, PATERNALIST COUNCILS AND OMNIPOTENT GOVERNMENTS TO ASSUME THESE RESPONSIBILITIES ON THEIR BEHALF. SUCH A DEPENDENCE CULTURE HAS RETARDED OUR ECONOMIC GROWTH AND NATIONAL SELF-CONFIDENCE.

IT IS NOW RECOGNISED THROUGHOUT THE WESTERN WORLD AND INCREASINGLY EVEN IN COMMUNIST COUNTRIES THAT THE KEY TO ECONOMIC PROSPERITY AND GROWTH IS INDIVIDUAL INCENTIVE AND THE ENCOURAGEMENT OF THE PRIVATE SECTOR. TRADITIONALLY SUCH FEATURES OF CAPITALIST SOCIETY WERE DENOUNCED AS SELFISH, IMMORAL AND ANTI-SOCIAL. HOWEVER, IT IS NO COINCIDENCE THAT

THE UNITED STATES, JAPAN AND WEST GERMANY WHICH HAVE HAD THE MOST SUCCESSFUL CAPITALIST ECONOMIES ARE THE COUNTRIES WHICH HAVE PROVIDED THE GREATEST INCREASES IN THE STANDARD OF LIVING FOR THEIR POPULATION AS A WHOLE AND NOT JUST FOR THOSE WHO HAVE DIRECTLY CREATED THE WEALTH. IN CONTRAST, THOSE WHO HAVE CONCENTRATED ON A FRAMEWORK OF LAWS TO ENSURE HIGH TAXATION, A DOMINANT PUBLIC SECTOR AND AN ANTIPATHY TO ENTERPRISE MAY HAVE CREATED MORE EGALITARIAN SOCIETIES BUT ALSO MORE IMPOVERISHED ONES.

THE KEY TO SCOTLAND'S ECONOMIC PROSPERITY THEREFORE LIES IN FOSTERING BY EVERY SENSIBLE MEANS AT OUR DISPOSAL THE DEVELOPMENT OF THE SCOTTISH PRIVATE SECTOR AND IN CONVERTING AS MANY SCOTS AS POSSIBLE TO THE VIEW THAT ENTREPRENEURSHIP, INNOVATION AND ENTERPRISE WILL NOT ONLY BE BENEFICIAL TO THEM AND TO THEIR FAMILIES BUT ALSO TO SCOTTISH SOCIETY AS A WHOLE.

BUT CHANGING ATTITUDES IN A WAY THAT WILL BENEFIT THE SCOTTISH ECONOMY CANNOT BE ACHIEVED BY INITIATIVES AND POLICIES IN THE ECONOMIC AND INDUSTRIAL SPHERE ALONE. OUR SOCIETY IS NOT AND SHOULD NOT BE SO EASILY COMPARTMENTALISED. IF PEOPLE ARE TO BE ENCOURAGED TO ACCEPT GREATER RESPONSIBILITY AND DEVELOP PERSONAL INITIATIVES IN BUSINESS AND INDUSTRY THEN IT IS ESSENTIAL, AND IN ANY EVENT DESIRABLE IN ITS OWN RIGHT, TO DEVELOP SIMILAR VALUES IN THE OTHER AREAS OF OUR SOCIAL AND PERSONAL LIVES.

THAT IS WHY SCOTTISH TORIES AND THE GOVERNMENT ARE DETERMINED TO ENSURE A MASSIVE EXPANSION OF HOME OWNERSHIP AND TENANT PARTICIPATION IN SCOTLAND. THAT IS WHY WE ARE PROPOSING A RADICAL INCREASE IN THE INVOLVEMENT AND POWERS OF PARENTS IN OUR SCHOOLS. THAT IS WHY WE ARE INTRODUCING A SYSTEM OF LOCAL GOVERNMENT FINANCE THAT WILL ENSURE FOR EVERY ADULT RESPONSIBILITIES AS WELL AS RIGHTS FOR THE SERVICES THEY RECEIVE. THAT IS WHY IN THE PRIVATISATION OF THE PUBLIC SECTOR IN SCOTLAND WE WILL WISH TO ENSURE PROPER PROVISION FOR EMPLOYEES AND FOR CONSUMERS IN THE OWNERSHIP OF THESE NEW AND WELCOME ADDITIONS TO THE SCOTTISH PRIVATE SECTOR.

IT IS TRUE THAT IN A NUMBER OF AREAS OUR PROPOSALS WILL LEAD TO A REDUCTION IN THE POWERS OF LOCAL AUTHORITIES BUT IT IS CRUCIAL TO APPRECIATE THAT THE POWERS LOST WILL NOT BE TRANSFERRED TO CENTRAL GOVERNMENT BUT TO ORDINARY SCOTS AS HOME OWNERS, TENANTS, PARENTS OR SHAREHOLDERS. LOCAL AND CENTRAL GOVERNMENT EXIST TO SERVE THE PUBLIC AND SHOULD ONLY TAKE DECISIONS ON OUR BEHALF WHEN IT IS NOT POSSIBLE OR REASONABLE TO EXPECT ADULT CITIZENS TO TAKE THESE DECISIONS ON THEIR OWN BEHALF AND ON BEHALF OF THEIR FAMILIES.

PERHAPS AT A TIME WHEN THE PUBLIC WERE POORLY EDUCATED AND THE RESOURCES WERE NOT AVAILABLE TO CREATE PROSPERITY FOR ALL, A PATERNALIST CENTRAL AND LOCAL GOVERNMENT HAD A NECESSARY ROLE TO PLAY. THE ECONOMIC AND SOCIAL REALITY OF LIFE IN SCOTLAND TODAY RENDERS THAT PATERNALIST PHILOSOPHY OBSOLETE.

SCOTTISH CONSERVATISM'S PURPOSE AND FUNCTION IS TO ENABLE SCOTLAND TO LEAD BRITAIN IN ENTERPRISE, INDUSTRIAL SUCCESS AND SELF-CONFIDENCE. THE TASK WHICH LIES AHEAD IS FORMIDABLE FOR IT CHALLENGES THE PREVAILING ORTHODOXY, BUT THE PRIZE TO BE WON IS THE OPPORTUNITY OF A BETTER LIFE FOR ALL THE PEOPLE OF SCOTLAND.

EXTRACT OF SPEECH BY SECRETARY OF STATE FOR SCOTLAND,
THE RT HON MALCOLM RIFKIND QC MP TO SCOTTISH COUNCIL
DEVELOPMENT AND INDUSTRY FORUM, GLENEAGLES
THURSDAY 5 NOVEMBER

THE GOVERNMENT'S OBJECTIVES FOR ITS THIRD TERM OF OFFICE WILL BE MORE DIFFICULT TO ACHIEVE THAN IN EARLIER YEARS BUT WILL ALSO HAVE AN EVEN PROFOUNDER EFFECT ON OUR ECONOMIC AND SOCIAL WELL-BEING. THEY ARE OBJECTIVES WHICH ARE OF PARTICULAR RELEVANCE TO SCOTLAND AND WHICH DEPEND ON QUALITIES AND ATTITUDES ESPECIALLY IDENTIFIED WITH THE SCOTTISH CHARACTER.

DURING OUR FIRST TWO TERMS THE EMPHASIS OF OUR POLICIES AND OF OUR APPEAL WAS ON INCENTIVES. IN EACH MAJOR AREA OF POLICY THERE WERE CLEAR AND IMMEDIATE BENEFITS TO THE INDIVIDUAL WHICH FLOWED FROM THE IMPLEMENTATION OF OUR REFORMS. THIS MADE THEM STRAIGHTFORWARD TO ADVOCATE, SIMPLE TO UNDERSTAND, AND EASY TO WELCOME.

FOR EXAMPLE, OUR POLICY ON THE SALE OF COUNCIL HOUSES WAS BOUND TO BE POPULAR WITH TENANTS. NOT ONLY WERE THERE SOCIAL AND ECONOMIC BENEFITS TO THE COMMUNITY AS A WHOLE BUT EACH AND EVERY TENANT WHO AVAILED HIMSELF OF THE RIGHT TO BUY ACQUIRED A CAPITAL ASSET WHOSE VALUE, AS A RESULT OF THE DISCOUNTS AVAILABLE, WAS SIGNIFICANTLY GREATER THAN THE PRICE PAID.

LIKewise, THE INCOME TAX REDUCTIONS WHICH HAVE BEEN SUBSTANTIAL AND CONTINUING WERE, NOT SURPRISINGLY, POPULAR AND WIDELY WELCOMED. NOT ONLY DID THEY RESTORE INCENTIVES AND THEREBY BOOST THE NATIONAL ECONOMY BUT THEY ALSO ENABLED TAXPAYERS TO RETAIN MORE OF THEIR OWN EARNINGS, AND THAT WAS HARDLY LIKE TO BE A SOURCE OF HOSTILITY OR EVEN INDIFFERENCE.

IN SIMILAR VEIN THE PARENTS CHARTER GIVING PARENTS THE RIGHT TO CHOOSE THE STATE SCHOOL WHICH THEIR CHILDREN SHOULD ATTEND, AND THE TRADE UNION REFORMS PROTECTING TRADE UNIONISTS FROM INTIMIDATION THROUGH VIOLENT PICKETING AND FROM LOSS OF EARNINGS THROUGH UNWANTED STRIKES WERE ALWAYS

BOUND TO BE WELL RECEIVED. FOR THE INDIVIDUALS FOR WHOM THESE REFORMS WERE DESIGNED THERE WERE CLEAR BENEFITS BUT RARELY ADDITIONAL RESPONSIBILITIES. AS A RESULT THE NATIONAL ECONOMY WAS REVIVED AND STRENGTHENED BY WORKING WITH THE GRAIN OF HUMAN NATURE AND RESPONDING TO INDIVIDUAL AND FAMILY ASPIRATIONS.

THERE HAVE BEEN THOSE WHO HAVE ARGUED THAT HOWEVER APPROPRIATE AND POPULAR THESE REFORMS MAY HAVE BEEN SOUTH OF THE BORDER THEY WERE NOT SUITED TO THE SCOTTISH CHARACTER WHICH, IT IS SUGGESTED, IS LESS MATERIALISTIC, MORE EGALITARIAN AND MORE ATTRACTED TO COLLECTIVIST SOCIAL AND ECONOMIC POLICIES. THIS SCHOOL OF THOUGHT SUGGESTS THAT WHAT IS OFTEN REFERRED TO AS "THATCHERISM" IS ONLY ATTRACTIVE TO THE ENGLISH CHARACTER WHICH IS ASSUMED TO BE OF A DIFFERENT MOULD.

THE TRUTH OF THE MATTER IS THAT THERE IS PRECIOUS LITTLE EVIDENCE TO SUPPORT SUCH A THEORY. OVER 100,000 SCOTTISH TENANTS HAVE BOUGHT THEIR COUNCIL HOUSES, OVER 90,000 SCOTTISH PARENTS HAVE USED THE PARENTS CHARTER, FEW SCOTS HAVE DECLINED THEIR INCOME TAX REDUCTIONS AND SCOTTISH TRADE UNIONISTS HAVE BENEFITED TO THE SAME EXTENT AS THEIR ENGLISH COUNTERPARTS FROM THE VASTLY IMPROVED INDUSTRIAL RELATIONS SCENE.

HOWEVER, FOR THOSE WHO REMAIN UNCONVINCED, THE GOVERNMENT'S OBJECTIVES FOR OUR THIRD TERM SHOULD BE REASSURING AND WELCOME. THE REFORMS THAT WE WILL BE IMPLEMENTING DURING OUR THIRD TERM WILL BE MAINLY DIRECTED TOWARDS EXTENDING RESPONSIBILITY AS WELL AS INCREASING INCENTIVES.

THE MAIN IMPACT IN HOUSING, EDUCATION, LOCAL GOVERNMENT AND ELSEWHERE WILL NOT BE TO PUT MORE POUNDS INTO PEOPLE'S POCKETS. RATHER, THESE REFORMS WILL LEAD TO GREATER RESPONSIBILITY, TIME-CONSUMING OBLIGATIONS AND BENEFITS TO THE COMMUNITY AS A WHOLE.

THUS, FOR EXAMPLE, OUR PROPOSALS TO ENCOURAGE COUNCIL TENANTS IN THE PERIPHERAL ESTATES TO FORM TENANT CO-OPERATIVES AND HOUSING ASSOCIATIONS WILL MEAN INDIVIDUAL TENANTS GIVING TIME AND EFFORT TO DEAL WITH MATTERS THAT ARE, AT PRESENT, CARRIED OUT BY LOCAL AUTHORITY OFFICIALS IN THE COUNCIL OFFICES. SUCH TENANTS WILL HAVE THE SATISFACTION OF GREATER CONTROL OVER THEIR OWN LIVES, AND SEEING THEIR HOMES ADMINISTERED AND IMPROVED ACCORDING TO THEIR OWN PREFERENCES. THIS WILL IMPROVE THEIR QUALITY OF LIFE ALTHOUGH THERE WILL BE LITTLE IMMEDIATE FINANCIAL BENEFIT AS A RESULT OF THEIR GREATER EXERTION.

LIKewise OUR ESTABLISHMENT OF SCHOOL BOARDS WILL MEAN MUCH GREATER INFLUENCE FOR PARENTS, THE SATISFACTION OF KNOWING THAT THEIR CHILDREN'S EDUCATION WILL BE CLOSER TO THEIR OWN ASPIRATIONS AND THE ASSURANCE OF A MUCH BETTER FLOW OF INFORMATION FROM SCHOOLS ABOUT HOW THEIR CHILDREN ARE BEING EDUCATED. BUT THESE REFORMS WILL REQUIRE MANY PARENTS TO GIVE TIME AND ENERGY WITH NO MATERIAL REWARDS FOR THOSE MOST INVOLVED.

THE INTRODUCTION OF THE COMMUNITY CHARGE PROVIDES A FURTHER EXAMPLE. WE ARE DETERMINED TO ENSURE PROPER ACCOUNTABILITY OF LOCAL AUTHORITIES TO THE ELECTORATE AND THIS MUST MEAN ALL ADULTS WHO BENEFIT FROM LOCAL SERVICES CONTRIBUTING TO THE COST OF PROVIDING THEM. OBVIOUSLY MANY RATEPAYERS WILL BENEFIT FROM THE NEW SYSTEM BUT THERE ARE ALSO MANY EARNING ADULTS WHO WILL PAY IN THE FUTURE BUT WHO PAY NOTHING NOW. WE DO NOT EXPECT THEM TO BE ENTHUSIASTIC THAT THEIR PRIVILEGED EXEMPTION FROM LOCAL TAXATION IS TO END BUT AN ADULT DEMOCRACY REQUIRES RESPONSIBILITIES AS WELL AS RIGHTS AND THE MORE MATURE WILL ACKNOWLEDGE THE FAIRNESS AND NECESSITY OF SUCH A LONG OVERDUE REFORM.

THUS THE HALLMARK OF OUR FIRST TWO TERMS WAS INCENTIVE; THAT OF OUR THIRD IS RESPONSIBILITY. IF, AS WE ARE OFTEN TOLD, OUR FELLOW SCOTS ARE LESS INTERESTED IN MATERIAL INCENTIVES AND MORE ATTRACTED BY SOCIAL OBLIGATIONS AND SERVICE TO THE COMMUNITY THEN THE IMPORTANCE AND DESIRABILITY OF OUR

HOUSING, EDUCATIONAL AND LOCAL GOVERNMENT REFORMS COULD HARDLY BE OVERSTATED. DOUBTLESS, THESE SAME CRITICS WILL NOW SUGGEST THAT NEITHER RESPONSIBILITY NOR INCENTIVE IS WHAT THEY HAD IN MIND AND SOME OTHER ELUSIVE QUALITY IS CRUCIAL TO AN UNDERSTANDING OF THE SCOTTISH CHARACTER!

IN A PREVIOUS SPEECH I INDICATED THAT THE ATTITUDES AND POLICIES WHICH HAVE DOMINATED SCOTTISH LIFE FOR YEARS HAVE BEEN ESSENTIALLY PATERNALIST AND THAT THERE HAS BEEN AN ASSUMPTION THAT ONLY GOVERNMENT, CENTRAL OR LOCAL, IS CAPABLE OF PROVIDING THE RESOURCES, THE INITIATIVE AND THE LEADERSHIP THAT CAN PROVIDE OUR PEOPLE WITH THEIR SOCIAL AND ECONOMIC REQUIREMENTS.

IF WE ARE TO CHALLENGE SUCCESSFULLY THESE INHERITED ASSUMPTIONS AND REPLACE THEM WITH AN ENTERPRISE CULTURE, AN INNOVATIVE TEMPERAMENT AND A SELF-CONFIDENT NATIONAL CHARACTER THEN RADICAL POLICIES ARE ESSENTIAL.

INCENTIVE AND RESPONSIBILITY ARE THE TWIN PILLARS OF THE GOVERNMENT'S STRATEGY. INCENTIVE IS CRUCIAL BECAUSE IT IS ESSENTIAL TO WORK WITH THE GRAIN OF HUMAN NATURE AND TO ACKNOWLEDGE THE LEGITIMACY OF A PERSON'S DESIRE TO BETTER HIMSELF AND HIS FAMILY. RESPONSIBILITY IS VITAL BECAUSE A WILLINGNESS TO SHOW LEADERSHIP, TO TAKE DECISIONS AND TO ESCHEW INDIFFERENCE IS A MARK OF MATURE AND ADULT SOCIETY.

INCENTIVE WAS THUS THE KEY TO OUR APPROACH DURING THE FIRST EIGHT YEARS AND DETERMINED OUR POLICY ON TAXATION, HOUSING, SHARE OWNERSHIP AND ELSEWHERE. RESPONSIBILITY, THE THEME OF OUR THIRD TERM WILL BE MORE DIFFICULT AND MAY BE REJECTED BY THE FAINT-HEARTED BUT SCOTLAND'S SELF-RESPECT AND ECONOMIC AND INDUSTRIAL ADVANCEMENT CAN BE ACHIEVED BY NO OTHER MEANS.

THESE THEMES OF INCENTIVE AND RESPONSIBILITY ARE AS RELEVANT TO SCOTTISH BUSINESSMEN AND INDUSTRIALISTS AS THEY ARE TO OTHER SCOTTISH CITIZENS. INDUSTRY HAS MATERIALLY BENEFITED IN RECENT YEARS FROM REDUCTIONS IN CORPORATION TAX, ABOLITION OF PRICE AND DIVIDEND CONTROLS AND THE REFORM OF INDUSTRIAL

RELATIONS. NOW SCOTTISH COMMERCE AND INDUSTRY HAS THE RESPONSIBILITY TO USE ITS NEW FREEDOMS AND REWARDS TO SEARCH OUT EVERY CONCEIVABLE OPPORTUNITY OF CREATING USEFUL EMPLOYMENT AND CONTRIBUTING TOWARDS THE REGENERATION OF OUR PERIPHERAL ESTATES, OUR UNEMPLOYMENT BLACKSPOTS AND OUR MORE DEPRESSED LOCALITIES.

THIS IS NOT TO SUGGEST THAT SCOTTISH INDUSTRY SHOULD TURN THEMSELVES INTO SOCIAL WORK DEPARTMENTS OR CHARITABLE ORGANISATIONS. RATHER, AN ACCEPTANCE OF RESPONSIBILITY MEANS RESPONDING NOT JUST TO THE OBVIOUS OPPORTUNITIES IN THE GROWTH AREAS BUT ALSO IDENTIFYING THE POTENTIAL FOR PROFITABILITY AND GROWTH IN THE ENVIRONMENTS WHERE IT IS LEAST OBVIOUS.

OUR UNEMPLOYMENT BLACKSPOTS HAVE RESERVOIRS OF UNUSED SKILLED LABOUR, OUR HOUSING NEEDS WOULD BENEFIT FROM A REGENERATION OF THE PRIVATE RENTED SECTOR, MANY SMALL BUSINESSES COULD BENEFIT FROM A MORE IMAGINATIVE USE OF VENTURE CAPITAL. SEARCH OUR THE OPPORTUNITIES; DO NOT JUST RESPOND TO THOSE PUT ON A PLATE BEFORE YOU.

THUS SCOTTISH INDUSTRY AND NOT JUST SCOTLAND'S CITIZENS SHOULD WELCOME THE EMPHASIS ON RESPONSIBILITY AND SEE IT AS BOTH A CHALLENGE AND AN OPPORTUNITY THAT IS TO BE USED FOR THE BENEFIT OF THE SCOTTISH ECONOMY AND THE SCOTTISH PEOPLE.

ATTITUDES ARE CHANGING AND WILL CONTINUE TO CHANGE BUT THIS SHOULD NOT BE A CAUSE FOR CONCERN. IT WAS IN EDINBURGH IN 1867 THAT DISRAELI SAID "CHANGE IS INEVITABLE. IN A PROGRESSIVE SOCIETY, CHANGE IS CONSTANT;" THAT IS AS TRUE NOW AS IT WAS THEN.

Driving deep into Scotland's psyche

All politicians know that, whether they like it or not, some of the trick of their trade lies in recognising the degree to which politics is also theatre. It does not denigrate the necessarily pompous constitutional role of the House of Commons, for example, to remark that it is frequently at its best when it understands that it is a theatrical arena with an unscripted performance to stage. By the same token, it does not understate the real-purpose of a television programme like Sir Robin Day's *Question Time* to observe that its popularity derives not from the fact that it offers an exchange of political views, but from the fact that it provides a medium for exhilarating entertainment. Politicians know all this. But very few are adept at exploiting that knowledge. One of the politicians who does have this sense of theatre is Malcolm Rifkind, the Secretary of State for Scotland. One could say many things about him, but one would scarcely dream of insulting him by calling him dull. He was not being dull in September when, just a matter of weeks after his party was trounced in Scotland, he joyously celebrated by dedicating it and his Government "quite consciously and deliberately" to challenging the prevailing orthodoxy of paternalism from which, he acknowledged, Labour drew its strength but which, he asserted, had sapped Scotland's spirit of individualism. And he was not being dull again yesterday when, at the Scottish Council's International Forum, he extended that theme and sought to explode what he perceives as the myth that there is some inherent dissonance of cross-Border character which makes "Thatcherism" unpalatable to the egalitarian Scottish soul.

This is genuine theatre of the highest calibre. It is in the best traditions of theatre, in the first place, because it is so startling. Here is a Scottish Secretary whose representation at Westminster has been sickeningly marginalised and whose "mandate" has been called into question more vividly than at any time in post-war politics. Here is a Scottish Secretary who relies, more obviously than any of his predecessors, on English numbers to implement policies — the poll tax, the school boards, for example — which, on any standard interpretation of election results, Scotland surely voted to reject. Yet, far from recognising that as a reason for retreat, he sees it as a signal to attack. This is startling. But the second reason why it is good theatre is that, beyond the surprise, there is a large grain of truth. The real politik of the Scottish election result is that, while it was the Tories who took a beating, it is Labour who have the long-term problem. They may have the constituency muscle, but precious little constitutional scope to flex that muscle unless they are to risk destroying their own position as a Unionist party. Voters who have used Labour as their bolt-hole may find, in time, that there is scant practical protection in that warren. Rifkind knows that just as he knows that the Scottish Tories have little to lose any more, and a good deal to gain by being combative and assertive in challenging Scotland's habit of collectivism.

What he had to say yesterday, therefore, was valuable theatre because it was intended to provoke. He used parent-power in the schools, tenant-power on the estates, employee-power in trade unions as examples — mobilised with all the partiality of a committed politician — of the ways Scots were being confronted with their individual responsibilities. He acknowledged that selling this message would not be easy in a country which had become used to expecting council and governmental bureaucracies to know best. Perhaps the clearest illustration both of his difficulty and his partiality lay in his words about the poll tax which would oblige many to pay for local services who paid nothing now: "We do not expect them to be enthusiastic that their privileged exemption from local taxation is to end, but an adult democracy requires responsibilities as well as rights." Rifkind's challenge drives deep into the Scottish psyche. This may make Scotland feel uncomfortable. But that does not invalidate the exercise. That is after all the purpose of the best theatre.

industries are perceived by our southern neighbours as being their exclusive preserves.

For instance, with the history of Linwood and Bathgate behind us before this latest sabotage attempt blew up, it should now be obvious that there is no prospect of Scotland ever having a viable involvement in the motor-vehicle industry until the basic concept of independent Scottish trade unionism is recognised and dealt with in a satisfactory way.

Of course I accept that what is good, or desirable, or even just acceptable, in a purely Scottish context may not always be so to an organisation whose traditions and weight of membership are seen from the outside as being primarily based on a selfish "Little Englander" approach.

It is away past time that the Scottish trade-union membership got their act together before they are out-manoeuvred and robbed of more job opportunities by their southern brothers.

concerned many affairs and order, external affairs of over-seas trade and the raising of revenue . . . its attitude in domestic affairs was mostly passive and non-interventionist. There was little or no involvement in many matters — such as the performance of industry and the economy . . . The situation today is quite different; there are now very few areas of public and even personal life with which government can be said to have no concern at all"

centralisation, continued as a result of World War, nationalisation, that today Scotland's branch economy industries and controlled out. About 1970 centralisation, Council for Industry point one in ten of the UK Scotland fifty of the de-

able to provide a service within about 12 months.

It seems reasonable to me that, if the BBC plans to use its long-wave frequency for the broadcasting of Parliament, etc, in order to satisfy the demand for Radio 4 in the "national regions," an alternative frequency is bound to be provided; the above extracts from the BBC's letter to me would seem to be consistent with that view.

Gregan Crawford.

So how Mr come to the talk with the foolish sermon know.

As far as the unemployed, 1932, my father labourer after the 1914-18 eldest of the sons and the know a little.

Irvine Inglis.

Radio 4 on VHF

13 North West Circus Place, Edinburgh, October 29, 1987

Sir, — I read with interest Anne Mainland's letter regarding the non-availability of Radio 4 on VHF in Scotland. I believe I am able to shed some light on the subject as I wrote to the BBC in July and received a very full and optimistic reply at the beginning of August.

It seems that the BBC is "interested in making Radio 4 available in the national regions, that includes Wales and Northern Ireland as well as Scotland . . . We are . . . aware of the deprivation and we are now actively assessing our resources and frequencies to provide a high-quality VHF service for deprived listeners in Scotland . . . Subject to other priorities, we would hope to be

Over 55 years

16 Shamrock Street, Dundee, October 29, 1987

Sir, — Many thanks to Mr John Henderson for replying to my letter on the above subject.

Mr Henderson states that dole money for a man and his wife and three children was, in 1932, £1.50 per week; today, 55 years later, it is £50.85, 33 times what it was in 1932.

Now if things keep going in the next 55 years as they have in the last 55 years, in the year 2042 the dole will be £1,678.00 per week.

Then if you remember the dole is usually 50 per cent of the basic wage you will see that in 55 years my milk-boy will be living in an age where the basic wage will be £3,356 per week.

On top of all this the poor chap may never have a job if we still have an English Government.

Bath

Sir, — Neil Butte bath in different ing.

Clearly affected one bath for anyone it or not!

Another

Sir, — "Points" "mons" of a Water 1942 d-



Akram acrimony

THE case of Mohammed Akram, which loomed over Lothian Community Relations Council for two years, doesn't seem to have quite gone away after all. Mr Akram was the council's senior community relations officer who was accused by three female members of staff of sexual harassment and aggressive behaviour. He made a counter-accusation of sexual and racial harassment by the women. This was soon dismissed: but the women's case was upheld when one of them was awarded £3,240 compensation by an industrial tribunal for

the way she had been treated... and various funding bodies threatened to withdraw their support of the council.

The book seemed to be closed on the matter last May when Mohammed Akram handed in his resignation. Now, the Diary learns, the issue has sprung up again, with Mr Akram taking his former employers, Lothian Regional Council, before the industrial tribunal and alleging wrongful dismissal. Two days in December are being set aside for the hearing.

There has been an even more curious development. When Mr Akram's former post was advertised, one of those putting himself forward (we are reliably informed) was... Mohammed Akram. Apparently, he wasn't called for interview. There was no successful applicant and the post is to be re-advertised. Mr Akram was not at home yesterday to discuss these surprising events.

Fast mover

MORE on above: None of this concerned yesterday's meeting of the region's special social work sub-committee on community services, in which business was completed in a

record Item "Order" was of hardly that. I fundi volun like

Co- chair (Pat) atte sum

Pa

BEF org the elt Fa

be shi An co ba b: f: a: w: 1-

first instance to relieve the workload of the European Court of Justice in Luxembourg.

The proposal originated with Lord Mackenzie Stewart, president of the European Court, which handles European Community litigation arising under the Treaty of Rome and community regulations.

The Court of First Instance would deal with about a third of the European Court's caseload including competition cases and appeals against fines under the

select committee on the European Communities, recognised the need to provide some machinery to cope with the Luxembourg court's excessive caseload which, it said, was causing unacceptable delays and prejudicing the administration of justice.

The number of cases going to the court has more than tripled since 1970, with delays in obtaining judgments growing from nine months in 1975 to 21 months last year.

give a breathing space, it would not provide a lasting solution to the problems.

The report believed that the proposed jurisdiction of the Court of First Instance was unduly restricted. It also emphasised the need for the court to have high-calibre judges with expertise in commercial matters and suggested that one of the judges with specialist knowledge might give an opinion to a three-judge court in complex cases.

period as a whole, output was still 7 per cent higher than in the preceding six months and 15 per cent higher than in the corresponding period a year ago.

Seasonally-adjusted output of commercial vehicles at 20,000 units was little changed from that of the preceding month. For the latest six months as a whole, output was 4 per cent above the preceding six-month period and 8 per cent higher than in the corresponding period last year.

James Buxton talks to Malcolm Rifkind on his hopes for Scotland Breaking the dependency habit

"A LOT of people are surprised that we haven't actually gone into a corner to lick our wounds and feel sorry for ourselves," says Mr Malcolm Rifkind, the Scottish Secretary.

"I think I am entitled to say that we have dominated the political debate in Scotland since the general election by continuing to pursue our policies."

Mr Rifkind is in charge of stepping up the dose of Thatcherism in Scotland in spite of the fact that the Conservatives received what he admits was a "mauling" in the general election, when 11 out of 21 Tory MPs lost their seats.

And while government policies on such matters as education, the economy and the community charge may dominate the debate in Scotland, opinion surveys and consultation procedures show that a large majority of Scots disagree with them. Many see them as being imposed on an unwilling populace by Downing Street.

But for Mr Rifkind the policies - adaptations for Scotland of the Government's third-term strategy - are "particularly relevant to Scottish requirements". They are part of a "strategic framework" aiming to foster an enterprise culture. "The development of an enterprise culture is more important to Scotland than almost any other part of the kingdom," he says.

The enterprise culture has not disappeared in Scotland in the past 40 or 50 years, he says. "It exists and thrives in many parts of Scotland. But we still have a disproportionately large expectation that the solution to economic problems must lie with government, whether central or local."

Mr Nigel Lawson, the Chancellor, told Scots recently that a "dependency culture" is to a large extent concentrated in the west of Scotland. There, Mr Rifkind says, it has been "reinforced by the political domination of the Labour Party in Strathclyde".

Mr Rifkind emphasises that although parts of Scotland required higher public spending - and the whole of Scotland needed special economic treatment such as that offered by the Scottish Development Agency - "the economic regeneration of Scotland is happening because of

'I think we have dominated the political debate in Scotland since the general election'



Malcolm Rifkind

the private sector rather than the public sector."

"What we are seeking is a transformation of the Scottish scene through home ownership, parental involvement in education, and privatisation," he says. The forthcoming privatisation of the two Scottish electricity boards, the form of which has yet to be decided, would create a large Scottish-based industry free of the control of the Treasury in Whitehall. If preference was given to employees and consumers in the allocation of shares "there is an opportunity for a major boost to Scottish share ownership."

Mr Rifkind's present strategy contrasts strongly with previous Conservative policy for Scotland, which contained an element of shielding the Scots from the full force of Thatcherism. In a recent speech he said that while the theme of the first two terms of Conservative government had been to give Scots incentives to better themselves - such as tax cuts and council house sales - the theme of the third term was making Scots take more responsibility in their lives, for example by serving on the boards that are to be formed to supervise schools.

"If you have a mature, responsible society, the chap who loses his job uses his redundancy money to start a new business. He does not do what many in Scotland have done - and other parts of Britain - which is wait for someone else to bring employment to him."

But having done so badly in the general election in Scotland, what right did Conservatives have to impose their remedies on Scotland? In the general election, he says, 86 per cent of the Scottish electorate had voted for parties that wanted to form a UK government, which "means you believe it is in Scotland's interests to have a British economic strategy". If one wanted a separate economic strategy for Scotland "the only coherent way to respond" was to vote Scottish Nationalist - but only 14 per cent of the electorate had done so.

"There may be a lot of people who think they can get the best of both worlds; who want the benefits of the UK with none of the responsibility. Well, that's fairy land." He was "mildly irritated" with such people. Many Scots who had enjoyed tax cuts had not voted Conservative at the election, "relying on the Home Counties fifth cavalry to ensure that a Conservative government actually continued in office".

Did he think, as even some Conservative party analysts have said, that the unpopularity in Scotland of Mrs Thatcher accounts for many of the Tory Party's problems there? "No I don't. Not because she is wildly popular in Scotland, but because I can't remember any leader of any party being wildly popular in any part of the UK."

"She's English - she doesn't maintain to be anything else, and I am always bemused why

Scots who are intensely proud to be Scots should take offence at an Englishwoman who is intensely proud of being English."

Mr Rifkind is leading a major strengthening of the Conservative Party's organisation in Scotland. Part of this consists of "drawing support from a lot of people who have had their heads below the parapet until now". He points to the committee of leading Scottish businessmen set up last week to advise the party - "people who undoubtedly voted for us but who didn't identify with the party".

The biggest single problem the party now had was one of identity. "If you ask someone, who do the English Tories represent, a lot of people in Scotland would respond wrongly that they represent the English Tories. Our objective is to ensure that when people ask that question in future, their answer will be that they represent Scottish ratepayers, Scottish home-owners, Scottish industry, Scottish parents, a whole series of Scottish interests which may not add up to a majority. But there won't be any doubt in anyone's mind that the party has its roots in Scotland and is deeply relevant to a very important section of the Scottish community."

"Take the devolution debate. The polls suggest that around 20 per cent to 25 per cent want no change. Let's even accept, just for the sake of argument, that the other 75 per cent want devolution. Who's going to represent the 25 per cent? If you become a me-too party then you have a quarter of the electorate effectively disenfranchised." In any case, he says, most people have no more than a "vague preference" for devolution, not a strong desire.

Building up the Conservative vote will be a matter of cultural change, he says. Eventually the Scot who owns his own home and benefits from the parents' charter will join the dominant culture and become a Conservative. For many people it will be easy. It will be more difficult for someone in the Labour strongholds such as Motherwell or Glasgow. But, he says: "I think it will happen. I can't prove it will happen."

F.T. 17/12/87

rocks, and then buried it in a neat and organised way — probably with much of its meat still attached.

The animal's feet were buried in a group, as were its ribs. The rear end was buried whole, as was much of its backbone. Its head was placed in the centre of the segmented carcass. No attempts seem to have been made by the hunters to recover valuable ar-

burial are known but without arrowheads. In Anglesey archaeologists found a calf buried outside the entrance of a large tomb, while in Orkney, dog and eagle burials have been unearthed.

The date of the aurochs burial is close to the time that the aurochs became extinct in Britain, which raises the possibility that the last wild cattle were hunted to extinction.

discoveries included the deepest cave in China, Wu Jia Dong, at 1,385 feet.

Dick Willis, who was with the November expedition, is planning the new five-week project. The main party will leave England on 28 December. The cave divers are Rob Parker and Gavin Newman, of Bristol, Geoff Crossley, of Leeds and Steve Jones, of Carmarthen.

new their efforts to monitor dangerous gases produced at waste disposal sites.

Explosive gases are generated at sites that have been filled with domestic waste. In the past these have caused death, injury and damage to property.

The Inspectorate of Pollution, part of the Department of the Environment, is worried that local authorities, which are respon-

sible for the licensing of land-fill sites, are not monitoring them properly afterwards. The sites can continue to produce gas for up to 20 years after in-filling.

A spokesman for the inspectorate said that every year 18m tonnes of domestic waste are used to in-fill land.

Although this method is by far the most economical and environ-

18m tonnes of domestic rubbish produces 30m tonnes of land-fill gas — mainly methane — over the next 20 years. Most of this dissipates harmlessly but some is trapped in the ground.

Methane seepage has already caused one death this year, when a child playing with matches died as a result of igniting methane that had seeped inside the conduit in which he was sitting.

Rifkind ready to govern by Gatling gun

SCOTLAND has wasted up to 60 years on a culture of state dependency and resistance to change, Malcolm Rifkind believes.

He adds that Scottish Conservatives, now with only 10 MPs, had themselves imbibed some of the same problem and should have pursued a more positive political strategy earlier.

In comments which implicitly criticise the more consensual image of his predecessor, George Younger, now Secretary of State for Defence, Mr Rifkind said that Scottish Tories had to accept "a fair bit of responsibility" for the failure of Thatcherism to catch on earlier in Scotland.

He made the remarks when asked for his response to the recent barrage of criticism undergone by Scottish Tories. "First of all there was an expectation in many quarters that because of the election outcome Scottish Tories would simply crawl into a cave and weep and dread the future — and that's not our style . . .

"So we have taken the offensive in a fairly substantial way and I think it's fair to say that both in House of Commons terms and in the political debate in Scotland, we have set the agenda and that's no mean feat given our relative numbers and position," he said.

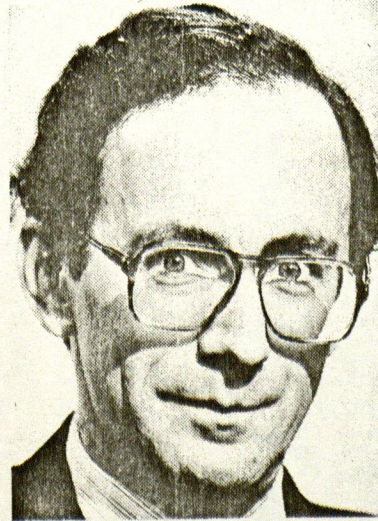
Mr Rifkind argued that, despite the loss of 11 of the Tories' 21 Scottish seats, the election didn't represent a dramatic fall in support: "It was a fall of one to two per cent only. But our support had been falling steadily for 20 years and it only re-

Malcolm Rifkind, Secretary of State for Scotland, speaks to Andrew Marr about the decline of Conservatism north of the border and the problems he now faces.

quired a fairly small extra fall to lose those seats."

This 20 year decline was deeply rooted in a larger Scottish decline. He and his Cabinet colleagues did not believe that there was no enterprise in Scotland, "but it has co-existed with a degree of dependency on the state. There are, in a sense, two Scotlands — in industrial and economic terms and, as a consequence, in political terms.

"And there are many, including some who do not think of themselves as socialists, who think that if there's a problem of an economic or industrial kind, you must flee to the Government for a solution. If you are constantly claiming that the level of prosperity is higher in the South-east of England and the level of unemployment is lower in the South-east of England, then part of the reason might be this very dependency. More small businesses are started in the South-east than in the North . . . Scotland, I would argue, has for the last 50 or 60 years gone down a blind alley in terms of its dependency on public expenditure. When Glasgow was the second city of the Empire, that wasn't because of public expenditure, but because Glasgow was the most thriving



Malcolm Rifkind: "Scotland has become too dependent on public expenditure"

city for enterprise and industry through the genius of its own community."

He said the growth of dependency had affected "the national character" and was paralleled by Labour's rise, particularly in the west of Scotland. There had been an assumption that the role of the Government "must be to protect old, decaying industries from the changing world we live in." He accepted that governments had responsibility to assist the transition from old industries to the new,

"but essentially what our political opponents and what many in Scotland assumed was that government's responsibility, government's main job, was to stop change — 'there has been a major coal, shipbuilding, steel, railway industry in Scotland, and therefore there must always be' — irrespective of markets, irrespective of demand, irrespective of economic logic. It is the logic of despair."

But why, since the Conservatives had been in power since 1979, had the Thatcherite message which rang through the rest of the country fallen on deaf ears in Scotland? "We have to accept a fair bit of responsibility. We have said a particular policy was a UK policy and therefore it applies throughout the United Kingdom, or we have said we are taking a United Kingdom policy and adapting it to Scotland.

"Something we should have done, and a lot earlier, and something we are now doing, is saying here is an economic and political and social strategy which is particularly suitable to Scottish circumstances, and the Scottish economy and the Scottish character."

But if Scotland suffered from dependency, it also, according to the polls, wanted a qualified political independence or devolution of power. Mr Rifkind once spoke and voted for devolution: why was he so resolutely opposed now? Mr Rifkind said it was important to distinguish between a demand for something "as opposed to a preference."

"Politicians always know when some-

thing has become essential. . . . We had the Festival of Scottish Democracy [the rally for devolution in Glasgow this autumn], well, the smaller parties dropped out but still it was a Labour Party/STUC [Scottish Trade Union Congress] initiative. It was on Glasgow Green.

"Fifty years ago, the Clydesiders could have produced 50,000 people on Glasgow Green to protest at some policy of the wicked Conservatives. Despite the weather (it poured) there were still only 3,000 or 4,000 people at the festival." This, he suggested, showed that devolution was not a demand, merely a preference.

Mr Rifkind then discussed his new three-pronged strategy of massively revamping the Tory machine in Scotland, building better links with Scottish industrialists; and keeping the Opposition reactive in the Commons.

The Secretary of State said he had been surprised by how poorly Labour's 50 MPs had performed in the chamber. "But we cannot assume that that degree of supreme incompetence will necessarily continue."

Whatever happens, the sheer weight of numbers stacked against him in the Commons will make the next few years tiring and difficult. How was he going to cope? Mr Rifkind smiled and said he comforted himself with Hilaire Belloc's couplet:

*Whatever happens, we have got
The Gatling gun. And they have not.*

And with that, he left for the night sleeper from King's Cross, across the border to Dependent Scotland.

SECRETARY OF STATE'S SPEECH TO CBI: HOLIDAY INN, GLASGOW -
19 FEBRUARY 1988

THE GOVERNMENT SHARES WITH INDUSTRY SATISFACTION IN THE REGENERATION OF SCOTTISH ENTERPRISE THAT IS TAKING PLACE THROUGHOUT SCOTLAND.

I SAY 'REGENERATION' DELIBERATELY. SCOTLAND HELPED LEAD THE WORLD DURING THE FIRST INDUSTRIAL REVOLUTION WHEN ITS PRODUCTS FOUND READY MARKETS; ITS FACTORIES PROVIDED GAINFUL EMPLOYMENT AND GLASGOW WAS THE SECOND CITY OF THE EMPIRE. SCOTLAND THRIVED THEN ON THE ENTERPRISE, THE INITIATIVE AND THE EXPERIENCE OF ITS PEOPLE RATHER THAN ON A CAREFUL ASSESSMENT OF PUBLIC EXPENDITURE PER CAPITA COMPARED TO ENGLAND OR WALES.

THAT SPIRIT IS RETURNING ALTHOUGH IT STILL HAS SOME WAY TO GO. TRADITIONAL SCOTTISH INDUSTRIES HAVE COME THROUGH A SERIOUS RECESSION AND WHETHER IN STEEL OR HEAVY ENGINEERING ARE FACING THE FUTURE IN AN INCOMPARABLY HEALTHIER STATE.

THE NEW HIGH TECHNOLOGY INDUSTRIES ARE THRIVING IN CENTRAL SCOTLAND, THE NORTH-EAST LEADS WESTERN EUROPE IN OIL RELATED TECHNOLOGY AND EDINBURGH HAS BLOSSOMED AS A MAJOR FINANCIAL CENTRE OF EUROPE. CLYDEBANK IS THE FAVOURED LOCATION FOR INTERNATIONAL HEALTH CARE, IRVINE FOR A PAPER MILL, AND GARTCOSH SEEMS SET TO HOST A NEW WASTE RECYCLING FACTORY.

MORE GENERALLY, UNEMPLOYMENT HAS NOW BEEN FALLING FOR OVER A YEAR AND BOTH THE SCOTTISH CBI AND THE FRASER OF ALLANDER SURVEYS SHOW BUSINESS OPTIMISM HIGH AND SCOTTISH INDUSTRY MORE CONFIDENT THAN FOR YEARS.

THESE CHANGES ARE HAPPENING AT A TIME WHEN OTHER MAJOR OPPORTUNITIES PRESENT THEMSELVES. FOR YEARS, SOME SELF-PROCLAIMED SPOKESMEN FOR THE SCOTTISH ECONOMY HAVE CONCENTRATED ALL THEIR ENERGIES ON BEMOANING SCOTLAND'S PERCEIVED DISADVANTAGES, BEWAILING A CRUEL FATE THAT ALLEGEDLY DOOMS SCOTLAND TO UNCOMPETITIVENESS AND CALLING FOR

EVERY ARTIFICIAL AND INDISCRIMINATE GRANT OR ALLOWANCE IN THE MISTAKEN ASSUMPTION THAT ALL THAT STANDS BETWEEN ECONOMIC SUCCESS AND FAILURE IS A SUBSIDY, AND THE LARGER THE BETTER.

NOW THERE IS A NEW REALISATION THAT THE BEST SERVICE ONE CAN DO TO SCOTLAND IS TO IDENTIFY ITS STRENGTHS AND ITS ADVANTAGES. THEY ARE GETTING MORE NUMEROUS NOT LESS.

IN THE MODERN WORLD GEOGRAPHY IS RARELY A BARRIER TO THE EFFICIENT AND COMPETITIVE. HOW ELSE HAVE THE JAPANESE BEEN ABLE TO PENETRATE OUR MARKETS FROM THE OTHER SIDE OF THE WORLD? IF THE THOUSANDS OF MILES THAT SEPARATE US FROM THE FAR EAST HAVE NOT INHIBITED THE JAPANESE, TO SUGGEST THAT THE FEW HUNDRED MILES BETWEEN SCOTLAND AND THE SOUTH OF ENGLAND IS A MAJOR PROBLEM IS AN UNCONVINCING AND UNIMPRESSIVE EXCUSE.

THE REALITY IS THAT THE FREE OPERATION OF THE MARKET COULD INCREASINGLY FAVOUR SCOTLAND AND THE REGIONS IF WE RESPOND POSITIVELY. THE SOUTH-EAST IS INCREASINGLY BECOMING CONGESTED, WITH MASSIVE EXTRA COSTS, HIGH OVERHEADS AND A RELATIVELY POOR QUALITY OF LIFE.

THE GROWTH OF COMMUNICATIONS TECHNOLOGY ENABLES MANY ECONOMIC AND FINANCIAL ACTIVITIES TO BE CARRIED OUT AS EASILY IN SCOTLAND AS IN LONDON OR THE SOUTH. COSTS ARE LESS, THE QUALITY OF LIFE IS INFINITELY SUPERIOR, A TRAINED AND EXPERIENCED WORKFORCE IS AVAILABLE, HIGHER EDUCATION IS UNPARALLELLED.

FURTHERMORE, THE CONSTRUCTION OF THE CHANNEL TUNNEL AND THE UPGRADING OF THE A74 TO MOTORWAY WILL ENABLE FREIGHT, WHETHER CARRIED BY RAIL OR ROAD, TO REACH ITS EUROPEAN DESTINATION MORE CHEAPLY, MORE QUICKLY AND MORE RELIABLY.

EVEN COMPARED TO THE ENGLISH REGIONS SCOTLAND HAS INESTIMABLE ADVANTAGES. THE YEARS SINCE THE ACT OF UNION HAVE SEEN THE GROWTH OF AN INDIGENOUS BANKING, INSURANCE AND INVESTMENT

INDUSTRY THAT SERVES BUSINESS AND PROVIDES LOCAL PROFESSIONAL EXPERTISE. SUPERIOR CONVEYANCING PRACTICE, INTEGRATED GOVERNMENT BACKING THROUGH THE SCOTTISH OFFICE AND A MORE RELEVANT EDUCATIONAL TRADITION ARE ADVANTAGES THAT WE MUST EXPLOIT FOR ALL THEY ARE WORTH.

TWO MAJOR AREAS OF CONCERN REMAIN IN ADDITION TO RESIDUAL HIGH UNEMPLOYMENT. THE FIRST IS THE LONG-TERM FUTURE OF THE TRADITIONAL INDUSTRIES SUCH AS STEEL AND SHIPBUILDING. THESE ARE, OF COURSE, THE EMPLOYERS OF ONLY A RELATIVELY SMALL NUMBER OF PEOPLE. STEEL, COAL AND SHIPBUILDING EMPLOY, IN TOTAL, ONLY TWENTY FIVE THOUSAND PEOPLE, LITTLE MORE THAN HALF THE FORTY THREE THOUSAND EMPLOYED IN THE ELECTRONICS INDUSTRY ALONE.

HOWEVER, THEY REMAIN IMPORTANT INDUSTRIES PROVIDING VITAL JOBS FOR LANARKSHIRE, THE CLYDE AND OTHER COMMUNITIES AS WELL AS HAVING WIDER IMPLICATIONS FOR SUPPLIERS AND OTHER LOCAL BUSINESSES. TRADITIONAL PLANTS LIKE RAVENS CRAIG AND YARROWS ARE SHOWING THAT THEY CAN NOW COMPETE EFFECTIVELY IN THE MARKET. THEIR FUTURE IS INDEED BETTER ASSURED BY THE HEALTH OF THEIR INDUSTRY THAN BY POLITICAL COMMITMENTS WHICHEVER GOVERNMENT IS IN POWER. COMPANIES THAT APPEAR TO DEPEND ON POLITICAL GUARANTEES FOR THEIR SURVIVAL ARE, BY DEFINITION, ASSUMED TO HAVE LITTLE ECONOMIC RATIONALE. THAT IS NOT, AND NEVER SHOULD HAVE BEEN, AN ACCEPTABLE BASIS FOR THE STEEL INDUSTRY OR FOR SHIPBUILDING IN SCOTLAND.

THE LAST DECADE MAY HAVE BEEN A PAINFUL TRANSITION FOR THESE INDUSTRIES BUT FEW NOW DOUBT THAT RATIONALISATION WAS INEVITABLE AND WOULD HAVE BEEN WORSE THE LONGER IT WAS DELAYED. WHERE WOULD RAVENS CRAIG HAVE BEEN TODAY IF BSC WAS STILL OPERATING AT AN ANNUAL LOSS OF £500M WITH OVERMANNING AND LITTLE PROSPECT OF INTERNATIONAL COMPETITIVENESS? A SEVEN YEAR ASSURANCE MAY NOT BE A FULLY BANKABLE GUARANTEE BUT IT IS FAR BETTER THAN MOST EXPECTED AND FAR LONGER THAN OTHER EMPLOYEES IN OTHER INDUSTRIES RECEIVE.

RAVENS CRAIG HAS NOW A SERIOUS PROSPECT OF BEING A VIABLE AND SIGNIFICANT PART OF THE PRIVATE SECTOR. THAT IS WHAT THE STEEL INDUSTRY WAS UNTIL NATIONALISATION IN THE 1960S AND THAT IS HOW IT SHOULD BE.

THIS LEADS ME TO THE OTHER OFT-EXPRESSED CONCERN; WHETHER SCOTLAND IS GRADUALLY BECOMING A BRANCH ECONOMY THROUGH MERGERS, TAKEOVERS AND THE GROWTH OF MULTI-NATIONAL COMPANIES.

IT IS, OF COURSE, THE CASE THAT OVER THE LAST 40 YEARS MANY SCOTTISH COMPANIES, SOME LARGE, SOME SMALL, HAVE SEEN THEIR SEPARATE IDENTITY DISAPPEAR AND CONTROL MOVE ELSEWHERE. THIS PHENOMENON HAS NOT BEEN PECULIAR TO SCOTLAND OR EVEN TO THE UNITED KINGDOM. IT IS A WORLDWIDE TREND WHICH HAS WORKED BOTH WAYS. AMERICA'S STANDARD OIL WAS BOUGHT BY BP, ENGLAND'S MATTHEW BROWN WAS TAKEN OVER BY SCOTTISH & NEWCASTLE. SCOTTISH TAKEOVERS OF ENGLISH OR OVERSEAS COMPANIES HAVE, HOWEVER, BEEN FAR FEWER THAN THE REVERSE.

THE REAL SIGNIFICANCE DEPENDS ON THE CIRCUMSTANCES OF EACH TAKEOVER. IN SOME CASES INDIGENOUS SCOTTISH COMPANIES MAY BE HARMED BY TAKEOVERS; IN OTHERS IT IS A PREREQUISITE TO SAVING JOBS, TO GROWTH, OR TO VIABILITY. AS A GENERAL RULE GOVERNMENT INTERFERENCE IS UNDESIRABLE ALTHOUGH THERE HAVE BEEN, AND THERE REMAIN, SPECIFIC CIRCUMSTANCES WHERE THE NATIONAL INTEREST DOES JUSTIFY A REFERENCE TO THE MMC OR COMPARABLE INTERVENTION.

BUT THESE FEW CIRCUMSTANCES WHERE GOVERNMENT CAN INTERVENE, EVEN IF THEY WERE TO BE INCREASED, AS SOME INEVITABLY ARGUE, TO COVER ALL THE HEADLINE CATCHING CASES, COULD NEVER PREVENT AN INTERNATIONAL TREND THAT IS INSEPARABLE FROM A MARKET ECONOMY. A RING-FENCE AROUND SCOTLAND WOULD NOT ONLY BE INCOMPATIBLE WITH AN INTEGRATED BRITISH ECONOMY; IT WOULD ALSO BE RESENTED BY SCOTTISH COMPANIES EXPANDING OUTWARD, IT WOULD BE IN CONFLICT WITH OUR OBJECTIVE OF A SINGLE INTERNAL

MARKET WITHIN THE EUROPEAN COMMUNITY AND IT WOULD BE A MAJOR DISINCENTIVE TO FOREIGN INVESTMENT IN SCOTLAND.

THE REAL, RELEVANT STRATEGY TO DEVELOP SCOTTISH PRIVATE ENTERPRISE AND CREATE A SUBSTANTIAL SECTOR OF THE SCOTTISH ECONOMY WITH OWNERSHIP AND DECISION MAKING IN SCOTLAND IS NOT BY A STERILE PROTECTIONISM THAT WOULD BE DEGRADING AND ULTIMATELY UNSUCCESSFUL. THE PROPER APPROACH IS TO INITIATE AND ENCOURAGE NEW INDIGENOUS SCOTTISH COMPANIES, TO BOOST THE COMPETITIVENESS OF THE BRITISH ECONOMY OF WHICH SCOTLAND IS A VITAL PART, AND, VERY SIGNIFICANTLY, TO CREATE MAJOR NEW SCOTTISH PRIVATE SECTOR COMPANIES THROUGH THE PRIVATISATION OF NATIONALISED INDUSTRIES LOCATED IN SCOTLAND.

THESE OBJECTIVES REPRESENT THE KERNEL OF THE GOVERNMENT'S INDUSTRIAL STRATEGY IN SCOTLAND AND MAJOR PROGRESS IS BEING MADE AT THE PRESENT TIME. THE REFORM OF REGIONAL POLICY AND THE ADDED EMPHASIS ON SMALL BUSINESSES ARE CRUCIAL TO THIS APPROACH. THE NEW REGIONAL INVESTMENT GRANTS, THE REGIONAL INNOVATION GRANTS, THE MAJOR SUPPORT FOR BUSINESS CONSULTANCY AND THE CONCENTRATION OF HELP FOR THOSE FOR WHOM SUCH SUPPORT IS ESSENTIAL ARE A MAJOR BOOST FOR NEW SCOTTISH BUSINESSES AND HAVE BEEN WELCOMED AS SUCH BY THE SCOTTISH CBI AND THE SCOTTISH COUNCIL.

THE NEXT STAGE IS THE PRIVATISATION OF MAJOR NATIONALISED INDUSTRIES IN SCOTLAND. MANY OF THE ARGUMENTS FOR PRIVATISATION ARE COMMON TO THE UNITED KINGDOM AS A WHOLE. GREATER EFFICIENCY, BETTER RESPONSIVENESS TO CONSUMER NEEDS, MORE COMPETITION, REMOVAL OF GOVERNMENT INTERFERENCE ARE CONSIDERATIONS RELEVANT THROUGHOUT THE COUNTRY.

IT IS, HOWEVER, DIFFICULT TO EXAGGERATE THE CONTRIBUTION THAT PRIVATISATION WILL MAKE TO THE ONGOING REGENERATION OF SCOTTISH INDUSTRY AND THE GROWTH OF THE ENTERPRISE CULTURE IN SCOTLAND.

FIRST, PRIVATISATION OF SCOTTISH NATIONALISED INDUSTRIES WILL MEAN THE TRANSFER OF CONTROL OF THESE INDUSTRIES FROM

LONDON BACK TO SCOTLAND. NO LONGER WILL THE INVESTMENT NEEDS OF, FOR EXAMPLE, THE SCOTTISH ELECTRICITY INDUSTRY OR OF THE SCOTTISH BUS GROUP BE DECIDED BY THE ANNUAL NEGOTIATIONS BETWEEN THE SCOTTISH OFFICE AND THE TREASURY IN WHITEHALL IN THE CONTEXT OF THE GOVERNMENT'S PUBLIC SECTOR BORROWING REQUIREMENT STRATEGY. IN FUTURE THESE DECISIONS WILL BE DETERMINED BY THE INDUSTRY ITSELF, IN SCOTLAND, ON THE BASIS OF THE NEEDS OF THE INDUSTRY UNTRAMMELLED BY OTHER CONSIDERATIONS.

SECONDLY, PRIVATISATION, IRRESPECTIVE OF THE STRUCTURE CHOSEN, WILL RESULT IN THE CREATION OF A NUMBER OF MAJOR NEW SCOTTISH COMPANIES, GIVING A MASSIVE BOOST TO THE SCOTTISH PRIVATE SECTOR. THE TWO ELECTRICITY BOARDS AND THE SCOTTISH BUS GROUP HAVE, BETWEEN THEM, VAST ASSETS, MANY THOUSANDS OF EMPLOYEES AND A PROFOUND INFLUENCE ON THE SCOTTISH ECONOMY. THEIR PRIVATISATION WILL REPRESENT THE LARGEST SINGLE BOOST TO SCOTTISH PRIVATE ENTERPRISE IN THE TWENTIETH CENTURY.

THIRDLY, PRIVATISATION WILL PROVIDE AN EXCITING NEW OPPORTUNITY FOR THE EMPLOYEES IN THESE COMPANIES, FOR SCOTTISH INSTITUTIONS AND FOR THE SCOTTISH PUBLIC AS A WHOLE TO ACQUIRE A MAJOR STAKE IN THE OWNERSHIP OF SCOTTISH INDUSTRY. THE GROWTH OF SHARE OWNERSHIP HAS BEEN A BRITISH PHENOMENON WITH PREFERENCE OFTEN GIVEN TO THE EMPLOYEES AND CONSUMERS OF THE INDUSTRY CONCERNED. FOR THE FIRST TIME THESE EMPLOYEES AND CONSUMERS WILL BE EXCLUSIVELY SCOTTISH BASED AND THIS PROVIDES MAJOR NEW POTENTIAL.

PRIVATISATION THUS REPRESENTS A MASSIVE BOOST FOR SCOTTISH ENTERPRISE AND A SIGNIFICANT ENLARGEMENT OF THE SCOTTISH PRIVATE SECTOR. IT EXEMPLIFIES, IN THE CLEAREST POSSIBLE WAY, THE RELEVANCE OF THE CONSERVATIVE REVOLUTION TO THE SCOTTISH ECONOMY.

IN THE LAST YEAR SCOTS HAVE BEGUN TO TURN THEIR BACK ON THE GLOOM AND PESSIMISM, AND TO SHED THE INFERIORITY COMPLEX THAT MANY SEEMED TO WEAR ALMOST AS A BADGE OF PRIDE.

SCOTTISH INDUSTRY AND THE SCOTTISH ECONOMY ARE THUS ENTERING A MAJOR NEW PHASE; A DEVELOPMENT THAT COULD BE AS IMPORTANT AS THE SCOTTISH CONTRIBUTION TO THE FIRST INDUSTRIAL REVOLUTION.— SCOTTISH BUSINESSMEN ARE MORE OPTIMISTIC AND LESS DEFENSIVE; MORE ENTERPRISING AND LESS TIMID THAN FOR MANY YEARS.

SCOTTISH INDUSTRY COMPARES FAVOURABLY WITH THE BEST ANYWHERE IN THE WORLD. THE GOVERNMENT IS PLAYING ITS PART IN THE REGENERATION OF SCOTTISH ENTERPRISE. I SALUTE SCOTTISH INDUSTRY FOR RESPONDING SO WELL.

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PRIME MINISTER

12 January 1988

SCOTLAND

The Election Result

The 1987 election in Scotland produced the worst result for the Tories since 1945. We achieved only 24.0 of the popular vote - less than half our support in 1955. Why?

- (1) Much of this decline was historically dictated. In 1945-55, the Scottish Tories and their allies (e.g. the National Liberals) enjoyed a monopoly of the anti-socialist political forces in Scotland. This was a legacy of the 1931 crisis when a large Liberal group joined the National Government. It could not last. The National Liberals disappeared between 1955 and 1964, taking one-fifth of the Tory vote with them. That simultaneously breathed new life into Jo Grimond's Liberal Party and reduced the Tory share of the popular vote from a range of 46-50% to one of 37-41%.

There was a further erosion of support after 1970 because of (a) the decline of the sectarian working class Tory vote in the Strathclyde region as religious bigotries lost their force (the same process occurred in Liverpool a decade earlier), and (b) the rise of the SNP in rural areas.

Analogous developments took place in the rest of the UK. What makes Scotland different, as we shall see, is it has not fully experienced some of the countervailing social developments, like the spread of ownership, which have strengthened Conservatism elsewhere.

The result is a low reservoir of Conservative support North of the Border. Since 1974, the Conservative share of the popular vote has fluctuated between 24% and 33%.

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- (2) But why was the 1987 result at the bottom end of this 24-33% range? There is one unsurprising reason. A political map of Britain shows Tory support at its strongest in the South-East heartland, gradually diminishing the further North and West it spreads. Not only does this apply to Scotland; it applies also within Scotland. The Tory share of the popular vote fell from its 1983 figure by less than 1% in the Borders, but by a full 9% in the Highlands.

This uneven geographical distribution of Conservative voting correlates, though not precisely, with the uneven spread of returning prosperity throughout the country. In short, Tory support was at the lower end of its potential range because Scotland seemed to be lagging economically behind most of the rest of the UK.

- (3) What gave the final twist to this anti-Tory trend was tactical voting. The ITN-Harris exit poll has 22% Scottish voters claiming to have voted tactically compared to only 17% in the rest of the UK. In addition, there is good inferential evidence to suggest that, in Tory seats, the voters switched between the Alliance and SNP depending on which candidate had the better chance of defeating the Conservative. As a result, the 1987 election was significantly worse in terms of seats than in terms of voting percentages - 10 seats as against 16 in October 1974.

The Editor of the Glasgow Herald, no Tory himself, told us that he thought some Tories, confident of an overall majority at Westminster, had voted for other parties as a protest against conditions in Scotland, or to press for a Scottish Assembly, or whatever. This may explain a small part of the party's performance - though Keith Britto at Central Office is sceptical. But the overwhelming majority of tactical voters were plainly and simply anti-Tory. Their numbers suggest that, in addition to losing support, the

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Scottish Conservatives have built up a considerable reservoir of active hostility, summed up in the appeal to make Scotland "a Tory-free Zone".

What are the roots of these trends in Scottish opinion?

Scotland's Economic Performance

As Gavin McCrone of the Scottish office points out, since 1985 the United Kingdom as a whole has surged ahead with 3.7% growth in GDP in 1985, 3.1% in 1986 and 4% anticipated in 1987. Manufacturing output in the UK is now ahead of the 1979 level. Scotland on the other hand has had a much weaker performance - due in part to the fall in the oil price. After 3.1% growth in GDP in 1985, there was nil growth in 1986 and growth in 1987 is expected to be considerably weaker than in the UK. Manufacturing output regained its 1979 level in 1985 but fell again in 1986 and there was a further fall at the beginning of 1987.

Since 1973, therefore, the performance of manufacturing has been much weaker than in previous decades when it moved in step with the growth in GDP; and the dip in Scotland's performance since 1985 is against the UK trend of steady recovery since 1983. The result is that Scottish manufacturing output, though very different in composition - the electronics industry, for instance, has shown a growth of 133 per cent since 1979 while steel and shipbuilding have declined sharply - is in aggregate still below its 1979 level. As a result, when the UK's economic recovery was bearing real fruit, Scotland looked left out.

This was most visible in relation to unemployment. Throughout the 1970's the Scottish unemployment rate was 1% higher than the rate for the UK. In the 1980's, this differential rose to 2%. Then in 1986, unemployment in Britain began to fall while Scottish unemployment continued

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to rise. By February 1987, the differential had reached 3%. It has remained at 3% since then as Scottish and British unemployment rates have fallen in unison.

This continuing differential goes a considerable way to explain two factors: (a) the reluctance of Scottish opinion to accept that Scotland has a comparatively high standard of living in UK terms; and (b) the fact that Scotland voted against the Tory Party by much larger margins than some English regions which are, in fact, economically more depressed.

Scotland's recovery and adaptation to new forms of world demand are now well-advanced. But the Scottish voters, unlike their Southern counterparts, have not yet shaken off a depression psychology. It is a psychology which naturally disposes people to prefer security over enterprise and thus Labour and Liberals over Tories.

Scotland's Dependency Culture

Such attitudes were already embedded in the Scottish political psyche to a greater degree than elsewhere in the UK. The painful effects of Scotland's economic restructuring merely reinforced them. Scotland has a socialist dependency culture rather than an enterprise one. As we argued in an earlier paper, successful politicians are seen as going down to England, begging bowl in hand, to secure more crumbs from the rich man's table.

This cultural dependency is reflected in three ways:

- a. Larger public sector. 25% of the Scottish workforce is employed in the public sector (central Government, local Government and the NHS) compared to 21% in the UK as a whole. This employment, moreover, has held up better North of the Border since 1979, falling by 1% in the UK

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but by only 0.1% in Scotland. The NHS has sustained most of this, rising by 8% (5% in the UK), while local authority employment has fallen by 0.7% (a modest .4% rise in the UK) and civil servants have declined in numbers by 14% (19% in the UK).

More people in Scotland are therefore dependent on the state. Fewer have lost that dependence by switching to the private sector. The net effect may be that, in a climate of stricter control of public spending, more people feel threatened by the prospect of job losses.

Moral: don't talk about cuts if you are not carrying them out.

b. Larger Public Housing Sector

Scotland has approximately half its population in local authority housing compared to 25% in England. Owner-occupiers account for only two-fifths of the total compared to two-thirds in England.

Since December 1978, moreover, there has been a much smaller decrease in the total number of council houses - 10% in England compared to 3% in Scotland. The Scots have built proportionately more new council houses (1.5% of housing stock compared to 0.8% in England) and sold fewer existing council houses (9% in Scotland, 20% in England). The net result is that in Scotland more people remain tenants on large, soulless council estates which are, in effect, 'dependency factories'.

c. Self-Employment and Small Business Sector

Small businesses and self-employment are the opposite of council estates. They train people in initiative and independence. Here, again, the evidence suggests that

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Scotland is less enterprising than the more go-ahead parts of the UK. But the difference is not dramatic and Scotland out-performs some of the English regions.

For instance, self-employment as one measure of local enterprise is slightly below the national average - with 9.8% of the workforce in self-employment in Scotland as against 10.9% for the whole of Great Britain. More significantly, it has also grown less rapidly in Scotland during recent years - an increase of 14.5% from 1983-86, compared to 18.8% for Great Britain (and 24% in the South East.) However, the Scottish performance was considerably better than either the East or West Midlands (6.3% and 5.6% respectively) or East Anglia (11.7%).

These factors daily reinforce the assumptions of dependency - that the state (or the large employer) is the great provider and the individual citizen of little significance. They are further sustained and augmented by a third factor.

Scotland's Labour Establishment

Scotland has a permanent establishment of Labour councils and trade unions. Malcolm Rifkind and some other Tories may reign in St Andrew's House from time to time, but Labour is always in control of Strathclyde and the Scottish TUC is a force to be dealt with by Governments of all stripes. We might draw an analogy with the US where the White House is sometimes held by Democrats and sometimes by Republicans, but Congress is always under Democratic sway. That makes the Democrats the real power to be reckoned with.

In Scotland it goes beyond that. The major communications media are all in Labour (or at least anti-Tory) hands: the Glasgow Herald (despite sensible business pages) and the Evening Times are owned by Tiny Rowland, The Scotsman has

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recently changed one left-wing editor for another. And the BBC and Scottish TV lean heavily in Labour's direction. These tendencies are given a further push by the churches. The Catholic Church in the West of Scotland has traditional links with the Labour Party (both have a large Irish membership), and the Church of Scotland exhibits the general tendency of the European Protestant churches to reinterpret their faith in the secular language of the "social(ist) gospel".

These different influences unite to produce a public rhetoric of collective political action to relieve poverty and promote equality (the dismal practical effects of such policies in Glasgow's outlying housing estates notwithstanding). It reinforces the worst and most self-destructive attitudes of Scotland's dependency culture. And it allows the Scots to feel morally superior to the more successful practitioners of Thatcherism down south.

What role does political nationalism play in this public rhetoric? A distinctly limited role. Opinion polls suggest that support for nationalism - whether full-blooded or devolutionary - is broad, shallow and listless. The voters see, rightly, that it would bring them no benefits. Its support is concentrated among the new class of writers, media people, bureaucrats, and politicians who stand to benefit from the new institutions, cultural opportunities, and bureaucratic positions which devolutionary reforms would create.

Scottish nationalism - like the analogous case of Canadian nationalism - is a public good in which groups invest as a way of redistributing income to themselves. Seen from an economic standpoint, nationalism is just another Scottish public sector make-work project.

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The business community disbelieves in devolutionism, but it is apparently cowed by the general ideological atmosphere disseminated by a nationalist media. It remains silent about the economic damage that devolution would cause and tends to avoid political involvement altogether. By this silence, the Scottish business community underwrites the collectivist mentality of the surrounding society. What has made matters worse is that the Conservative Party has only recently begun to challenge this apathy.

Tory Schizophrenia

Nationally, the Tory Party is associated with general ideas like self-reliance and non-intervention which find no echo in Scotland's non-enterprise culture. In Britain as a whole council house sales and economic recovery have greatly expanded the market for such ideas. But the Tory Party has been tentative in implementing such Thatcherite reforms north of the border.

The result is that we have obtained the worst of both worlds. We have not laid the groundwork for changing the culture of dependency, and the social basis of the enterprise culture has remained small. Nor, however, have we received the credit for high spending and political subsidies of which we are known to disapprove. Instead, that has gone to the Scottish Development Agency and Labour controlled local authorities. Accordingly, Scotland's continuing economic problems are blamed by public opinion upon a policy of "non-intervention" which has never been more than rhetorical.

What is to be done?

All these add up to a profoundly difficult state of affairs for the Tories in Scotland. Social realities, the problems of economic transition, and political influences have all

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combined to reinforce a culture of dependency and an ideology of collective action which are an uncomfortable environment for Conservative ideas. This should not lead to despair. Scotland's lagging performance on unemployment - one of the major reasons for the poor election result - is already improving. A more aggressive Tory stance on education and housing since the election has paid off with Labour forced to debate largely on our terms. And Labour is in an exposed position on devolution. If it encourages disruptive tactics, it undermines its own attempt to present a more moderate image nationally. And if it does not, it risks losing nationalist support to the SNP.

There is more potential for Tory advance than the gloomy election statistics alone would suggest. What we must do, is tackle this enforced consensus at virtually every point:

- (1) The single most important step towards undermining the dependency culture would be to encourage private housing for which there is a large unsatisfied demand in Scotland, including Glasgow. A number of schemes to do this are circulating, notably the Adam Smith Institute's proposal to give Scottish Homes the task of taking over, renovating and selling off the worst council estates. Private investment is already playing a part here, but more can and should be done.
- (2) We should firmly associate the Government with Scottish economic successes. For instance, Mr Rifkind might deliver a major lecture in England on how Glasgow's success has lessons for reviving the English inner cities. (They are, in fact, non-socialist lessons). We should also begin to praise the Scottish Development Association as a specifically "Thatcherite" institution bringing the values of the enterprise culture to the statist Scottish economy. And, finally, we should replace the rhetoric of non-intervention with that of

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"making the market work for the people". That is equally respectable and more accurate. Such tactics are likely to be the more effective in a period of economic recovery like the present.

- (3) We should use institutions like Urban Development Corporations and Scottish Homes to erect a Tory counter-establishment in Scotland. The same objective could be sought by the appearance of popular Scottish names in the Honours List, the Lords, the Government and the world of quangos.

For this reason, we welcome Malcolm Rifkind's over-turning of the tradition that UK Ministers do not intrude on the Scottish Office's affairs by making speeches north of the border. Cecil Parkinson, Nigel Lawson, John Moore, Kenneth Baker, are "stars" throughout the UK and should be used to influence Scottish opinion. We particularly recommend that Mr John McGregor should embark on a programme of speeches in rural constituencies. These are the constituencies we must either hold or win back; he has a reasonably good song to sing; and, above all, he is recognisably a Scot.

- (4) We must make a determined effort to draw the financial and business establishments into a more explicit political commitment, perhaps as above by making use of patronage. The council of Business advisors to the Scottish Conservative Party, announced shortly before Christmas, is an excellent first step. It would be a considerable plus for the Scottish party if it could persuade Sir Robin Duthie - who is seen by many people as a symbol of Scotland's economic recovery - to get involved at the top of the party organisation. It would also be helpful if a group of Scottish businessmen, not necessarily connected to the Tory

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Party, were to establish a pressure group designed to point out the economic consequences of devolution.

- (4) No easy solution to the major problem of the anti-Tory media is available. But a low-cost idea would be to establish a Scottish version of the Spectator under a sensible Scottish Conservative journalist. Such a magazine influences the public indirectly by influencing the journalists who control the media. It would give new conservative writers a platform and enable Tory ideas to enter the mainstream of Scottish debate. Above all, Henry Keswick, whose wife was a Tory candidate in the last election, could pay for its losses with his loose change.

These are a few proposals from a general programme which would have two broad aims. First, to advance practical Thatcherite reforms, as outlined above, and so expand the social basis of Conservatism in Scotland as in England. Second, as we argued in an earlier paper, to divert Scottish attention from political nationalism onto economic nationalism by such measures as privatising the SSEB and the hydro-board separately, and allowing Scottish investors and institutions preferential terms of purchase. We might group these two approaches under the rubric of "Tartan Thatcherism", citing Adam Smith, David Hume and Adam Ferguson as the Scottish progenitors of a social revolution that may have transformed England but which was first launched in Scotland.

J. O'S.
PP. BRIAN GRIFFITHS

J. O'S.
JOHN O'SULLIVAN

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APPENDIX

Industrial restructuring has hit Scotland harder than any other part of the United Kingdom. Traditional heavy industries in particular experienced a sharp decline between 1979 and 1986 initially as a result of the sharp rise in the value of sterling. Steel lost 14,000 jobs - or 61% of the 1979 workforce; shipbuilding lost 11,000 (35%); mechanical engineering lost 38,000 (46%); mining lost 15,000 (75%); and vehicles lost 17,000 jobs (77%).

There was a more moderate decline in industries like textiles (27,000 jobs or 32%); food, drink and tobacco (26,000 or 30%) and paper, printing and publishing (30,000 or 17%). Moreover, output in these industries has now stabilised and their prospects are good.

Finally, there was an advance in high technology industries. The Scottish electronics industry, for instance, saw its output rise by 133% compared to only 55% in the UK as a whole. Since these industries were small to start with, however, the impact on employment was modest in absolute terms. Electronics employment rose by only 5,000 jobs.

All-told, therefore, there has been a steady fall in manufacturing employment since its peak of 750,000 in 1966. This fall has accelerated since 1979 with a loss of 200,000 jobs - more in the last seven years than in the previous fourteen - and manufacturing employment stands now at 400,000.

On the productivity side, of course, growth has been rapid, reflecting a sharp fall in over-manning and greater competitiveness. Since 1979, manufacturing productivity has shown an annual increase of 5% compared to 3.7% for the UK as a whole.

There have also been improvements in service employment (up 36,000) and self-employment (up 45,000 jobs). However, the rise in service jobs masks a shift from traditional services like transport to financial services (up 32,000) and public sector health and education (up 39,000).

The pains of Scotland's restructuring have been deep and prolonged; the benefits were only beginning to appear last year when the fall in the oil price occurred. This delayed them still further. As a result, when the UK's economic recovery was bearing real fruit, Scotland looked left out.

HOUSING POLICY AND CONSERVATIVE SUPPORT IN SCOTLAND

During my recent visit to Edinburgh discussion turned to the reasons underlying the lack of support for the Conservative Party in Scotland and the effect that current changes in Housing Policy might have on this.

The first point was that Scotland does not have a natural Labour monopoly. Only one party has ever attained a majority both of seats and of the popular vote in a general election in Scotland - the Conservative Party in 1955. The decline in support for the Conservatives since then results from a combination of:

- Scottish Office officials say that Conservatism is moribund in Scotland, lacking intellectual vigour and effective leadership. The Conservative-led Edinburgh District Council opposed Government policies in the early 1980s and its inept approach culminated in loss of control of the Council in 1984 for the first time ever.
- The decline in manufacturing industry in Scotland and a consequent higher relative level of unemployment.
- The dominance of public rented housing. Because the Labour Party is seen as the champion of the public rented sector, tenants identify with the Labour Party.

Current housing policies are expected to have a major impact on this. Provided they are pursued vigorously but sensitively will lead to a resurgence of support for the Conservatives in two ways.

Owner Occupation

First, owner occupation has much further to go in Scotland. There is a gap between the attitudes of successive generations to owner occupation. It is now the preferred option for those in their 20s and 30s but local authority renting is still preferred by older people. This divide in opinion is probably 10 to 20 years behind that in England but as time goes on more and more people will come to prefer owner occupation and identify their interests with the Conservatives as the party most closely associated with it.

Although right to buy has had less impact than in England up to now, this is partly because low local authority rents have made renting much cheaper than buying. Now that the Government is forcing up local authority rents the costs of the two options are much closer (and owner occupation is already cheaper for those with maximum discounts) and will probably be broadly comparable within two to three years.

The Independent Rented Sector

The other area in which they see the Labour Party as very vulnerable is in its management of the local authority housing stock in Scotland. The Labour Party, in pursuing a low rent policy, has seriously neglected the maintenance of the stock but at present tenants are prepared to put up with their lot because they believe there is no alternative. The private rented sector which, as in England, was at one time the majority tenure had a very poor record in Scotland and the folk mythology is still that only the public sector can provide good quality rented housing.

These attitudes are already beginning to change with tenants in the worst local authority housing seeking and getting their housing transferred to cooperatives. The current

Housing Bill will encourage the development both of housing associations and responsible commercial landlords as alternatives to the local authority. Once it is generally accepted that these alternatives can provide better quality accommodation than the local authority, tenants will increasingly want to switch to alternative landlords and see, for the first time, the Conservatives as champions of their interests.

Scottish Office Ministers need to consider how to promote this policy actively to stimulate rapid progress and change public attitudes. The SDA is still seen as a Labour creation that continues despite the present Government. By contrast Scottish Homes can provide a focus for housing policy as an instrument of Thatcherism working in the interests of Scottish tenants.

Conclusion

Scottish Office Ministers need to consider how to promote the Government's housing policies actively. If they are vigorously pursued they should in due course lead to a major switch in political allegiances.

Peter Stredder

PETER STREDDER

POSITIVE UNIONISM

Proposals for a New Tory Agenda for Scotland

by

Liam Fox

(candidate for Roxburgh and
Berwickshire at the 1987 election)

and

Alistair B. Cooke

12.2.88

1. INTRODUCTION

The last General Election provided the Conservative Party with one of its worst ever results in Scotland. This has prompted the Party to begin an examination of its whole political strategy North of the Border.

The purpose of this paper is to make a positive and measured contribution to this debate, analysing the problems and suggesting ways in which the current situation can be rectified.

Our analysis is based on three main assumptions:

- i) the Conservative decline in Scotland is a long-term phenomenon which has merely continued under the current Government;
- ii) it is the ambivalence of the Conservative Party towards its own Unionist philosophy in relation to Scottish affairs which lies behind this decline;
- iii) the survival of the Conservative Party in Scotland as an effective political force must be seen not simply as a matter of Parliamentary arithmetic but in the wider context of the survival of the Unionist philosophy and even of the Union itself.

2. THE PROBLEM IN PERSPECTIVE

The scale of the Conservative setback in Scotland has tempted some to characterise the 1987 result as an aberration requiring special explanation. Hence it has become widely accepted in Scotland that the 'Thatcher Factor' was to blame for the scale of the Party's slump. Moreover, this view is shared by many of the Party's own supporters.

This explanation misses entirely the real significance of the 1987 result - namely, that it conforms closely to the pattern

/of almost...

of almost uninterrupted decline in the Party's fortunes in Scotland over the past 30 years (see Appendix). It has been a decline independent of policy, leader or indeed of tenure of office.

In any case, Thatcherism has not, hitherto, been implemented on the same scale as it has been in the rest of Great Britain. Part of the problem has been the existence of such a well developed political and administrative structure in Scotland which has proved extremely resistant to change.

In 1979 the established arrangements still appeared capable of working to the advantage of Scotland and the Conservative Party. But increasingly the experience of Conservative Government in Scotland has shown that the existing arrangements we inherited were working more and more to the benefit of our political opponents.

For, a time when the political agenda was changing radically elsewhere, the terms of the political debate in Scotland still tended to revolve around the level of public finance, state interventionism and devolution. The effect has been to make the Conservatives look defensive and apologetic, as to an increasing extent Scotland has come to be regarded as separate, different and of marginal significance.

Regaining control of the political agenda is vital to a recovery in our fortunes. This requires, as a first step, the Conservative Party to be seen to campaign actively against legislative devolution, and for the Union. Such a stance should also involve reconsidering the extent of the administrative devolution that has been accorded to Scotland.

This would lay the foundations:

- i) for putting forward a clear, coherent and distinctive Conservative policy in Scotland;
- ii) for integrating more successfully our policies in Scotland with what we regard as the main elements of modern Conservatism;
- iii) for countering ...

- iii) for countering the feeling that Scotland has been marginalised and returning Scottish policies to the mainstream.

We believe that the proposals contained in this paper will not only make possible the success of the Conservative Party in Scotland, but will also - more importantly - secure the long-term interests of Scotland and the Union.

A) The Rise of Nationalism

To understand the decline of the Conservative Party in Scotland it is necessary to understand the rise of nationalism as a political force.

Scottish Home Rulers existed some decades before the SNP were formed in 1928. The momentum they created was to take the SNP to nearly one-third of the vote in Scotland by October 1974.

This upsurge in nationalist sentiment had a number of causes.

First, it was certainly encouraged by the expansion of the Scottish Office and the 'Home Rule' consensus that was prevalent up to the 1970s.

The Scottish Office was established in 1885 and functions were devolved haphazardly to it - at various points over the next hundred years - without any proper consideration of the merits (and demerits) of transferring all those functions to Scotland rather than keeping them on a UK basis.

The result was that by 1970 34 major functions had been devolved to the Scottish Office from Whitehall, but no one can explain convincingly or even satisfactorily the principles on which this very substantial administrative devolution was based or why the Scottish Office ought to exercise so many different functions. It can have been no coincidence that over this same

/period - slowly...

period - slowly at first - there was an increasingly vocal Scottish nationalism which seemed to feed on this growing autonomy.

Second, the Conservative Party itself embraced haphazard administrative devolution as the most effective means for combating the moves of the Attlee Government towards increasing State control. And this policy was put into effect when they took office in the early 1950s.

Such developments gave groups in Scotland a vested interest in organising themselves as a 'Scottish lobby'. This was especially true in the business sphere. For example, the decision to group all businesses in Scotland as a single economic unit for planning purposes had the effect of providing them with a new self-image as 'Scottish business' fighting Westminster on behalf of supposed Scottish interests.

This situation continues today with a multitude of Scottish pressure groups and quangos which have an entrenched interest in emphasising and perpetuating the difference between Scotland and the rest of the UK.

Third, nationalism has ironically received its greatest fillip from the very policy designed to combat it - the proposal to create a Scottish Assembly. The Conservatives' flirtation with this policy reached its peak with Edward Heath's Declaration of Perth in 1968.

The ambivalent stand of the Conservative Party on this issue has both encouraged the Nationalists and caused the voters to lose faith in the Unionist philosophy since Tories no longer appeared to espouse it with such enthusiasm. It is little wonder that the Conservatives gained small credit at the polls when our support for devolution seemed the most opportunistic and least committed.

B The Conservative Response Post 1979

The Conservative Party has to recognise that since 1979 it has adopted a different approach to a whole range of issues in Scotland from that in the UK as a whole, giving rise to considerable confusion.

The 1987 election has made the Party in Scotland much more conscious of the apparent contradictions between the actions taken by Whitehall and by the Scottish Office which have contributed to our problems in Scotland.

The Prime Minister and her Cabinet generally have become clearly identified with specific values - ownership, prudent finance and 'less Government'.

Conscious of the need to find a substitute for a policy on devolution, the Scottish Tories have - for quite understandable reasons - highlighted the differences in policy towards Scotland, pointing out Scotland's relatively advantaged position in public spending terms etc., and this has inevitably led them into 'a promises and spending action' with the Opposition.

It is a line which can be seen - with the benefit of hindsight - to have backfired in several ways:

- i) Alienation. By making a virtue out of the higher public expenditure figures in Scotland, the desirability of increased public spending as an end in itself has been reinforced in the mind of the electorate. This has made current policy for the UK as a whole seem more alien, as well as entrenching Socialist and Nationalist principles in the minds of the voters. It has also reinforced the idea that Scotland should receive funding based on being Scottish rather than specifically identifiable needs. This notion assists Scottish nationalism - not unionism or Conservatism - and has propagated the damaging idea that even Conservative Secretaries of State have to battle against the

'English Treasury' to obtain more funding for Scotland.

We believe that the concept of funding for nationhood, and not needs, should disappear and that public spending should be directed specifically to where it can be most efficiently used, no matter where the border happens to cross the UK.

- ii) Marginalisation. The net effect of the Conservative Party's attempts to defuse Scottish nationalism as a political force has been, ironically, to foster the impression of Scotland operating on the periphery. Indeed, feelings of neglect and remoteness are most often cited by voters as reasons for turning against the Government in 1987.

This is hardly surprising for in a very real sense Scotland has been taken out of the mainstream and marginalise. The price that Scotland pays for having its own set of Ministers administering distinctive policies, is that the national issues which are debated and portrayed on the national news media by nationally known figures seem to ignore Scotland. It is little wonder that the Secretary of State for Education or Health is accused of paying little attention to Scotland when to a large degree he is not responsible for what goes on there.

- iii) Government Overload. We believe that all these factors contributed to the poor Conservative showing in the 1987 Election in Scotland. The result, however, brought new difficulties and accentuated a number of existing problems in the running of the Scottish Office. No other Government Department, for example, would be asked to limit its choice to ten men.

/This numerical...

This numerical shortage means that:

- a) Scottish Office Ministers have so many Departmental responsibilities they have no time to attend fully to them or to think creatively;
- b) they lack a specific identity in the eyes of the public - they are asked to be 'Jacks of all trades';
- c) too few backbenchers are left to take the Tory message to the Constituencies.

The people of Scotland might be forgiven for thinking that, far from benefiting from the powers devolved to the Scottish Office, they are receiving second rate Government as a result of the excessive pressures on Scottish Ministers.

Ultimately, the prime consideration for the Conservatives must be to provide good Government for Scotland - based on firm principles, particularly when it comes to the devolved powers, that can be readily understood.

3. THE NEW CONSERVATIVE AGENDA FOR SCOTLAND

The Party has two choices:

- it can seek to identify itself more closely with exclusively Scottish issues, particularly where these take the form of grievances against England or the Government;

OR

- it can develop policies designed to combine the specifically Scottish elements with the wider British dimension in a new dynamic partnership, giving the Tory Party in Scotland a standing and sense of purpose that it has never had before.

The first option would turn Scottish Conservatives into critics of some of the actions of their own Government, or make them

/appear as...

appear as 'protectors' of Scotland against 'Thatcherism'. To some extent that has already happened - with, we believe, immensely damaging consequences. It is a ludicrous position for the Scottish Party to adopt - and, in addition, condemns it to continue fighting the political battle in Scotland on grounds of their opponents' choosing.

We recommend that this option be decisively rejected.

The second option, by contrast, supplies a highly constructive approach, and a clear, resolute Unionist posture. A policy, designed to implement this new, 'positive Unionism', should have four key features:

- i) firm rejection of legislative devolution;
- ii) a fundamental re-examination of the existing system of administrative devolution which has developed so haphazardly in Scotland;
- iii) a display of sensitivity - indeed empathy - towards Scottish traditions and culture;
- iv) the assimilation of Scotland, sensibly and pragmatically, within the overall framework of Conservative policies, making proper allowance within it for the distinctive characteristics of Scottish life.

i) Rejection of Legislative Devolution

The Party of 'positive Unionism' cannot also be the Party of legislative devolution. The principles which would be embodied in the former are simply incompatible with the principles on which a system of legislative devolution would be established.

Above all, Conservatism in Scotland needs to be based on a clear set of principles. For too long, on the central issue of devolution, it has halted between two opinions: neither rejecting, nor embracing, it with any very significant degree

/of fervour,...

of fervour, consistency or conviction.

The Party has suffered gravely as a result of this irresolution. Our Unionism, which ought to be the foundation of Scottish Conservatism, has acquired a defensive, even apologetic, air. That inspires no one. On the other hand, the case against legislative devolution has never been argued with real intellectual or political force.

The Party in Scotland therefore has the worst of both worlds. It has not equipped itself with a 'positive Unionism' capable of evoking enthusiasm and interest amongst the electorate. At the same time, the absence of 'positive Unionism' creates the suspicion - reinforced by the mistakes made by the Party itself in the 1960s and 1970s - that Conservatives might in the end come to terms with legislative devolution.

The Party's current position is widely regarded as thoroughly ambiguous. Many people both within and outside the Party believe that legislative devolution would be conceded if significant public support for it emerged.

On party political, as well as on national, grounds a clear repudiation of legislative devolution is now essential. All the other Parties in Scotland state clearly that they wish to transfer more power to Scotland. The Conservative Party could not - even if it wished (which, in our opinion, it should not) - appear a more convincing advocate of any form of legislative devolution than its opponents. But by failing to strike out on a strong, Unionist line of its own - taking devolution head on - it deprives itself of the means to speak in positive terms about the central issue in Scottish politics. As long as this continues, the Party is bound to appear defensive and unconvincing.

Furthermore, a firm commitment to oppose legislative devolution would instil into the Party's leading supporters and activists

/ the clear sense...

the clear sense of purpose for which they are looking, and end the demoralisation which so many of them feel.

For these reasons, we regard the rejection of legislative devolution as the principal element in the new Conservative approach to Scotland.

ii) Re-examination of the Existing Administrative Devolution

It is high time that an enquiry was made to establish whether the present division of functions between Whitehall and the Scottish Office which came about so unsystematically is (a) appropriate; (b) working well; and (c) in the best interests of Scotland and the Union.

In Part 2 we set out the case for reconsidering the existing arrangements. That case seems to us strong enough to warrant a full review of the functions now discharged by the Scottish Office. Such a review:

- should be conducted quickly without going through the prolonged public process of seeking evidence from individuals and organisations;
- should be kept firmly within the hands of the Government itself;
- should focus, in particular, as a first step on the devolution of economic and industrial responsibilities (including regional policy) where the case for change seems particularly strong.

We believe that such an enquiry could have a number of immediate political advantages:

- i) it would give a clear indication of the nature and character of 'positive Unionism', showing that

/its fundamental aim

its fundamental aim is to improve the relationship between Scotland and the rest of the United Kingdom, not to subordinate Scotland to England;

- ii) it would represent a serious initiative in an area where the other Parties have absolutely nothing to say;
- iii) it would establish the Conservatives as a Party concerned about the efficient government of Scotland - wholly ignored by other Parties - rather than endless constitutional wrangling over legislative devolution;
- iv) it would open up a wholly new subject of discussion, and begin the process of altering the political agenda in Scotland with the Conservatives for once leading the way instead of participating in a political debate led by others.
- v) coupled with a firm rejection of legislative devolution, it would provide a strong and novel message which could cause the media to start reporting the Party in a positive fashion after years of hostile and dismissive comment. The media could not afford to ignore a bold new Tory agenda for Scotland.

The extent of the administrative change carried out after such a review had taken place would need to be carefully judged. Any proposals for change should be tested against three clear principles:

- the need for greater efficiency in the conduct of Scottish administration;
- the need for a better balance between Scottish and British interests;
- the need to secure greater equity in public spending between Scotland and the rest of the United Kingdom, discussed in Part 2.

/ iii) Identifying with....

iii) Identifying with Scottish Traditions and Culture

Conservatives had traditionally had great difficulty in gaining full acceptance as part of the mainstream of Scottish affairs. It is often said that they have failed to identify themselves closely with the great institutions which have shaped the Scottish tradition: the law, the education system and the Church of Scotland.

A policy of 'positive Unionism' will not succeed if it fails to provide within itself adequate scope for the Scottish tradition. Scotland will not be successfully governed unless Conservatives are clearly seen to be imbued with respect and recognition for its distinctive history and outlook.

This task ought not to present any great difficulty. The Government's record can furnish plenty of examples of action which help to safeguard Scottish traditions and culture. But in this area tone and style - the manner in which Conservatives associate themselves with the Scottish ethos - are as important as action. Much more careful thought needs to be given to the manner in which the Conservative Party projects its Scottish identity. Furthermore, at the same time the British dimension needs to be more firmly coupled with recognition of the specifically Scottish elements - so that, for example, the regeneration of Glasgow is depicted not simply as a Scottish phenomenon but as part of a wider British policy.

What is not needed to create the necessary empathy between Conservatives and the Scottish tradition is the invention of new devices - flags, anthems and so on. They will be seen as tawdry gimmicks.

iv) The Assimilation of Scotland within the Conservative Framework

The proposals we have outlined above will re-establish Conservatism

/on a sound

on a sound Unionist foundation as a positive force in Scottish politics, capable of offering a clear alternative to the policies of the Opposition Parties.

They are also designed to make it much easier for the Government's main political initiatives to be conducted on a general British basis - certainly in areas like the economy, and also (depending on the outcome of the review of administrative devolution) in other areas too, such as the NHS. It is plainly undesirable for Scotland either to be omitted from the consideration of any issue - the future of health funding, for example - or to conduct its own separate review, when the issue needs tackling on a general British basis.

The crucial point here is public spending. The allocation of resources to Scotland by reference to a special national Scottish formula underpins the set of separate administrative arrangements, which stand in the way of the sensible consideration of issues on an overall British basis.

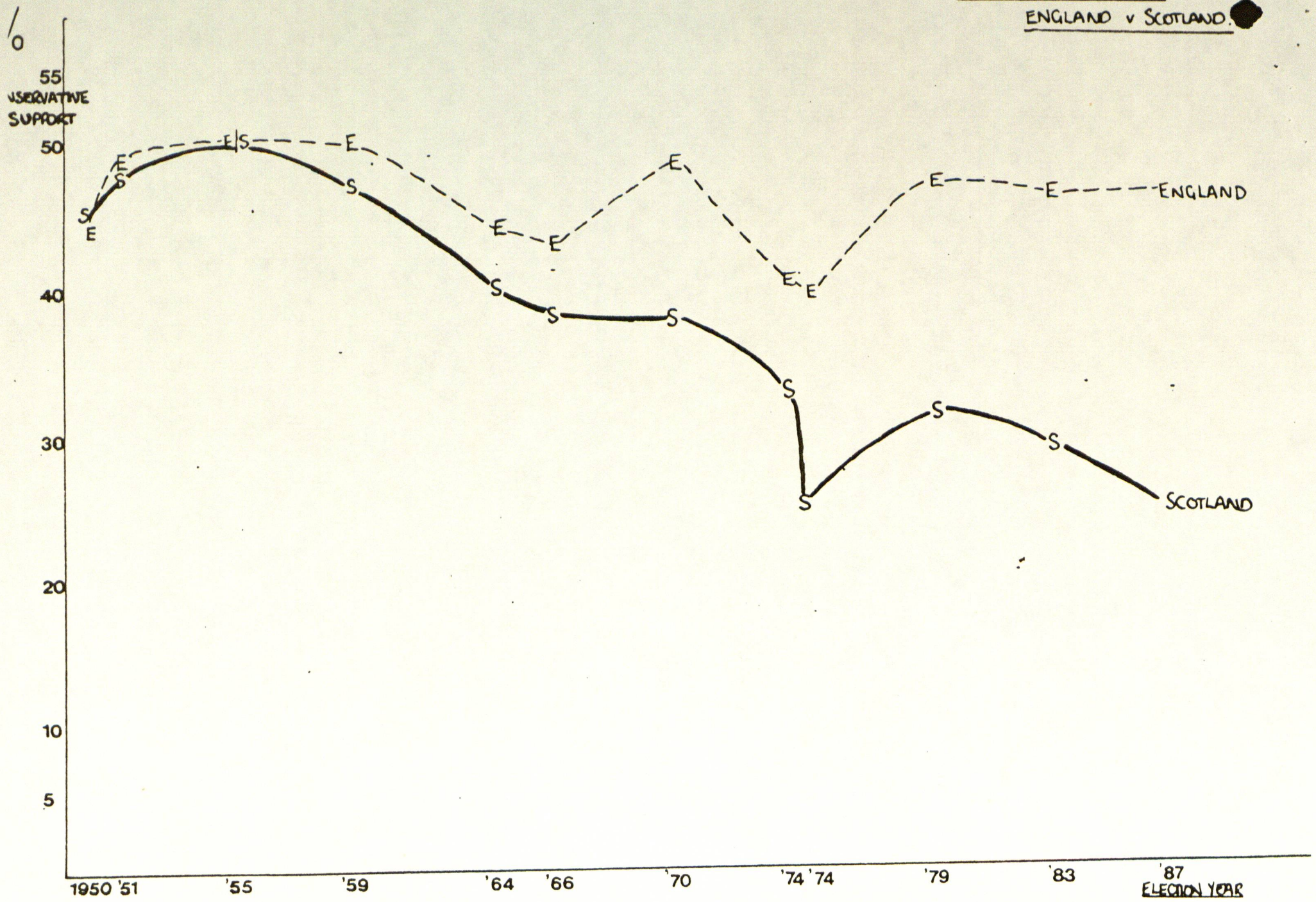
It is for this reason that we attach particular importance to our recommendation that the level of public spending in Scotland should depend strictly on clearly identifiable needs.

It is also important to stress that the assimilation of Scotland within the general framework of Conservatism does not mean the total absorption of Scotland in policies devised without sufficient reference to its own particular requirements. The approach recommended here will make it possible to adapt the main aims and themes of Conservatism to the Scottish context instead of exempting Scotland, or simply ignoring it altogether - as tends to happen now.

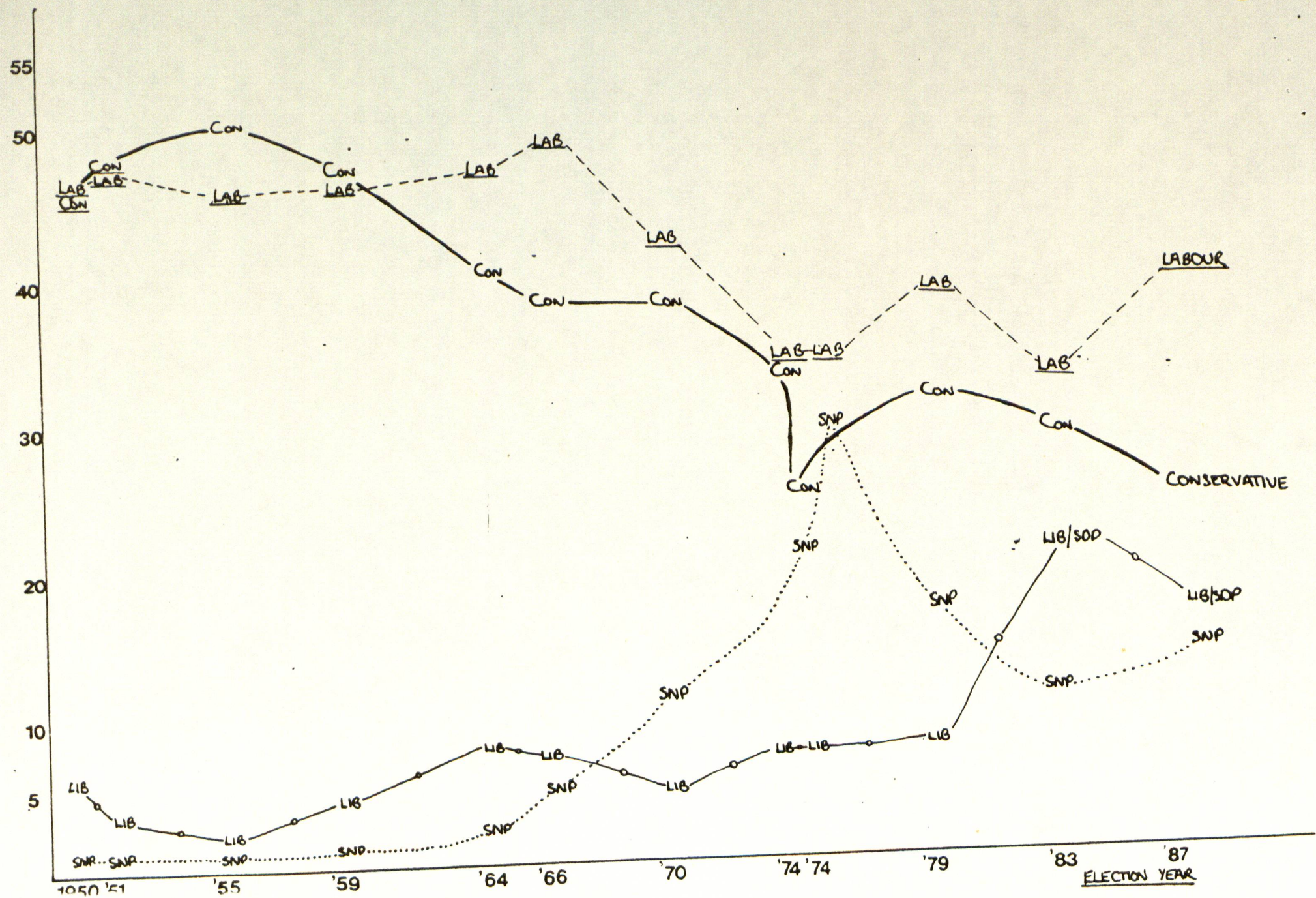
Macaulay wrote: 'The Anglo-Saxon and the Celt have been reconciled in Scotland ... In Scotland all the great actions of both races are thrown into a common stock, and are considered /as making up

as making up the glory which belongs to the whole country.' There exists today a real danger that Scotland will cease to regard itself as part of the 'common stock'. That is the main reason why the agenda presented here should be implemented. Only the Conservative Party can put it into effect.

CONSERVATIVE SUPPORT
ENGLAND v SCOTLAND.



VOTING IN SCOTLAND



VOTING IN SCOTLAND

ELECTION YEAR	1950	1951	1955	1959	1964	1966	1970	1974 (1)	1974 (2)	1979	1983	1987
CON. %	44.8	48.6	50.1	47.2	40.6	37.7	38.0	32.9	24.7	31.4	28.4	24.0
LAB. %	46.2	47.9	46.7	46.7	48.7	49.9	44.5	36.6	36.3	41.6	35.1	42.4
SNP. %	0.4	0.3	0.5	0.8	2.4	5.0	11.4	21.9	30.4	17.3	11.8	14.0
LIB % * (+SDP 1983/84)	6.6	2.7	1.9	4.1	7.6	6.8	5.5	8.0	8.3	9.0	24.5	19.2