Stewart, David (2004) *Challenging the consensus: Scotland under Margaret Thatcher, 1979-1990.*

PhD thesis

http://theses.gla.ac.uk/4316/

CHALLENGING THE CONSENSUS :

SCOTLAND UNDER MARGARET THATCHER, 1979-1990

David Stewart

Ph.D. Thesis

University of Glasgow

History Department (Scottish Area)

September 2004

ABSTRACT

This thesis seeks to analyse the impact of Margaret Thatcher's premiership on Scotland between 1979 and 1990, while examining the extent to which Conservative policy under Thatcher represented a break from the 'post-war consensus' in British politics. Thatcher oversaw the electoral collapse of the Scottish Conservatives, and this is widely attributed to her lack of personal appeal in Scotland. This thesis addresses the reasons why Scottish Conservative support contracted under Thatcher, challenges the assumption that Thatcher was 'anti-Scottish' and places her in the wider context of Scottish Conservative and Unionist history, whilst illuminating Scottish Conservative personalities.

There is a shortage of modern Scottish political historiography, and this field has been monopolised by Iain Hutchison, Richard Finlay and Christopher Harvie. They have tended to focus on specific aspects of the Thatcher years, such as the 'Scottish question' and, to some extent, the economy, but have largely neglected other related topics, such as the influence of the Scottish trade union movement and local government. As a result a disjointed and incomplete picture has emerged of Thatcher's premiership. To redress the balance, this thesis has taken an overview of Thatcher's tenure as Prime Minister, and illuminates key areas of Scottish society in the 1980s that have hitherto been under-researched. No historian or social scientist has attempted the broad perspective before.

The research has been split into six chapters, and each chapter follows a chronological pattern. Chapter One provides a historical overview of the Scottish Conservative and Unionist Party since 1886, which is interlinked with the development of the post-war consensus. The chapter concludes by analysing Scottish Conservative Party personalities and in-fighting, both of which are under-rated features of Thatcher's premiership. Chapter Two examines Thatcher's economic restructuring and the growing prominence of the European Economic Community (EEC). Chapter Three analyses Thatcher's industrial relations reforms, and the 1984/85 miners' strike. Chapter Four scrutinises the Conservatives' overhaul of the welfare state. Chapter Five focuses on

Thatcher's reform of local government, including the introduction of the community charge. Chapter Six charts the development of the 'Scottish question'.

ACKNOWLEDGEMENTS

CONTENTS

ABBREVIATIONS

AEU - Amalgamated Engineering Union.

APTSC - Anti-Poll Tax Steering Committee.

ASLEF - Associated Society of Locomotive Engineers and Firemen.

ASI - Adam Smith Institute.

BA - British Airways.

BBC - British Broadcasting Corporation.

BET - British Electric Traction.

BG - British Gas.

BP - British Petroleum.

BSC - British Steel Corporation.

BS - British Steel.

BT - British Telecom.

BTS - Blood Transfusion Service.

BUPA - British United Provident Association.

CBI - Confederation of British Industry.

CCRF - Conservative Constitutional Reform Forum.

CCT - Compulsory Competitive Tendering.

CFB - Committee for a Free Britain.

COSLA - Convention of Scottish Local Authorities.

CPA - Conservative Party Archive.

CPGB - Communist Party of Great Britain.

CPS - Centre for Policy Studies.

CRD - Conservative Research Department.

CSA - Campaign for a Scottish Assembly.

CSC - Constitutional Steering Committee.

DES - Department of Education and Science.

DHSS - Department of Health and Social Security.

DLO - Direct Labour Organisation.

DM - Deutschmark.

DoE - Department of Environment.

DR - Daily Record.

DRR- Domestic Rates Relief.

DTI - Department of Trade and Industry.

EEC - European Economic Community.

EIS - Educational Institute of Scotland.

EMS - European Monetary System.

ERDF - European Regional Development Fund.

ERM - European Exchange Rate Mechanism.

ESF - European Social Fund.

FCS - Federation of Conservative Students.

FSE - Forum on Scottish Education.

GCM - General Council Minutes.

GCURC - Glasgow Caledonian University Research Collections.

GDP - Gross Domestic Product.

GH - Glasgow Herald.

GLC - Greater London Council.

GML - Gallacher Memorial Library.

GMWU - General and Municipal Workers' Union.

GNP - Gross National Product.

GP - General Practitioner.

GUA - Glasgow University Archives.

HCiS - Housing Corporation in Scotland.

HHS - Hospital Hygiene Services.

HIDB - Highlands and Islands Development Board.

HSB - Health Services Board.

HSG - Housing Support Grant.

ICL - International Computers Limited.

IHCS - Initial Health Care Services.

ILP - Independent Labour Party.

IMF - International Monetary Fund.

IRA - Irish Republican Army.

ISTC - Iron and Steel Trades Confederation.

LCC - Leader's Consultative Committee.

LHA - Labour History Archive.

LiS - Locate in Scotland.

MITR - Mortgage Income Tax Relief.

MS - Morning Star.

MTFS - Medium Term Financial Strategy.

NACODS - National Association of Colliery Overmen, Deputies and Shotfirers.

NBR - National Business Rate.

NCB - National Coal Board.

NEB - National Enterprise Board.

NEC - National Executive Committee.

NHS - National Health Service.

NPS - National Party of Scotland.

NTBG - No Turning Back Group.

NUM - National Union of Mineworkers.

NUR - National Union of Railwaymen.

NUT - National Union of Teachers.

PR - Proportional Representation.

PSBP - Public Sector Balance of Payments.

PSBR - Public Sector Borrowing Requirement.

RBS - Royal Bank of Scotland.

RDG - Regional Development Grant.

RPI - Retail Price Index.

RSA - Regional Selective Assistance.

RS - Radical Scotland.

RSG - Rate Support Grant.

SAPTF - Strathclyde Anti-Poll Tax Federation.

SBC - Supplementary Benefits Commission.

Scottish Council (D&I) - Scottish Council (Development and Industry).

SCFCVO - Scottish Council for Community and Voluntary Organisations.

SCFDSSI - Standing Committee for the Defence of the Scottish Steel Industry.

SCUA - Scottish Conservative and Unionist Association.

SDA - Scottish Development Agency.

SDP - Social Democratic Party.

SED - Scottish Education Department.

SERPS - State Earnings Related Pension Scheme.

SHHD - Scottish Home and Health Department.

SHS - Scottish Health Service.

SJNC - Scottish Joint Negotiating Committee.

SLGIU - Scottish Local Government Information Unit.

SLP - Scottish Labour Party.

SNP - Scottish National Party.

SO - Stirling Observer.

SSTA - Scottish Secondary Teachers' Association.

STBG - Scottish Tory Business Group.

STEAC - Scottish Tertiary Education Advisory Council.

STRG - Scottish Tory Reform Group.

STUC - Scottish Trades Union Congress.

STV - Scottish Television.

TESS - Times Educational Supplement Scotland.

TGWU - Transport and General Workers' Union.

TUC - Trades Union Congress.

UFC - Universities Funding Council.

UGC - University Grants Commission.

VAT - Value Added Tax.

INTRODUCTION

Research related to Margaret Thatcher's tenure as Prime Minister is unavoidably complicated by her continuing resonance in early twenty-first century politics, as was illustrated by her prominence in the 2001 General Election campaign and the Conservative Party leadership contest of the same year. At the time of writing (2004), the political sensitivity surrounding the Thatcher years presents research obstacles, as a thirty year embargo has been placed on all of the Government papers from her premiership. Nevertheless, this should not preclude historians from undertaking research into her period at Downing Street, particularly as many of the leading protagonists are still alive and willing to comment on the impact of her premiership on Scotland.

This thesis has drawn heavily on numerous alternative resources. The Scottish Trades Union Congress (STUC) Archive, and the Gallacher Memorial Library (GML) at Glasgow Caledonian University Research Collections have provided many core sources. Furthermore, the Conservative Party Archive at the Bodleian Library in Oxford, and the Scottish Conservative and Unionist Association (SCUA) Archive at the National Library of Scotland were of integral importance when covering the Conservative dimension of this thesis. However, both the Conservative Party and SCUA imposed a time limit on the resources available for research. The Kinnock Papers and the Thatcher Papers, which are held at the Churchill Archives Centre in Cambridge were also useful, but the Cabinet Office limited access to one box of the Thatcher papers.

The Scottish Local Government Information Unit (SLGIU), and the SLGIU Poll Tax Archive at Paisley University Library offered a plethora of information on all areas of Scottish local government and rating reform. In addition to this, the Labour History Archive in Manchester complemented the Labour Party material that was available in the Kinnock Papers, and the Confederation of British Industry (CBI) (Scotland) Archive at Glasgow University Archives was consulted. These primary sources have been augmented by the use of newspapers, parliamentary papers, journal articles, the

Scottish Government Yearbook series, and oral testimony.

Full scale academic work on Thatcher's time in office has been overwhelmingly British in its outlook, and it has placed far greater emphasis on events in England than developments north of the Border. Scottish social scientists, such as David McCrone, James Mitchell, Lynn Bennie and Lindsay Paterson, and historians, notably Richard Finlay, Christopher Harvie, Michael Fry and Iain Hutchison, have attempted to rectify this anomaly, but their analysis has contained a number of oversights. All of these individuals, with the exception of Hutchison, fail to emphasise the role played by the Scottish media in shaping perceptions of Thatcher and her Scottish policies, and the tone of some of their research embellishes the media stereotype of Thatcher as an 'English nationalist'[1] or 'anti-Scottish'.[2]

Mitchell questions the 'coherence'[3] of Thatcher's policies and Harvie compares her unfavourably to Edward I. Both of these assertions are unfortunate, as Mitchell's research focuses too heavily on the minutiae of specific Conservative policies and statements in order to discredit Thatcher's beliefs, and discounts the unavoidable obstacles and difficulties that any Prime Minister encounters, regardless of reforming zeal, in the daily operation of government. On the other hand, Harvie's statement vastly exaggerates the severity of Thatcher's policies in Scotland, overlooking the prevalence of Scots in all of Thatcher's Cabinets and their role in the intellectual development of the British 'New Right'.

Furthermore, Mitchell concludes that, 'In order to maintain the myth that Britain is some kind of international power it was necessary that parts of the post-war consensus would have to be dispensed with'.[4] This is a strange assertion, as Britain was, and continues to be at the time of writing, the closest ally of the world's leading nation, America. Since Mitchell's research was published, in 1990, Britain has engaged in two Gulf wars, and led numerous peacekeeping missions in the Balkans. Under Thatcher, Britain was not a superpower, on the scale of America or the Soviet Union, but it remained a significant international power.

Mitchell also contends that Thatcher implemented 'assimilationist'

policies in Scotland, but fails to comment on the extent to which she enhanced the powers of the Scottish Office.[5] In addition to this, Hutchison accurately identifies a divergence between Scotland and the rest of Britain in the pursuit of Thatcher's objectives, and states that, 'Most of the agencies of political culture in Scotland were, unlike England, impervious to the blandishments of Toryism'.[6] Moreover, the personal background of Thatcher is entirely overlooked, and the position of the Scottish Conservative Party is marginalised by most researchers.

On the other hand, Finlay correctly highlights the importance of government subsidies in Scotland, believing that, under Thatcher, 'corporate Scotland would evolve to become civic Scotland'.[7] Finlay concludes that, 'The construction of the idea of civic Scotland was a polite way of saying that the Scots hated Thatcher', but his analysis overlooks the existence of Scottish civil society, and its pivotal role in moulding Scottish society within the Union.[8] Paterson is the only academic to present a coherent picture of the 'vested interests' of civil society during Thatcher's premiership.[9]

Both McCrone and Finlay argue that Thatcher's attacks on these interests were, 'perceived as an attack on 'Scotland' itself', but fail to compare this with her attempts to undermine elements of the English 'Establishment'.[10] Michael Fry, provides excellent analysis of Thatcher's reforms between 1979 and 1987, but his research does not explain why civil society remained attached to the post-war consensus. All of these academics, with the exception of Harvie, Finlay and Fry, do not convey the chronological nuances of the Thatcher years, and their research is lacking in critical analysis of corporatism and state intervention in Scotland.

This thesis aims to fill a sizeable void in Scottish history by illuminating and reinterpreting, where appropriate, Scotland's experiences during Thatcher's premiership. In particular, this research challenges the perception of Thatcher as anti-Scottish, and dismisses the notion that Scotland was used as a 'test bed' for rating reform.[11] Furthermore, it highlights Scottish Conservative attitudes towards Thatcher and her policies, and outlines the importance of civil society in shaping perceptions of Thatcher.

The introductory section examines Thatcher's ideological beliefs and the influences that helped to shape her political outlook. In particular, it emphasises the importance of her personal experiences during her Grantham childhood. The term 'New Right' is defined, and the academics who played a role in promoting New Right ideas are introduced. This chapter also highlights the role of Conservatives, such as Keith Joseph, who exerted influence over Thatcher, and concludes by analysing the Conservatives' 1979 General Election manifesto.

Margaret Thatcher : The Grocer's Daughter

Thatcher's personal background is an important factor when seeking to understand her political beliefs. She has attracted a number of biographers, most notably Hugo Young, John Campbell and Brenda Maddox, and has produced her own memoirs in two volumes, the first of which charts her *Path to Power*, the second her experience of the *Downing Street Years*.[12] Hugo Young, who produced the earliest of the three biographies, in 1990, emphasises the importance of Thatcher's upbringing, but contends that she did not remain true to all of the values that she learnt during her childhood. On the other hand, John Campbell, in 2000, argues that Thatcher concealed her personal background until she became Conservative Party leader, when she contrived to make political capital out of it.[13] Brenda Maddox, who published her biography of Thatcher in 2003, also attempts to highlight the continuity between Thatcher's experiences as a child, and her rise to political prominence, but does so in less depth than Campbell and Young. Nevertheless, all agree to a differing extent that Thatcher's upbringing was a critical influence on her political strategy and outlook.

Margaret Hilda Roberts was born on 13 October 1925 in the Lincolnshire town of Grantham.[14] Her father, Alfred Roberts, was a grocer, and the Roberts were a lower middle-class family.[15] She received a strict Methodist upbringing, and reputedly attended Chapel three or four times each Sunday. Methodism has largely been associated with the radical left in British politics,

but Wesleyan Methodism was different. It was an individualistic strand of Methodism, similar to Calvinism in many ways, as it asserted that individuals were responsible to God for their behaviour, placing great emphasis on self help and the work ethic.[16] According to Thatcher, 'We were taught what was right and wrong in very considerable detail', and Campbell asserts that Alfred Roberts, 'made no distinction between commercial, political and religious values'.[17] He put his beliefs into practice in the field of local government, and became chairman of the Borough Finance and Ratings Committee. Roberts stood as an Independent, but there is little question that he was a 'true blue' Conservative. When the Jarrow hunger marchers passed through Grantham in 1936, Alfred refused to give them charity and protested that they should find ways to help themselves. Little is known of Thatcher's relationship with her mother, Beatrice, but in 1961 she stated that, 'after I was fifteen we had nothing more to say to each other'.

Thatcher attended Kesteven and Grantham Girls' School, and despite winning a scholarship, her father insisted on paying the fees.[18] Academically successful, she left Grantham for Oxford University in 1943 to study science. There the University Conservative Association beckoned, and she became its president in 1946,[19] outraging many left-wing students there by declaring 'Welfare is wrong'.[20] Her political career began to develop at the 1950 General Election when she fought and lost in the safe Labour seat of Dartford. During campaigning she met her future husband, Denis Thatcher, a divorced millionaire, ten years her senior.

Both Maddox and Campbell believe that this was a pivotal moment, as his carefree attitude balanced her seriousness and tendency to overwork. Furthermore, his financial wherewithal enabled her to immerse herself in politics without any monetary difficulties.[21] They married in London at Wesley's Methodist Chapel on 13 December 1951, shortly after the General Election in which she had unsuccessfully recontested Dartford.[22] Despite her claim to have learnt 'almost everything' from her father, she rarely visited Grantham after her marriage, and Thatcher subsequently became a member of the Church of England.[23]

In September 1953 Thatcher gave birth to twins, and, thereafter, almost quit politics after being consistently overlooked for Conservative candidacies.[24] Nevertheless, in August 1958 Thatcher was adopted as candidate for Finchley, a safe Conservative seat in north west London.[25] She retained the seat easily at the 1959 General Election, and adapted well to the rigours of parliamentary life. In 1961 Harold Macmillan made her Parliamentary Secretary to the Minister for Pensions and National Insurance, where she remained until Labour's victory in the 1964 General Election.[26]

Thatcher became Shadow Minister for Power in October 1967, and Shadow Transport Minister in November 1968,[27] but little was known of her personal beliefs. This changed, however, at the Conservative Party conference in October 1968 when she made a speech to the Conservative Political Centre attacking the post-war consensus. 'There are dangers in consensus', she said, 'it could be an attempt to satisfy people holding no particular view about anything. It seems more important to have a philosophy and policy which because they are good appeal to sufficient people to secure a majority'.[28]

Thatcher was handed the Shadow education portfolio in October 1969,[29] and in June 1970 made her Cabinet breakthrough as Education Secretary. Thatcher had a poor relationship with her civil servants, and Edward Heath attempted to minimise her input at Cabinet meetings.[30] Contrary to her strong personal belief in grammar schools, Thatcher approved more schemes for comprehensive schools than any Education Secretary before or since.[31] By sanctioning the stoppage of free school milk for children over seven, she became a hate figure and the tabloid media branded her 'Thatcher, Milk Snatcher'.[32]

'The Peasants' Revolt'[33] : Thatcher's Leadership Campaign and her Political Outlook

Defeat at the 1974 general elections marked a turning point for some Conservatives, who believed that the party had to overturn the post-war consensus and marginalise socialist influence. One such individual, Keith

Joseph, went on the offensive and was given reluctant permission by Heath to establish a new right-wing think-tank, the Centre for Policy Studies (CPS) in 1974.[34] Thatcher became its Vice-Chairman, and Alfred Sherman, a 'free market polemicist', was appointed Director of the CPS.[35] Joseph asserted that inflation could be reduced by controlling the money supply, and argued that Heath's pursuit of full employment and subsidisation of failing industries was erroneous.[36] Joseph, however, was an eccentric who suffered from a nervous disposition, and was excessively self-critical.[37] Indeed, Joseph sabotaged his own leadership bid in a speech at Edgbaston, by proposing the sterilisation of women in low-income groups.[38]

Thatcher was one of the few Cabinet members to share his political outlook and believed, 'someone who represents our viewpoint has to stand'.[39] At this stage, the highly talented organiser and influential backbencher, Airey Neave, swung behind Thatcher's candidature. Neave, who had escaped Colditz prisoner of war camp, had established a small committee to identify the next party leader, and ran a subtle campaign of deception that rallied support for Thatcher from all wings of the party.[40] After two ballots that included senior figures, such as William Whitelaw and James Prior, she was confirmed as the new leader of the Conservative Party on 11 February 1975.[41] Thatcher famously was the first female ever to lead a British political party, and her victory was portrayed as a 'Peasants' Revolt', because she did not have the support of the Conservative Party establishment.

Thatcher's position was far from secure, but she cautiously set about realigning Conservative policy. She was heavily influenced by the work of the 'New Right', which Joseph encouraged her to read.[42] The New Right was by no means as homogeneous as the term suggests, but its followers were united by a belief in free market economics, low public spending, reduced taxation, freedom of choice, patriotism and minimal government.[43] These values have also been described paradoxically as neo-liberalism and neo-conservatism, and amount to a wholesale rejection of Keynesian economics. Milton Friedman and Friedrich von Hayek, were two high profile academics who played integral roles in shaping this New Right ideology.

Friedman was an American conservative, and the foremost proponent of monetarism.[44] This doctrine claims that if governments allow money supply to outstrip the growth of Gross Domestic Product (GDP) then the knock-on effect is an increase in inflation. He contended that a natural wage level existed, which trade unions were distorting through their inflationary wage demands. Friedman associated capitalism with personal freedom, believing that the voluntary interaction of the market created economic freedom and, therefore, political freedom.

On the other hand, Hayek was opposed to Conservatism, believing that Conservative politicians distrusted the market.[45] Hayek attacked collectivism, and contended that centrally-controlled planning was dangerous, as it reduced individual liberty.[46] He asserted that state planning suppressed competition, encouraged monopolies, leading to an expansion in controls and intervention. Hayek blamed the trade unions for distorting the labour market, as they refused to accept that wages and employment levels had to respond to market conditions. Furthermore, the Austrian promoted the rule of law, and the upholding of traditional institutions and practices. The Cold War between America and the Soviet Union had an immense influence on both Friedman and Hayek, and New Right scholars were amongst the foremost critics of Communism.

Nevertheless, David Seawright states that, 'It may be argued that Thatcherism owes more to St Andrews University Conservatives than to Friedman or Hayek'.[47] Ralph Harris, a St Andrews University economics lecturer, was a founder of the Institute for Economic Affairs in 1955, and was an inspiration to many young Conservatives, such as Allan Stewart and Michael Forsyth. It was Harris along with Sherman, who converted Joseph to monetarism in 1974, and in 1977 the right-wing Adam Smith Institute was established by Douglas Mason, Madsen Pirie, Eamonn Butler and Michael Fallon, all of whom were St Andrews University graduates. Individually if not collectively, therefore, Scots were at the forefront of the British New Right. Paradoxically, however, the Scottish political establishment showed little interest in their work and remained committed to the post-war consensus.

In stark contrast, Thatcher embraced these ideas with a view to overturning the consensus and restoring British 'greatness'. On this front, she possessed one advantage over her predecessor, Heath, as by 1975 the Conservative Party had become disillusioned enough to consider challenging the orthodoxy of the consensus. Thatcher agreed with Joseph that the post-war consensus had created a 'socialist ratchet' moving leftwards under every Labour government,[48] and incorporated this message in her rhetoric. More importantly, consensus politics were not delivering economic revival, and Thatcher argued that the state was stifling private enterprise through nationalisation and high taxation.

Thatcher could only rely upon Joseph and Geoffrey Howe for support on economic matters in her Shadow Cabinet, and the CPS was used as a stalking horse for radical initiatives.[49] This led to a split gradually emerging between the 'Wets' and the 'Dries'. The phrase 'Wet' was a derogatory term associated with English public schools, and implied cowardly, unmanly characteristics.[50] Thatcher is alleged to have widely used the term when distinguishing between supporters and opponents of her emerging economic strategy.[51] Her supporters christened themselves the 'Dries'. Counted amongst the ranks of the 'Wets' were many Tory Party grandees, and major Conservative figures such as Heath, Prior and Sir Ian Gilmour.

Thatcher could barely contain her hostility towards these individuals, 'I was not only a woman, but 'that woman', someone not just of a different sex, but of a different class, a person with an alarming conviction that the values and virtues of middle England should be brought to bear on the problems which the establishment consensus had created. I offended on many counts'.[52] In effect, Thatcher was leader of a right-wing Conservative faction rather than the entire Conservative Party, and the period between 1975 and 1977 was concerned with winning the battle of ideas, whilst placating the Party grandees.

Thatcher also rediscovered her roots in Grantham, which she had previously seen as a disadvantage in upper-class Conservative circles, emphasising her lower middle-class upbringing and the extent to which this enabled her to relate to the electorate.[53] The image projected was that of a

determined woman who had overcome the barriers of her sex and class to achieve her ambitions. Furthermore, Gordon Reece, a former television producer, restyled Thatcher's image by jettisoning her flamboyant hats and persuading her to lower the tone of her voice when delivering speeches.[54] Reece arranged for her to meet tabloid newspaper editors, such as the *Sun's* Larry Lamb, in an attempt to broaden the Conservatives' appeal amongst the working-class.

In order to signal the changes occurring in party policy, Thatcher undertook a programme of speeches that promoted individual responsibility, private enterprise, reduced public spending, low taxation and sound money. These values were associated with the New Right, but also drew heavily on her own upbringing in Grantham. In Thatcher's inaugural address as party leader at the 1975 Conservative conference, she expounded her beliefs, 'Let me give you my vision : a man's right to work as he will, to spend what he earns, to own property, to have the State as servant not master : these are the British inheritance. They are the essence of a free country'.[55]

Her speeches made a conscious attempt to associate the post-war consensus with socialism, and in her 1975 conference speech Thatcher explicitly stated that her aim was, 'to defeat socialism'.[56] This goal was inextricably linked with her view of Communism. Thatcher believed that the Soviet Union represented a clear and present danger to Britain on a social and military front, and in a speech timed to coincide with the Helsinki Armaments Summit in July 1975, she propounded her beliefs. The Conservative leader's message sought to drive home her conviction that the West could win the Cold War, and that the Soviets should not be appeased. She reiterated this message in another speech in January 1976, and in retaliation, the Soviet Union branded her the 'Iron Lady'. This boosted her public profile, and Thatcher embraced her new title.

A separate but interlinked issue was British membership of the EEC, in 1973, a pivotal achievement of the Heath Government. In constitutional terms, Thatcher was a reluctant European, who resented any loss of British sovereignty.[57] However, her free market instincts favoured the principle of a

European free trade zone,[58] believing that the EEC had the potential to act as a capitalist bulwark against the Soviet-controlled Eastern bloc. In Thatcher's eyes, Britain's presence stiffened the western European allies' resolve, because of the nation's 'special relationship' with America. For this reason, Thatcher consciously endorsed British involvement in Europe. At the July 1975 referendum on EEC membership, she successfully campaigned for a 'Yes' vote.

State-owned industries and other subsidised British firms were a source of shame to Thatcher, as they distorted the operation of a free market, and large-scale public sector employment increased Britain's public expenditure requirements. Nationalisation, in her view, constrained the investment opportunities available for private companies, leading to capital being invested abroad. She surmised that less state intervention in the economy would enhance the competitiveness of British industry with the greater likelihood of private finance being invested in Britain. At a speech to the Institute of Directors in Sydney in 1976, Thatcher expressed these sentiments : 'The growth of government has resulted in a substantial rise in public spending. Public ownership has been extended, and more and more taxpayers' money has been pumped into companies that no prudent banker could go on supporting for long'.[59]

The Right Approach to the Economy, published in August 1977, was the first public statement of Thatcher's economic strategy. State-owned industries were heavily criticised, with the long-term aim of reducing the 'preponderance of State ownership and to widen the base of ownership' amongst individuals.[60] It also placed the control of inflation at the forefront of Conservative policy, and argued for the introduction of 'cash limits' to control the spending and wage increases of nationalised industries and local authorities. The document accepted that 'wholesale cuts can cause quite unnecessary hardship, bitterness and unemployment', but concluded that regional policy and government subsidies destroyed as many jobs as they created.

Nationalisation and regional planning represented one pillar of the post-war consensus, but of greatest concern to Thatcher was the growth of trade union power. With the reduction of inflation as a vital objective, Thatcher

viewed trade union wage demands as an inflationary impediment to achieving this goal. Furthermore, she passionately believed in Parliamentary sovereignty, and intended to jettison the corporatism of the consensus, which enabled pressure groups, like the trade unions, to influence government decision-making.

The Conservatives' ideas were concisely set out in 'The Stepping Stones Programme', finalised in January 1978. It proposed that the Conservatives should concentrate on linking the public's perception of trade unionism with socialism and the Labour Party, contending that future legislation should, 'amount to an explicit rejection of socialism and a demand for change in the unions' role'.[61] This reflected Thatcher's desire to limit trade union activities to the workplace, and undermine the unions' political support for the Labour Party. Nevertheless, the document caused consternation in the Shadow Cabinet, and the former General Secretary of the STUC, Campbell Christie, believes that the Conservatives were out of touch with public opinion until the 'winter of discontent' hardened anti-trade union attitudes amongst the public.[62]

In 1978, a report by Nicholas Ridley, MP for Cirencester and Tewkesbury, on the nationalised industries embellished this strategy. Ridley argued that the Conservatives should appoint private sector managers, who would be allowed to assert their 'right to manage' state-owned industries free from government interference.[63] He argued that once these heavily trade unionised industries became profitable they should be sold off to the private sector, and envisaged this taking the form of share issues amongst the existing workers, direct sales to the private sector, or share issues on the open market. Ridley concluded that the Conservatives should avoid conflict with the unions until they had become significantly weakened by the effects of this strategy. A draft of the Ridley Report was leaked to the *Economist* in May 1978, but the Conservatives denied that it was party policy.[64]

Thatcher had very little knowledge of Scottish affairs, and relied heavily on the advice of William Whitelaw, the Shadow Home Secretary. Writing in her memoirs, Thatcher described herself as 'an instinctive Unionist',[65] but she inherited Heath's devolutionist stance. On her first visit to

Scotland, as Conservative Party leader, in February 1975, Thatcher was mobbed by supportive crowds in Edinburgh, and declared that, 'The establishment of a Scottish Assembly must be a top priority'.[66] She, however, had, 'little understanding of the component nationalisms which co-exist within British patriotism', and Nigel Lawson, MP for Blaby, encountered little difficulty in convincing her that, 'State Socialism...breeds separatism'.[67] He contended that the best means of providing devolution was through income tax cuts, and a UK-wide reduction in the role of central government.[68] This set the tone for Thatcher's input to the 'Scottish question' throughout her time as Conservative Party leader.

In Thatcher's eyes the consensus was morally bankrupt, and she warned of the dangers of increased state dependency. The welfare state was criticised, as Thatcher contended that benefits were lowering the incentive to work, and insisted that welfare spending had to be linked to economic growth.[69] All areas of the public sector were viewed in a similar light by Thatcher, 'There is a need, of course, for a public sector but its scale should be limited by considerations as to what the private sector cannot itself do, and by what we can currently afford, bearing in mind that the public sector has to be paid for by the private sector'.[70] Taken as a collective package, Thatcher's speeches were attempting to emphasise the limited capacity that the state possessed to influence events positively, as opposed to the unlimited scope that it possessed to inflict harm on the nation.

These ideas represented a break from the Conservatives' traditional practice of shunning ideological doctrines,[71] and Thatcher's brand of conviction politics derided the prospect of compromise. The party had always expressed a preference for private enterprise and low taxation, but the force with which Thatcher was extolling these virtues was unheard of amongst previous party leaders. However, David Willetts, a former member of Thatcher's Downing Street Policy Unit, argues that, 'it was still Conservatism that she was expounding'.[72]

Indeed, Thatcher's ideology has been the subject of much debate between social scientists and political commentators. Shirley Robin Letwin, a

former Director of the CPS, has identified Thatcher's objective as the reestablishment of the English 'vigorous virtues'. She asserts that Thatcher sought to promote a set of virtues that individuals could aspire to, such as self-sufficiency, individualism, loyalty to friends and the nation.[73] These were to be given priority over the 'softer virtues' like kindness, humility and gentleness. If Britons were to adhere to these 'vigorous virtues' Thatcher believed that the UK would be transformed into an 'independent island power'.

On the other hand, the journalist, Peter Riddell, does not consider that Thatcher had a coherent set of beliefs, and contends that her policies were, 'an expression of Mrs Thatcher's upbringing in Grantham, her background of hard work and family responsibility, ambition and postponed satisfaction, duty and patriotism'.[74] In stark contrast, Andrew Gamble argues that Thatcher was the figurehead of a project 'to reestablish the conditions...for the Conservative Party to resume its leading role in British politics'.[75] The tools for achieving this goal were the free market, and the institutions of the state, such as Parliament, and the police.

Seizing the Ideological Initiative? : The 1979 General Election

The Conservatives' 1979 manifesto was a modest document. Its main priority was to play down short-term expectations on an incoming Conservative government. Nevertheless, the manifesto emphasised that, 'This election may be the last chance' to reject the Labour Party, implying that Conservative policies could restore Britain to its former position as a 'Great Power'.[76] Freedom was closely linked to this 'British inheritance', and the Conservatives alleged that Labour's socialist philosophy, 'prevents them from governing successfully in a free society and mixed economy'.

The document emphasised that Britain had to play a full role in Europe. Militant trade unionists were heavily criticised, and Thatcher proposed introducing legislation to enforce trade union democracy. This was to be complemented by income tax reductions, and a wholesale reappraisal of the public sector and state-ownership. In order to ensure that the Conservatives

delivered their policy commitments, Thatcher promised to uphold the supremacy of Parliament at all times. The final sentence in the manifesto encapsulates the tone of the entire document, 'The years of make-believe and false optimism are over. It is time for a new beginning'.

At the May 1979 General Election the Conservatives won with a majority of forty-three MPs,[77] and Thatcher became the first female prime minister in British and European history. Yet, Thatcher remained an unknown quantity to the Scottish political establishment, and the post-war consensus remained largely unquestioned amongst Scottish civil society. Nevertheless, in the period between May 1979 and November 1990, Scotland was to be profoundly affected by Thatcher's overhaul of the post-war consensus. In the Scottish context, as this thesis explains, Margaret Thatcher became one of the most influential and controversial British prime ministers ever.

16

[1] James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, (Edinburgh, 1990), p.131.

[2] David McCrone, 'Thatcherism in a cold climate', in *Radical Scotland (RS)*, 39, (1989), p.10.

[3] Mitchell, *Conservatives*, p.98; Christopher Harvie, 'Scotland after 1978 : from Referendum to Millennium', in R. A. Houston and W. W. Knox (eds.), *The New Penguin History of Scotland*, (London, 2002), p.511.

[4] Mitchell, *Conservatives*, p.128.

[5] James Mitchell, 'Contemporary Unionism', in Catriona M. M. MacDonald (ed.), *Unionist Scotland 1800-1997*, (Edinburgh, 1998), p.126.

[6] I. G. C. Hutchison, *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001), p.142.

[7] Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), p.367.

[8] *Scotsman*, 18 September 1978.

[9] Lindsay Paterson, *The Autonomy of Modern Scotland*, (Edinburgh, 1994), p.169.

[10] David McCrone, *Understanding Scotland : The Sociology of a Stateless Nation*, (London, 1992), p.172; Andrew Gamble, *Between Europe and America : The Future of British Politics*, (Houndmills, 2003), pp.183-186.

[11] Alice Brown, David McCrone and Lindsay Paterson, *Politics and Society in Scotland*, (London, 1996), p.93.

[12] Biographies include; John Campbell, *Margaret Thatcher, Volume One : The Grocer's Daughter*, (London, 2000); George Gardiner, *Margaret Thatcher : From Childhood to Leadership*, (London, 1975); Kenneth Harris, *Thatcher*, (London, 1988); Penny Junor, *Margaret Thatcher : Wife, Mother, Politician*, (London, 1983); Russell Lewis, *Margaret Thatcher*, (London, 1975); Brenda Maddox, *Maggie : The First Lady*, (London, 2003); Patricia Murray, *Margaret Thatcher*, (London, 1980); Margaret Thatcher, *The Path to Power*, (London, 1995); Margaret Thatcher, *The Downing Street Years*, (London, 1995); Andrew Thomson, *Margaret Thatcher : The Woman Within*, (London, 1989); Wendy Webster, *Not a Man to Match Her : The Marketing of a Prime Minister*, (London, 1990); Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1990).

[13] Campbell, *The Grocer's*, pp.315-316.

[14] Thatcher, *Path to Power*, p.4.

[15] Maddox, *Maggie*, p.3 and p.7.

[16] Campbell, *The Grocer's*, pp.15-16.

[17] Maddox, *Maggie*, p.11; Campbell, *The Grocer's*, p.11, pp.15-17 and p.19.

[18] Maddox, *Maggie*, pp.16-17.

[19] Thatcher, *Path to Power*, p.29, p.47 and p.53.

[20] Maddox, *Maggie*, p.29.

[21] Campbell, *The Grocer's*, p.87.

[22] Carol Thatcher, *Below the Parapet : The Biography of Denis Thatcher*, (London, 1997), p.64.

[23] Webster, *Not a Man*, p.6; Thatcher, *Path to Power*, p.105.

[24] Young, *One of Us*, p.39; Thatcher Papers, THCR (1/1/1) Letter from Margaret Thatcher to John Hare, Conservative Party Vice-Chairman for Candidates, on 13 January 1954 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

[25] Maddox, *Maggie*, p.69.

[26] Thatcher, *Below The Parapet*, p.90.

[27] Thatcher, *Path to Power*, pp.142-143.

[28] Peter Riddell, *The Thatcher Era and its Legacy*, (Oxford, 1993), p.1.

[29] Thatcher, *Path to Power*, p.156.

[30] James Prior, *A Balance of Power*, (London, 1986), p.117.

[31] Young, *One of Us*, p.68.

[32] Maddox, *Maggie*, p.89.

[33] Campbell, *The Grocer's*, p.260.

[34] Andrew Denham, *Think-Tanks of the New Right*, (Aldershot, 1996), p.39.

[35] Young, *One of Us*, p.86; Campbell, *The Grocer's*, p.263.

[36] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), pp.115-116.

[37] Andrew Denham and Mark Garnett, *Keith Joseph*, (Chesham, 2001), pp.48-49.

[38] Campbell, *The Grocer's*, p.282.

[39] Thatcher, *Path to Power*, p.266.

[40] Paul Routledge, *Public Servant, Secret Agent : The Elusive Life and Death of Airey*

Neave, (London, 2002), pp.256-268.

[41] Campbell, *The Grocer's*, p.306.

[42] Thatcher, *Path to Power*, p.254.

[43] Kavanagh, *Thatcherism*, pp.76-80 and pp.106-107.

[44] Milton Friedman, *Essays in Positive Economics*, (Chicago, 1953), pp.251-262, pp.117-132 and p.143.

[45] F. A. Hayek, *The Constitution of Liberty*, (London, 1976), pp.395-411.

[46] F. A. Hayek, *The Road to Serfdom*, (London, 1976), pp.50-53, pp.29-31 and pp.153-154.

[47] Seawright, *An Important Matter*, pp.37-39.

[48] Thatcher, *Downing Street Years*, p.7; Keith Joseph, *Stranded on the Middle Ground? Reflections on Circumstances and Policies*, (London, 1976).

[49] Campbell, *The Grocer's*, pp.324-325; Denham, *Think-Tanks*, p.40.

[50] Thatcher, *Downing Street Years*, p.51.

[51] Young, *One of Us*, pp.198-199.

[52] Thatcher, *Downing Street Years*, pp.129-130.

[53] Maddox, *Maggie*, p.110.

[54] Campbell, *The Grocer's*, p.403 and pp.406-407.

[55] Margaret Thatcher, *Let Our Children Grow Tall*, (London, 1977), p.33.

[56] Campbell, *The Grocer's*, p.338, pp.341-342 and p.351.

[57] Young, *One of Us*, p.143.

[58] Campbell, *The Grocer's*, pp.138-139 and p.418.

[59] Thatcher, *Let Our Children*, p.7, p.73 and p.98.

[60] Conservative Party Archive (CPA), Leaders' Consultative Committee (LCC), The Right Approach to the Economy, August 1977, p.5, p.10 and pp.41-43.

[61] CPA, Conservative Research Department (CRD) 4/4/81, The Stepping Stones Programme, 19 January 1978, p.2.

[62] Thatcher Papers, MSS (2/6/1/233), Minutes of a Leader's Steering Committee Meeting on 30 January 1978 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>, June 2004>; Interview with Campbell Christie on 21 November 2003.

[63] CPA, LCC (78) 180, Nicholas Ridley, Policy on the Nationalised Industries, 26 July

1978, p1 and pp.4-5.

[64] *Economist*, 27 May 1978; *Times*, 29 May 1978.

[65] Thatcher, *Path to Power*, p.322.

[66] *Glasgow Herald (GH)*, 22 February 1975.

[67] Campbell, *The Grocer's*, p.396; Thatcher Papers, MSS (2/1/1/42A), Letter from Nigel Lawson to Margaret Thatcher on 29 December 1975 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>, June 2004>.

[68] Thatcher Papers, MSS (2/1/1/42A), Letter from Margaret Thatcher to Nigel Lawson on 30 December 1975 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www,margaretthatcher.org>, June 2004>.

[69] Young, *One of Us*, p.147.

[70] Thatcher, *Let Our Children*, p.88.

[71] John D. Fair and John A. Hutcheson Jr., 'British Conservatism in the twentieth century : An emerging ideological tradition', *Albion*, Vol. 19, No. 4, (1988), pp.549-578.

[72] David Willetts, *Modern Conservatism*, (London, 1992), p.47.

[73] Shirley Robin Letwin, *The Anatomy of Thatcherism*, (London, 1992), pp.32-33 and p.37.

[74] Riddell, *The Thatcher Era*, p.3.

[75] Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), pp.4-6.

[76] www.margaretthatcher.com/manifestos/1979.php, 28/8/2001, pp.1-2, p.5, p.12 and p.18.

[77] *Dod's Parliamentary Companion 1979*, (Herstmonceux, 1979), p.668.

Chapter One

'THE ARCHITECT'S WORK'?[1] THE SCOTTISH CONSERVATIVE AND UNIONIST PARTY, 1886-1990

Writing in 1988 Margaret Thatcher proclaimed that, 'Conservatism has played a long and historic role in Scottish politics and the Tory Party has deep roots in Scotland...Scots look to the Conservative Party once again today - we will not fail them'.[2] The extent to which Thatcher understood Scottish Conservative and Unionist history is, however, open to debate. James Mitchell asserts that under Thatcher an assimilationist strand emerged in Scottish Conservative thinking challenging many 'traditional unionist assumptions' whilst David McCrone contends that the Union was 'not high on its agenda'.[3] Furthermore, James Kellas believes that, 'Her ethnic nationalism...was at odds with...Unionism...which was a very British ideology'.[4]

Little research has been devoted to the Scottish Conservative and Unionist relationship with the post-war consensus. Gordon Brown and Douglas Alexander conclude that, 'The old settlement between Scotland and the rest of Britain...could not endure', because of Thatcher's, 'lack of commitment to social justice', and Richard Finlay describes Thatcher's bewilderment at Scottish support for, 'old-fashioned collectivist and statist notions'.[5] Finally, Iain Hutchison states that under Thatcher, 'The Conservatives appeared hostile to Scotland and its special circumstances'.[6]

This chapter explains and interlinks the history and electoral performance of the Scottish Conservative and Unionist Party with the establishment and development of the post-war consensus. Thereafter, the personalities and internal conflicts within the Scottish Conservative Party during Thatcher's premiership are scrutinised, and the reasons for the party's decline are outlined. The section concludes by analysing the Conservatives' portrayal in the Scottish media, and the role played by Scottish Conservatives in Thatcher's removal from Office.

Unionist Scotland? 1886-1939

Prior to 1886, the Scottish Conservative Party was largely associated with the landowning class, the Moderate wing of the Church of Scotland and protectionism.[7]

The Liberal Party dominated Scottish politics and an imperialist consensus existed, leading Scots to brand themselves as 'a race of empire builders'.[8] The introduction of an Irish Home Rule Bill in 1886 caused a split in the Liberal Party,[9] resulting in the emergence of Liberal Unionist candidates who, like the Conservatives, believed that Westminster should remain the sole legislative body in Britain. Many Liberal Unionists were committed to social reform, and the radical Birmingham MP, Joseph Chamberlain, who precipitated the Unionist split in the Liberal Party, pressed for the introduction of an eight-hour day for miners and a pilot old age pensions scheme.[10] Furthermore, Chamberlain briefly endorsed the concept of a 'federation of the United Kingdom', with a view to achieving 'imperial federation'.[11] The Round Table Movement, a group of Oxford University graduates who assembled in South Africa after 1900, propounded federalism as the most desirable method of reducing the administrative burden on Westminster. One of its leading Scottish figures, F. S. Oliver wrote under the pseudonym of 'Pacificus' in the *Times* in an unsuccessful attempt to rally Unionists behind imperial federation.[12]

In 1912 the alliance between Liberal Unionists and Conservatives was transformed into a new political force in Scotland through the creation of the Scottish Unionist Party.[13] The Scottish Unionists had a distinctive party structure, with the self-financing Western Divisional Committee and Eastern Divisional Committee operating in an uncoordinated fashion, wielding greater power than the Scottish Unionist Association's central council.[14] A Chairman's Office also existed, but it lacked authority. In stark contrast, the centralised 'English model' was coordinated from Smith Square in London, and appointed salaried constituency staff. This structural disparity emphasised the unique Scottish character of the Unionists, made the party responsive to localised issues, and appealed to businessmen who could directly influence where their donations were channelled.

According to Mitchell, 'Unionism is essentially a form of nationalism, in the sense that it is the ideology which favours the territorial integrity of the state'.[15] Unionists combined loyalty to the British state with Scottish patriotism and these concepts were bound together by commitment to the British Empire and the Union. This can be equated with the concept of 'Unionist-nationalism',[16] which Graeme Morton highlights as a feature of Scottish national identity between 1830 and 1860.

During this period the figures of William Wallace and Robert the Bruce, who were associated with the struggle for Scottish independence in the thirteenth century, were harnessed as Unionist icons. It was contended that their victories over the English had enabled Scotland to enter the Union as an equal partner of England.[17] Morton concludes that Unionist-nationalism 'died out in the 1860s', but its legacy can be identified in the rhetoric and ideology of the Scottish Unionists. Nevertheless, the widespread use of the Unionist title in Westminster elections did not disguise the existence of candidates and MPs who continued to describe themselves as Conservatives.

During the 1920s, the Unionists by-passed the increasingly divided Liberals as Scotland's foremost political force. In doing so the party attracted growing support from the Scottish business community, the middle-class and civil society.[18] Scottish civil society survived the Union of 1707, and comprises those institutions that operate in the public domain, but are not part of central government.[19] These include the churches, the legal establishment, local government, the press and the education system. The support of civil society and the middle-class was reinforced by the Unionists' appeal amongst the Protestant working-class, stemming from the party's links with the Orange Order and Ulster Unionism.[20] A dual form of Scottish and British national identity, therefore, developed, legitimising the existence of separate Scottish institutions.

Unionist electoral success was partly motivated by the rise of the ILP and the Labour Party. Labour was perceived to be a threat because of its socialism, epitomised by the party's adoption of Clause IV in 1918,[21] committing it to bringing Britain's staple industries and public services under state control. Furthermore, Labour actively courted the support of Scotland's Irish Catholic community, and after the Irish Free State was established in 1922, Labour's popularity amongst Irish Catholic voters grew significantly.[22]

In municipal politics broad-based 'anti-socialist' alliances were created to keep Labour out of power.[23] Candidates stood as Moderates, Independents and Progressives, campaigning against state provision for Catholic education, introduced in 1918.[24] These anti-socialist groupings oversaw a significant expansion in council housing, and of the 337,000 houses built in Scotland between 1919 and 1939, two-

thirds were in the public sector,[25] contradicting the goal of the radical Unionist MP for Perth and Kinross, Noel Skelton, who wished to create a 'property owning democracy'.[26]

Interventionism had been prevalent in Scottish local government since the late 1880s, and Unionists were often at the forefront of municipalisation. This created permanent public sector employment, as councils developed public utilities, such as gas and electricity.[27] During his time as Mayor of Birmingham, Chamberlain, described this as a 'natural monopoly', asserting that, 'all monopolies which are sustained by the State ought to be in the hands of the representatives of the people, by whom they should be administered, and to whom their profits should go'.[28]

As early as 1921, Walter Elliot, then MP for Lanark, identified a link between unemployment and ill-health.[29] After his appointment as Under-Secretary for Health at the Scottish Office in 1924, Elliot created an experimental scheme providing free school milk for impoverished children in Scotland's seven largest cities and towns. This proved to be extremely successful, and was extended throughout Scotland in 1929.[30] In 1932, Elliot also wrote of the spirit of 'democratic intellectualism' that distinguished Scottish education from the English and Welsh education system.[31] He contended that Scottish education was grounded on a philosophy that used principles and experience to question perceived facts, enabling it to provide a broad meritocratic learning experience. The foremost advantage of this tradition was that it helped to realise the educational potential of all individuals regardless of ability, equipping Scots for democratic life.[32]

Elliot became Scottish Secretary in 1936, and was promoted to the post of Health Secretary in 1938. He and Skelton emphasised the need to address the economic and social grievances of ordinary voters in order to counteract the appeal of socialism.[33] The Unionists also began to include the newly enfranchised female electorate in their political rhetoric and organisation.[34] In 1923 the Duchess of Atholl became the first Scottish woman MP, representing West Perthshire, and vocally opposing British neutrality in the Spanish civil war and appeasement. Her views were endorsed by the Conservative MP for East Aberdeenshire, Robert Boothby, whilst the Conservative MP for Stockton on Tees, Harold Macmillan, who had Scottish roots, propounded the benefits of state intervention.[35]

Scottish local government was overhauled in 1929.[37] This restructuring was controversial, as Westminster's intervention undermined the autonomy of Scottish local government, provoking an upsurge in nationalist feeling.[38] The Unionists sought to appease Scottish sentiments through administrative reform, and in 1926 the post of Scottish Secretary was upgraded to a permanent Cabinet position. Furthermore, a reorganisation of Scottish government took place in 1928, centralising control of Scotland's administrative boards at the Scottish Office.[39] This provoked cross-party opposition, and Skelton attacked the prospect of Scottish affairs being overseen by civil servants, 'who perhaps know little about Scotland'.[40]

In 1928 the National Party of Scotland (NPS) was created.[41] A devolutionist grouping also left the Cathcart Unionist Association in 1932, and its chief spokesman, Kevan McDowall, propounded the benefits of imperial federation.[42] The Scottish Party was created by this Unionist faction and other right-wing nationalists. In 1934, the Scottish National Party (SNP), which combined the NPS and the Scottish Party, was formed. Unionists, such as John Buchan, MP for the Scottish Universities, sympathised with this increase in Scottish nationalism, 'I believe that every Scotsman should be a Scottish Nationalist...Britain cannot afford, the Empire cannot afford...a denationalised Scotland'.[43] However, Buchan concluded that the best means of maintaining Scottish identity was through the transfer of the Scottish Office from London to Edinburgh. He was supported by Skelton, who spoke of the 'special duty' of Scottish MPs to place the interests of Scotland ahead of party politics. Elliot, announced the establishment of a Committee of Enquiry on Scottish Administration, in 1936, and when it reported back, in 1937, endorsed the Committee's recommendation that the Scottish Office should be relocated to Edinburgh.[44] The new Edinburgh-based Scottish Office was named St Andrews House, and opened in May 1939.

During the 1930s, Britain experienced a severe recession, and Scottish unemployment averaged 21.9%.[45] This was largely attributable to Scotland's over-dependence on heavy industries, such as shipbuilding and engineering. Unionist-supporting industrialists, such as Sir James Lithgow, attempted to coordinate a strategy to reduce the size of Scotland's heavy industries and establish light industries.[46] In 1934, a Special Areas scheme to aid the distressed regions of west

central Scotland was created with Unionist support.[47] Between 1934 and 1937, £2.48 million was spent in the west of Scotland and, in 1937, the Special Areas Commissioners were given the power to build factories, dispense loans, and cover the rent and rates of incoming firms. Europe's first industrial estate was opened at Hillington, near Glasgow, in 1937, and by the end of 1938 around 5,000 jobs in light industry had been created.[48] The Unionists had, therefore, endorsed corporatism and state intervention as the most desirable method of addressing Scotland's economic difficulties.

The Dawn of Consensus, 1939-1965

The outbreak of war in 1939 led to an expansion of government activities throughout Britain. Thomas Johnston, Labour MP for West Stirlingshire, was Scottish Secretary between 1941 and 1945,[49] and he chose to introduce a consensual approach to St Andrew's House, establishing corporatist bodies like the Scottish Council on Industry, and creating the North of Scotland Hydro Electric Board.

The most significant war-time development was the publication of a ground-breaking report on *Social Insurance and Allied Services* by Sir William Beveridge, in 1942. Beveridge, a Liberal-orientated civil servant, embraced the need for central planning and state intervention following Britain's early reverses in the war.[50] His report stated that Britain had to overcome the 'five giants' of want, ignorance, disease, squalor and idleness.[51] Beveridge's recommendations, founded on three assumptions, envisaged that the state would provide every family with children's allowances until a child reached fifteen, and a national health service funded from insurance payments and general taxation would be established. Finally, he asserted that his proposals would become unworkable if unemployment rose above 8.5%. The *Glasgow Herald* stated that, 'there can be little doubt that the report will prove a foundation for the future development of the social services', and 635,000 copies of Beveridge's report were sold.[52] A blueprint for reform with widespread support amongst the electorate was placed at the disposal of Britain's political parties.

Labour embraced Beveridge's recommendations with the greatest fervour, and Paul Addison concludes, 'When Labour swept to victory in 1945 the new consensus

fell, like a branch of ripe plums, into the lap of Mr Attlee'.[53] Labour created a National Health Service, financed out of general taxation, and free-at-the-point-of-need.[54] It also endorsed the findings of the 1944 White Paper on Employment, contending that full employment should be a primary economic objective.[55] The nationalisation programme sought to bring many of Britain's staple industries and public services under permanent state control.[56]

The Scottish Unionists, however, opposed Labour's model for a welfare state, and the creation of nationalised industries offended their belief in private enterprise.[57] This hostility was partially attributable to the attitude of civil society, which was concerned that Labour's nationalisation programme would take industrial control away from Scottish businessmen, and into the hands of civil servants in London. The Scottish Unionists championed this cause, campaigning under the banner, 'Scottish Control of Scottish Affairs'.[58] Elliot also sought to exploit the activities of the cross-party nationalist pressure group, the Scottish Convention. It held a 'Scottish National Assembly' in March 1947, and established a committee in 1949 which drafted 'The Scottish Covenant'.[59] This document was launched at a third 'National Assembly' in October 1949 attended by 1,200 people in the Church of Scotland's Assembly Halls in Edinburgh.[60] The Covenant attracted two million signatures supporting Home Rule, but only two MPs signed it.

This left the Covenant open to political exploitation, and at the 1948 Paisley by-election, John MacCormick, a former Glasgow University Nationalist, stood as a 'national' candidate with Liberal and Unionist support.[61] The joint Liberal and Unionist declaration stated that, 'We believe that only in a free economy...can there be that continuous increase in the production of wealth which alone can make possible a steady advance in the standard of living'. Furthermore, it vaguely asserted that, 'a measure of devolution in the government of Scotland is a matter of urgency', whilst propounding, 'Empire and Commonwealth unity'. This anti-socialist alliance was designed to galvanise Unionist-nationalism, but Labour comfortably retained the seat.

The Unionist Party was in a position to emphasise its Scottish credentials because of its structural and financial independence from the Conservative Party in England, which contrasted with Labour's British constitution and centralisation of

power in London. Furthermore, the small electoral base of the SNP enabled the Unionists' to play the 'Scottish Card',[62] and the disintegration of the Independent Labour Party (ILP) weakened the Home Rule lobby in left-wing circles. After the Conservatives were re-elected in 1951, the party appointed a Royal Commission on Scottish Affairs in July 1952, and its limited recommendations saw the control of animal health, roads, bridges and ferries pass to the Scottish Office.[63] A Scottish Standing Committee was established in 1957 to examine bills relating to Scotland, and a second Scottish Standing Committee was created in 1962.[64] It was apparent that a consensus was developing on the pursuit of administrative devolution.

This was an outgrowth of an emerging British political consensus, which Andrew Gamble describes as a, 'compromise between the ruling interests of capital and the demands of labour',[65] embracing full employment, free-at-the-point-of-need welfare and economic planning. A similar pattern emerged in Scottish local government, as Labour pursued a low rents policy, which the diverse Unionist groupings failed to reverse when in office.[66] Following the Town and Country Planning Act 1947 huge council estates and new towns were built throughout Scotland, and by 1966, 47% of Scotland's housing was in the public sector compared to 27% in England.[67] The Unionists believed that council house building illustrated their commitment to the working-class, but it worked against the party's long-term electoral interests. The Conservative Party in England was increasingly gearing its message towards homeowners, symbolising homeownership as social progression. However, in the short-term, the Scottish Unionists continued to thrive, and at the 1955 General Election the party won 50.1% of the popular vote, which is the largest share of the vote a Scottish party has ever recorded.[68]

An outcome of Labour's low rents policy was rates increases,[69] and in May 1953 a Scottish Valuation and Rating Committee was convened under Lord Sorn's chairmanship with the remit to review the valuation and rating system in Scotland. Having considered the alternatives of a local income tax, a site value tax, and a poll tax, it reported back in September 1954, opting to support the retention of the rates.[70] A poll tax, which was a flat rate, regressive charge that was levied as payment for local services, was rejected on the grounds that, 'the difficulty and expense of collection would be formidable', and the Committee objected 'in principle to

associating registration as a voter with liability to tax'. Sorn also proposed that rolling quinquennial revaluations should replace the annual revaluation process. This custom had been in practice in England and Wales since 1925, and the Committee argued that it would enable centrally provided local government grants to be more equitably distributed. The Committee's findings were translated into the Valuation and Rating (Scotland) Act 1956, introducing the legal requirement to hold quinquennial rating revaluations.[71]

Meanwhile, the British Empire had begun to disintegrate. India was granted independence in 1947 and, thereafter, other colonies gradually followed suit.[72] Decolonisation accelerated after the disastrous Suez crisis of 1956, and Harold Macmillan, who had replaced Anthony Eden as Prime Minister, spoke of a 'wind of change' in 1960, as British foreign policy was reorientated to accommodate the development of a Cold War between America and the Soviet Union. Imperialism was incompatible with this changed international environment, and Britain assumed a new role as a supporting actor to America in the Cold War. As the British Empire reconstituted itself into the British Commonwealth, the Unionists were deprived of a vital ideological and populist pillar. Affinity with the imperial mission had been an influential factor in maintaining a British strand to Scottish national identity,[73] and had acted in tandem with Orangeism in widening the Unionists' electoral appeal in Scotland. Unionist-nationalism lost credibility without the prop of imperialism.

Scotland's economy had also begun to flounder in comparison to the buoyant British economy, and in 1957 Scotland had 10% of the UK's population, but 22% of its unemployed.[74] The Unionists' and Labour's solution was regional planning. In 1957 Ravenscraig steelworks was opened by the Motherwell-based steel magnates, the Colvilles, and in 1958 they were persuaded by the Conservative government to site a hot strip mill at the plant.[75] However, Macmillan also agreed to establish another small-scale strip mill at Llanwern in Wales, creating 500,000 tons of new strip capacity which, Macmillan admitted, could not be sustained without new industries being attracted to Scotland and Wales. Labour renationalised the steel industry in 1967, by which time, Colvilles was technically bankrupt, because of the debt that the Ravenscraig project had forced it to undertake. Regional policy was being dictated by the social priority of full employment rather than market-based

economic logic.

The Unionists' vision of regional planning was heavily influenced by the Toothill Report of 1961. Its author, John Toothill of the Scottish Council (Development and Industry), a successful Yorkshire-born business manager, advocated large-scale investment in education to rectify Scotland's dependence on heavy industry.[76] He also proposed the decentralisation of research, development and physical planning, leading to the establishment of the Scottish Development Department in 1962. Electronics, engineering, motor car production and food and drink all experienced growth,[77] but much of this employment was provided by multinational companies, which had their headquarters and research and development facilities outwith Scotland.

In 1962, the Conservatives introduced state-funded student grants, entitling every British student to a minimum of £50 per year.[78] At this time, 5.1% of young Scots attended university, compared to 3.9% in England, and the Robbins Committee's Report on Higher Education, in 1963, called for access to university to be widened.[79] Labour requested all Education Authorities to submit plans to move towards a fully comprehensive secondary school system in 1965 and, between 1964 and 1974, the percentage of school leavers gaining certification increased from 27% to 66%. By 1970, 17% of Scottish school leavers were qualifying for university. Yet, Labour did not deliver its 1966 manifesto commitment to abolish private fee-paying schools and, in 1965, 4.5% of Scottish pupils attended a fee-paying school compared to the British average of 7%.[80]

An Identity in Turmoil : Scotland, 1965-1979

In 1965, the Scottish Unionist Party label was discarded and replaced by the title of the Scottish Conservative and Unionist Party.[81] The internal structure of the party also changed, as the autonomous Divisional Councils were eradicated and replaced by regional councils under the control of the Chairman's Office, which was renamed Scottish Conservative and Unionist Central Office.[82] Furthermore, in a move that undermined the financial independence of the previously self-financing Scottish party, a single centralised Scottish fund, distributed from London, was established.

This reorganisation was to have far-reaching effects, as after the abolition of the Divisional Councils, the party lost its responsiveness to localised issues, and businessmen were less willing to place large donations into the centralised fund. The Unionists' network of full-time agents, which had given the party an organisational advantage in the central-belt, was now gradually dismantled. Jimmy Allison, the former Scottish Organiser of the Labour Party, believes that these changes accelerated the party's electoral decline.[83] Supporters of the restructuring asserted that access to the plentiful English finances would revive the party's performance.

Scotland's social and economic structure had also begun to work against the party's interests. A clear divide developed between the number of self-employed workers in Scotland and the rest of the UK, whilst Scottish capitalism contracted.[84] Scottish society was becoming increasingly secularised, the Kirk was diluting its support for the Conservatives, and the party's links with the Orange Order had been largely severed. Furthermore, the previously pro-Unionist press had either folded, switched allegiance, or adopted a more critical stance towards the party.[85] These factors combined with the decline of imperialism to strip Unionism of its populist connotations and fractured the bedrock of Unionist support.[86]

This resulted in the party becoming dominated by what Hutchison calls, 'languid public school types', who presided over the erosion of the Conservatives' urban vote.[87] To compound matters, the Scottish Conservatives began putting forward candidates in municipal elections, disbanding the loose anti-socialist alliance operated by the Unionists and adding to financial commitments. At the 1966 General Election, Labour won forty-six seats and the Conservatives fell to twenty MPs.[88] One of the few urban seats to withstand the party's decline was Glasgow Cathcart, where Teddy Taylor, a lower middle-class, Scottish educated populist, enthusiastically canvassed council housing schemes, such as Castlemilk. Elsewhere Scottish Conservative activists failed to replicate his tactics. Women remained on the periphery of Scottish politics, with only two female Scottish Conservative MPs elected between 1945 and 1979.

Under Labour the pace of regional planning accelerated further, with the Department of Economic Affairs situated at the hub of a planning network.[89] In Scotland, the Regional Development Division of the Scottish Office was

supplemented by a Regional Economic Planning Board and a Regional Economic Planning Council. The impetus behind this process was added to by the steady growth in support for the SNP, and by 1971 all of Scotland was classified as an Assisted Area.[90] The standard bearer for this approach was the Scottish Secretary, William Ross, and in partnership with the 'Scottish lobby' he exploited this expansion in regional policy. The Scottish lobby comprised figures from a cross-section of Scottish society who lobbied Parliament for government subsidies and employment opportunities.[91] Political differences were expected to be put aside in the interests of Scotland, and if the demands of the Scottish lobby were not met it would highlight the growing threat of Nationalism.[92] These tactics were productive, and between 1960/61 and 1980/81, regional preferential assistance to Scotland rose from just under £3 million to almost £200 million.[93]

Another feature of the post-war consensus was a rise in trade union influence. The pursuit of full employment left the unions in a strong bargaining position due to the lack of excess labour, whilst nationalisation and economic planning politicised the wage bargaining process. Between 1964 and 1979, British trade union membership rose from ten million to more than thirteen million, and STUC membership broke through the one million barrier in 1977.[94]

The post-war consensus became increasingly strained during the 1970s, as taxation, state intervention and public spending grew, whilst the economy stagnated, trade union militancy escalated and Scottish and Welsh Nationalism prospered. Left-wing politicians, such as Tony Benn, MP for Bristol South East, advocated further nationalisation and economic planning to overcome the decline of British capitalism, but the New Right identified these policies as the root cause of Britain's difficulties.

Edward Heath, the Conservative Prime Minister between 1970 and 1974, was confronted by two miners' strikes in 1972 and 1974, and chose to fight the February 1974 General Election on the issue of trade union power.[95] Labour won without a working majority by virtue of the party's strength in Scotland and Wales. Harold Wilson, the Labour leader, pledged to restore government relations with the unions, and create devolved Scottish and Welsh assemblies. Another election, in October, resulted in Labour holding a parliamentary majority of three MPs.[96] In Scotland, the SNP won eleven seats, as the Conservatives dropped to sixteen MPs.[97]

After replacing Heath as Conservative Party leader, Margaret Thatcher appointed a committee of enquiry on Scottish party organisation, which reported back in 1977, proposing further integration with the British party. There was to be a Scottish Director of Organisation in overall control of administration, organisation and finance, who was to be directly responsible to Smith Square.[98] Although the office of National Treasurer in Scotland was retained, the Scottish Conservatives' finances were to be controlled by the Treasurer's Department in London. In the face of a Scottish Nationalist revival, the party had opted to embellish the structure of the British party at the expense of its Scottish counterpart.

Unemployment in Scotland rose from 4.6% in 1973 to 8% in 1979, and inflation peaked at 26.9% in 1975.[99] Labour's 'Social Contract' with the trade unions was designed to counteract inflationary wage demands,[100] but in 1976 Labour had to seek financial assistance from the International Monetary Fund (IMF), forcing the new Prime Minister, James Callaghan, to implement a package of public expenditure cuts. By 1977, Labour was a vulnerable minority government, reliant on the support of the Liberals to remain in power. The trade unions exploited Labour's weakness, and in the winter of 1978/79 public sector workers undertook industrial action to break the wage restraints imposed by the Social Contract. Corporatism was discredited, prompting Isaac Kramnick, to pose the question, *Is Britain Dying?*.[101]

Meanwhile, in 1978, Scotland's public expenditure advantage over the rest of Britain became enshrined in the Barnett formula. The Chief Secretary at the Treasury, Joel Barnett, devised a scheme that divided comparable public expenditure, in areas such as health and education, to each constituent part of Britain according to the size of its population.[102] At the time of compiling the Barnett formula, Scotland held a 23% public spending advantage over England, and Richard Rose contends that only 16% of this figure was due to Scotland's greater social needs, attributing the remainder to the activities of the Scottish lobby.[103] The formula contained contradictions. If public expenditure increased then Scotland would marginally lose out to England, but if it fell, Scotland's share of spending would decrease at a slower rate than in England. As Labour attempted to constrain public expenditure in the wake of the IMF crisis, it was apparent that, in the short-term, the implementation of Barnett would defend Scotland's public spending advantage.

Indeed, events in Scotland combined with the 'winter of discontent' to unseat the Labour Government. Labour's Scottish devolution proposals failed to win sufficient support at the March 1979 Referendum (see chapter 6), and the SNP sided with the Conservatives in a Vote of No Confidence, forcing Callaghan to call a general election. Callaghan famously stated that it was 'the first time in recorded history that turkeys have been known to vote for an early Christmas'.[104] In Scotland, the Conservatives won twenty-two seats, but the party's support in the central-belt continued to shrink, and Labour remained the largest party with forty-four MPs.[105] The biggest losers were the SNP, which dropped to two MPs.

The 'iron fist in the velvet glove'?[106] The Scottish Conservative Party, 1979-1987

At the onset of Thatcher's premiership the Scottish Conservative Party contained a diverse assortment of capable and colourful personalities. According to Richard Finlay, by 1979 'the Scottish Tory leadership was predominantly drawn from the left of the party'.[107] Most leading Scottish Conservatives maintained a patrician stance, and none more so than the Scottish Secretary, George Younger, whose family had made its fortune in the Scottish brewing industry.[108] Younger was educated in England, and gained the tag of 'gentleman George' in 1963 after agreeing to stand down as prospective candidate in Kinross and West Perthshire, enabling Lord Home to take his place.[109] Younger was selected to fight the Ayr constituency, which he held at the 1964 General Election.[110] His defining characteristics were friendliness and courtesy, but Malcolm Rifkind, MP for Edinburgh Pentlands, describes him as 'a serious and ambitious politician'.[111]

Rifkind had attended George Watson's fee-paying school in Edinburgh, and was an advocate of Jewish descent who believed that the party should avoid ideological doctrines.[112] On the other hand, Nicholas Fairbairn, MP for Kinross and West Perthshire, was a flamboyant, privately-educated lawyer,[113] who was appointed as Solicitor General for Scotland in 1979. Allan Stewart, MP for East Renfrewshire, had studied and lectured at St Andrews University.[114] He was a former Director of CBI (Scotland), and was the only Scottish Conservative MP associated with the New Right. Ian Lang, MP for Galloway, was an insurance broker, who had attended an

English public school, and strongly opposed devolution.[115] In addition to this, Bill Walker, MP for Perth and East Perthshire, was a maverick former management consultant on the right-wing of the party, but had no strong links with the New Right.[116]

Two other MPs are of note, because of the contrast that they reveal about the changing ethos of the party. Michael Ancram, MP for Edinburgh South, and heir to the twelfth Marquess of Lothian had been educated in England,[117] and was the first Roman Catholic to become a Scottish Conservative MP after being elected for Berwick and East Lothian in February 1974. In 1980, Ancram became Scottish Conservative Party Chairman.[118] In stark contrast, Commander Thomas Galbraith, MP for Hillhead, encapsulated the party's Unionist past. He had been elected in 1948 and, after the 1979 General Election, held the only Conservative seat in Glasgow.[119]

Scottish Central Office employed only seven members of staff at the 1979 General Election, and the Scottish Conservatives election expenses were exceeded by Labour for the first time.[120] Younger owed his appointment at the Scottish Office to Taylor's defeat in Cathcart and 'made no pretences to Thatcherite rigour'.[121] A significant factor in Younger's relaxed self-assurance was his close relationship with the Deputy Prime Minister and Home Secretary, William Whitelaw.[122] Whitelaw represented a northern English seat, but he was a Scottish landowner, who took great interest in the well-being of the Scottish party. He was a force of stability throughout Thatcher's premiership, endorsing her economic strategy whilst urging caution, and mediating in Cabinet disputes much to the disappointment of the 'wets'. This alliance between Younger and Whitelaw excluded the New Right from power in Scotland, and helped to prevent the closure of Ravenscraig in 1982 (see chapter 2).

The party held all of its seats following a boundary redistribution prior to the 1983 General Election, and Thatcher won with a landslide British majority of 144.[123] This can be partly attributed to the Labour Party's internal disarray and left-wing manifesto, which Gerald Kaufman, MP for Manchester Gorton, described, as 'the longest suicide note in history'.[124] There was a serious power struggle within the party between a left-wing faction, led by Tony Benn, and the party leadership, souring Labour's public relations.[125] This rift was deepened by the growth of the Militant Tendency, which was a Trotskyist grouping that had infiltrated the party. These

difficulties were compounded by Labour's decision to appoint the ageing Michael Foot as party leader.[126]

Senior right-wing Labour figures such as, Roy Jenkins, a former Chancellor, and David Owen, Callaghan's Foreign Secretary, dismayed by these developments decided to create the Social Democratic Party (SDP) in March 1981.[127] The SDP formed an electoral alliance with the Liberals, who were led by David Steel, MP for Roxburgh, Selkirk and Peebles. In Scotland, the SDP was a relatively small party, but in March 1982, Jenkins won the Glasgow Hillhead seat from the Conservatives in a by-election, removing the Conservatives' last seat in Glasgow. Robert MacLennan, the MP for Caithness and Sutherland, and Dickson Mabon, the MP for Greenock, also defected from the Labour Party to the SDP.[128] Yet there was no groundswell of support for the party on a similar scale to England. Scottish Labour largely succeeded in rebuffing the efforts of the Militants, and neither the 'Bennites' nor the Militant Tendency succeeded in infiltrating the trade union or party establishment. In 1983 Labour remained by far the largest Scottish party with forty-one MPs.

That year Anna McCurley became the sole female Scottish Conservative MP to be elected during Thatcher's premiership, winning Renfrew West and Inverclyde. The most significant Scottish Conservative newcomer, however, was Michael Forsyth, MP for the newly created constituency of Stirling. Brought up in a council house in Arbroath he had entered St Andrews University as a socialist before graduating as a convert to the New Right.[129] He became Chairman of the Federation of Conservative Students (FCS) between 1976 and 1977, and developed close ties with the Adam Smith Institute (see Introduction).[130] Forsyth sat on Westminster City Council between 1978 and 1983, pioneering competitive tendering (see chapters 4 and 5), and creating a consultancy company to advise on privatisation.[131] His work colleagues allege that he nursed ambitions of becoming Prime Minister, but Forsyth asserts that he entered politics because he was, 'determined to try to reverse the decline in Scotland and confront the dead hand of socialism'.[132] Thatcher encouraged Forsyth to stand for Parliament, and one of his first significant acts as an MP was to help found The No Turning Back Group (NTBG) in 1983, which Arnold Kemp describes as Thatcher's 'praetorian guard'.[133] The only Scottish MP to join this Group was Stewart.

Younger continued to pursue a consensual line in Scotland and Christopher Harvie states that he was, 'a marked man'.[134] Yet his alliance with Whitelaw proved to be a significant factor in convincing Thatcher to replace the rates (see chapter 5), and Whitelaw had pre-selected him as Michael Heseltine's replacement at Defence.[135] Younger became the first Scottish Secretary to win a Cabinet promotion since Walter Elliot, when Heseltine left the Government, in January 1986 (see chapter 2). The new Scottish Secretary, Malcolm Rifkind, did not have a close relationship with Whitelaw. Rifkind confesses that his personal style as Scottish Secretary was 'very different' to that of Younger, whilst Mitchell states that Rifkind's, 'view was that the best form of defence was attack'.[136] Rifkind did not fully enjoy Thatcher's trust because of his previous support for devolution (see chapter 6), and she confesses that she 'appointed him with mixed feelings'.[137]

The Fourth Estate? The Scottish Press and the Scottish Conservatives

An increasingly fraught issue for the Scottish Conservatives was the growing antipathy of the Scottish press. During Thatcher's premiership almost seventy percent of newspapers that were read in Scotland were Scottish produced.[138] At the 1979 General Election, the Conservatives retained the support of the *Glasgow Herald* and the *Scottish Daily Express*.[139] Labour relied upon the backing of the tabloid *Daily Record*, by far, the most popular Scottish newspaper, which placed its journalists at the disposal of the party during election campaigns.[140] Allison believes this was a significant factor in galvanising Labour support in Scotland, and the former Scottish Secretary of the Labour Party, Helen Liddell, was appointed as the *Record's* director of corporate affairs in 1988, four years after it had been purchased by the media tycoon, Robert Maxwell.[141] In stark contrast, the Conservative-supporting tabloid, the *Scottish Daily Express*, had been printed in Manchester since 1974, and its readership had dwindled.

The English-based press were overwhelmingly supportive of Thatcher. She could rely on the backing of broadsheets like the *Times*, the *Economist*, and the *Daily Telegraph*, which was edited by Denis Thatcher's life-long friend William Deedes, as well as tabloids, such as the *Sun*, which had close ties with her Press Secretary, Bernard Ingham.[142] Over the course of Thatcher's premiership she knighted the

editors of the *Sun*, the *Daily Mail*, the *Daily Express*, the *Sunday Express*, and the *Financial Times*.[143] However, her most significant relationship was with the Australian owner of News International Newspapers, Rupert Murdoch, who owned the *Sun* and the *News of the World*, and conveyed her beliefs in populist terms. Thatcher manipulated the monopolies and mergers rules to aid his purchase of the *Times* and *Sunday Times* in 1981.[144] Nevertheless, her support for Murdoch contradicted her desire to limit the prevalence of sex and violence in the media.[145] News International established a trade union free printworks at Kinning Park in Glasgow, in 1986, producing a separate Scottish edition of the *Sun*,[146] but this failed to increase the popularity of the Scottish Conservatives.

In stark contrast to Thatcher's relationship with the Fleet Street press, the British Broadcasting Corporation (BBC) was in regular conflict with the Government. Thatcher instinctively distrusted the BBC, because it was state-owned and publicly financed through a monopoly television licence.[147] Furthermore, Scottish Television's (STV) political reporting was not as sympathetic to the Conservatives as the British Independent Television News.[148] Indeed, STV's managing director, Gus Macdonald, was a prominent Labour supporter.

Hutchison states that, 'the press grew ever more hostile to the Conservatives',[149] as unemployment rose and Scotland's traditional industries declined (see chapter 2). At the 1983 General Election, the *Scottish Daily Express* was the only Scottish daily newspaper to support the Conservatives, as the *Herald* backed the SDP/Liberal Alliance.[150] Many Scottish Conservatives attributed this switch in allegiance to the arrival of Arnold Kemp, in 1981, as the *Herald's* editor, and these misgivings heightened, as Kemp became involved in initiatives, such as the Standing Committee on the Scottish Economy (see chapter 2).[151] The *Herald's* economics correspondent, Alf Young, was a former Labour Party researcher,[152] and its political correspondent, Murray Ritchie, regularly ran hostile anti-Conservative articles. The *Herald* had traditionally been one of the party's most staunch supporters, and Kemp asserts that it used to consult Scottish Unionist Central Office to approve its lead articles. The *Herald's* changed political allegiance, therefore, denied the Conservatives a mouthpiece to convey Thatcher's political message to the Scottish middle-class.

Shooting the Messenger : The Scottish Conservative Party, 1987-1989

At the 1987 General Election the Scottish Conservatives dropped to ten MPs. Younger's majority in Ayr fell from 7,987 to 182, whilst Forsyth's majority in Stirling decreased from 5,133 to 548.[153] Tactical voting was a significant factor in the Scottish election result, as the Scottish Conservatives' share of the vote only fell from 28.4% to 24%, but the party lost eleven seats.[154]

Labour had regrouped under the leadership of the Welshman, Neil Kinnock.[155] He expelled members of the Militant Tendency, reformed Labour's policies, and became more media conscious.[156] The Shadow Scottish Secretary, Donald Dewar, also provided an articulate and reasoned opposition to Scottish Office ministers. Allison, however, saw Dewar as 'aloof', 'indecisive', and unable to relate to working-class Scots.[157] Indeed, Allison believes that Dewar was an inferior politician to Rifkind and Forsyth. Nevertheless, Dewar was influential within civil society, and the party won fifty Scottish seats.

Outwith Scotland, the Conservatives only lost ten MPs, and Thatcher won with a British majority of 102 seats.[158] The *Glasgow Herald* had focused on voicing opposition to Thatcher's policies,[159] and informing its readers about the use of tactical anti-Conservative voting. Conservatives, such as the deposed MP for Bearsden and Strathkelvin, Michael Hirst, attached the blame for the Scottish Conservatives' dismal showing to the hostility and pro-devolution stance of the Scottish press.[160] MacInnes asserts that, 'to be truly Scottish was to be anti-Thatcher', and Ingham is convinced that the 'poisonous atmosphere' created by negative press coverage affected Scottish attitudes towards Thatcher and the Conservatives.[161] In his view the Government's relationship with the Scottish press, 'was extremely difficult if not impossible'. On the other hand, Rifkind believes that the Scottish press is hostile to all governments, and contests that regional newspapers, such as the *Dundee Courier*, remained supportive of the Conservatives.[162]

Nevertheless, a number of Scottish Conservatives, including the Glasgow lawyer Ross Harper, a business partner of Dewar, and Ian Sproat, the former MP for Aberdeen South, embarked on a takeover bid for the *Glasgow Herald* with the

endorsement of the party Chairman, James Goold.[163] Ingham insists that he was unaware of these activities, asserting that Kemp, who was a former colleague of his at the *Guardian*, was no more anti-Conservative than the rest of the Scottish press.[164] The *Herald's* owner, Lonrho, was unwilling to sell, as its chief executive, Roland 'Tiny' Rowland, was embroiled in conflict with the Department of Trade and Industry (DTI) over the Al-Fayed brothers' takeover of Harrods. Goold then turned his attentions towards the *Scotsman* after it experienced a period of industrial action, but its Canadian owners rejected his advances. Throughout these negotiations, the Scottish Conservatives failed to appreciate that the *Herald* and *Scotsman* were reflecting civil society's opposition to Thatcher's policies. Middle-class Scots would not have been influenced by the press if its criticisms did not correspond with their experiences during Thatcher's premiership.

On the other hand, the party's immediate problem following the 1987 General Election was its lack of credibility amongst the Scottish electorate, as Thatcher struggled to staff the Scottish Office. Stewart who had been dropped as Education and Industry Minister by Rifkind in September 1986, attributed the party's collapse to Scottish Office interventionism.[165] After June 1987, he refused to serve under Rifkind, whilst Fairbairn and Walker were judged too unpredictable to be trusted with ministerial responsibilities.[166] This gave Thatcher the opportunity to promote Forsyth to the position of Health and Education Minister (see chapter 4), in the anticipation that he would become 'the real powerhouse for Thatcherism at the Scottish Office'.[167]

By June 1987, the number of Scottish Conservative constituency agents had fallen to fourteen.[168] SCUA responded to the General Election result by criticising the party's loss of Scottish identity (see chapter 6), calling for a return to the Unionist tradition of appointing the Scottish Secretary as party Chairman. In a survey of constituency chairmen, Scottish Central Office was criticised for its lack of separate Scottish campaign material and newspaper advertisements. Furthermore, SCUA recommended that its President should be elected and given responsibility for the party's professional staff, in order to repair links between the voluntary and professional wings of the party.[169] The response of the professional wing was to reorganise Central Office in August 1987. There were to be five new directors with portfolios for finance, organisation, research, communication and campaigning,

entailing an increase in staffing numbers to twenty-five. MacKay was appointed as chief executive, and the Scottish party was empowered to retain all donations received in Scotland. This was intended to improve the Scottish Conservatives' waning finances and reduce its dependence on the British party.

The Scottish Tory Business Group (STBG) was also formed,[170] but this initiative was inhibited by the erosion of Scottish capitalism, which had been intensified by multinational takeovers (see chapter 2). In 1988, thirteen Scottish companies, including the Weir Group, the Argyll Group and the Macfarlane Group, donated a total of £173,250 to the Conservatives. Nevertheless, constituency parties were just under 40% short of their fund-raising targets,[171] resulting in continued financial reliance on the British party. Furthermore, this restructuring took place without any prior consultation with the voluntary wing, adding to its demoralisation. When questioned by the *Sunday Times Scotland*, in August 1990, the Deputy-Chairman of the Scottish Conservatives, Bill Hughes, admitted that the Scottish party was 'only a branch office of the UK party...We do not account independently and are not even registered for VAT in Scotland'.[172]

An 'artificial row'?[173] Scottish Conservative Party In-fighting, 1989-1990

These changes had barely stabilised before another upheaval took place in 1989. Goold informed Thatcher, in January, that he intended to stand down as Scottish party Chairman, and she immediately identified Forsyth as his successor.[174] However, Forsyth was not enthusiastic about this possibility, and Rifkind told Thatcher that Forsyth could not be spared from his ministerial duties. Rifkind proposed that the President of SCUA, Ross Harper, a member of the Scottish Tory Reform Group (STRG), of which Rifkind was President, should become the new Chairman.

Perversely, Thatcher appointed thirty-four year old Forsyth as Chairman on 6 July 1989, with a remit to improve the party's campaigning and propound Thatcher's ideology with greater vigour.[175] On 7 July, the *Glasgow Herald* likened Forsyth to a 'Boy on the burning deck' and, on 10 July, Murray Ritchie, branded him as 'Thatcher in drag'.[176] Ritchie asserted that, 'Forsyth is a loner who seldom seeks advice and when he does, seldom takes it', whilst Harvie describes Forsyth as a 'self-proclaimed

'Thatcher sycophant'.[177] Nevertheless, Forsyth contends that the strength of his friendship with Thatcher lies in their shared political outlook, and his willingness to argue with her.[178]

Forsyth was determined to improve relations with the voluntary wing of the party, but distrusted the constituency agents and most of the party professionals.[179] He began to purge Scottish Central Office and appoint allies from south of the Border. Russell Walters, the deputy director of the New Right pressure group, the Economic League, was instated as chief of staff, and Simon Turner, the right-wing MP for Chingford, Norman Tebitt's, former election agent, became the director of organisation.[180] Walters now controlled access to the Party Chairman, whilst Turner administered the candidates' list, marginalising the role of MacKay. On returning from holiday in the summer of 1989, MacKay found that the lock to his office had been changed, and all material unfavourable to the New Right had been removed.[181] MacKay was transferred to the party's powerless Glasgow office eventually departing with a negotiated financial settlement preventing him from discussing these events. By the time of the 1989 Conservative conference the Scottish constituency agents had labelled the incomers as the, 'sinister brotherhood'.

However, in December 1989, Walters resigned, as he struggled to cope with Scotland's hostile anti-Conservative press.[182] That month, Douglas Young, an executive in the City of London and former colleague of Forsyth's in the FCS, was appointed as campaigns and operations director. Yet Forsyth was disappointed to discover that Young had abandoned the New Right radicalism of his student days, and he performed poorly in public debates. Forsyth also launched an attack on the impartiality of BBC Radio Scotland in 1989, prompting Radio Scotland's head of news and current affairs, Jack Regan, to justify its reporting on the grounds that, 'the Scottish body politic is out of kilter and that will inevitably be reflected in our programme'.[183]

Another ill-fated venture proved to be the publication of the *Scottish Conservative*. Forsyth believed that this publication would by-pass the hostile Scottish press if it could achieve a circulation rate of between 40,000 and 50,000. In the *Scottish Conservative's* first issue, in the winter of 1989, Fairbairn described the Scottish press as, 'little Scotlanders...yearning to return to those far-off days when

Scotland was an independent oatmeal republic with a squabbling parliament presiding over abject poverty'.[184] He failed to appreciate that it was in the interests of the Scottish press to emphasise their distinctiveness from English-based newspapers, to maximise readership in Scotland. Furthermore, the Scottish press were the ideal medium through which civil society could convey its antagonism towards Thatcher. Devolution was also a popular issue amongst the Scottish media, as it was likely to create additional employment within the industry. The *Scottish Conservative* ceased production after a few expensive editions, and Ingham states that he distrusted Forsyth's methods of generating publicity.[185]

In 1989, David McCrone asserted that, 'Thatcherism in Scotland is unpopular not simply because its political game-plan to roll back the state is inappropriate, but because it no longer has a distinctive social base within which it can 'naturalise'...its political project'.[186] Between 1979 and 1989 support for the Scottish Conservatives amongst those in professional and managerial employment fell from 46% to 41%, whereas the party attracted the votes of between 50% and 60% of this grouping on a British basis.[187] Significantly, Scottish Conservative support amongst skilled non-manual workers dropped from 46% to 31%, compared to over 50% elsewhere in Britain.

Self-employed and factory workers, formed the bedrock of working-class Conservative support in England, where the party won almost 40% of these individuals' votes. There were, however, fewer self-employed workers in Scotland, and the Scottish Conservatives could only rely upon the votes of under 20% of skilled manual workers. Sectarianism no longer had a serious impact on Scottish politics and, by 1990, the Conservatives could only command the support of 34% of Kirk members (see chapter 6). The Protestant working-class deserted the Scottish Conservatives in growing numbers and, by 1992, only 24% of manual Protestant workers voted Conservative compared to 39% in 1979. Under Thatcher, the Unionist tradition in Scottish politics accelerated towards extinction.

Whitelaw left the Government, in January 1988, after a serious stroke,[188] and this was a considerable loss to Thatcher, as he was no longer able to mediate between senior Cabinet figures or to curb her growing reliance on unofficial advisers. The *Glasgow Herald* concluded that, 'Thatcher is arguably much more cautious in deed

than in word but she is prone to excess, a weakness she may now be more likely to indulge'.[189] Backbench discontent with Thatcher's leadership emerged in 1989, as inflation increased (see chapter 2), and differences arose over the poll tax (see chapter 5), and Europe (see chapter 2).

Denis Thatcher tried to persuade his wife to step down on her tenth anniversary as Prime Minister, in May 1989, and was convinced he had succeeded until Whitelaw informed Thatcher that her departure would 'split the party'.[190] Rifkind believes that Thatcher should have heeded Denis's advice and departed Downing Street, 'trailing clouds of glory'.[191] At the June 1989 European elections the party slumped to its worst election showing since 1928,[192] and the resignation of Nigel Lawson, in October 1989 (see chapter 2), highlighted Cabinet discontent over her confrontational leadership style and the use of unofficial advisers.

These pressures resulted in the first ever challenge to Thatcher's leadership, in December 1989, as Sir Anthony Meyer, a 'wet' aristocrat who represented Clywd North-West in Wales, stood against her.[193] Thatcher asked Younger to be her nominal campaign manager, and she easily won the contest, but thirty-three MPs sided with Meyer and another twenty-seven abstained.[194] Younger guaranteed that Thatcher would be more receptive to backbench opinion in the future, and encouraged her to dispense with her advisers.[195] Thatcher did begin to meet backbench MPs on a more regular basis, but retained her advisers. The *Glasgow Herald* concluded that, 'the triumph can only be regarded as tepid...she may well have to face another challenge next year, and then the challenger may well be a more formidable figure'.[196] This was an indirect reference to Heseltine who had been a persistent critic of Thatcher's anti-European attitudes and the poll tax since leaving the Government in January 1986.[197] He represented the greatest threat to Thatcher's authority.

Meanwhile, Forsyth's appointment as Scottish Chairman had revealed serious divisions in the Scottish Conservative Party, leading to bitter in-fighting. Shortly after Forsyth took up office, the *Sun* published an unsubstantiated story about Ross Harper's private life, forcing him to resign as President of SCUA.[198] Jack Irvine, the editor of the Scottish edition of the *Sun* alleges that the tabloid's national editor, Kelvin Mackenzie, informed him after Forsyth's instatement that it was acceptable to 'put the boot in' to Rifkind.[199]

Scottish Conservatives in the left-of-centre STRG were disconcerted by these developments, viewing them as a prelude to the ousting of Rifkind and his replacement by Forsyth.[200] Thatcher's allies were heavily suspicious of the STRG, as its British counterpart was patronised by staunch opponents of Thatcher, such as Michael Mates and Heseltine. The STRG's Vice-Chairman, Andrew Burnett was close friends with Mates' researcher, and its outspoken Chairman, Arthur Bell, was branded as, 'the stupidest man in the Scottish Conservative Party', by Forsyth. Furthermore, the Conservative Group leader on Lothian Region, Brian Meek, was joint Vice-President of the STRG and, as a columnist in the *Glasgow Herald*, was able to convey his misgivings over Forsyth's chairmanship.[201]

At the 1990 Scottish party conference Walker began to lobby for Rifkind's dismissal. The conference gave Rifkind a standing ovation, but this anarchy continued into the summer, as the Government passed Scottish law reforms. Contrary to his belief in the free market, Forsyth gave Walker his tacit support to revolt against the curtailment of Scottish Lawyers' monopoly on conveyancing. The rebels included Stewart, who was determined to remove Rifkind for personal and ideological reasons. Rifkind had to accede to their demands, as the Bill was short on parliamentary time.

Forsyth was becoming increasingly uncomfortable with his dual role as party Chairman and Scottish Office minister and, in August, these feelings intensified, as Young departed with a substantial pay-off.[202] This highlights one of the ironies of Forsyth's chairmanship, as despite his staunch belief in the constraint of public expenditure, he consumed vast sums of party finance via resignation payments and public relations projects.

Rifkind describes Forsyth as a 'very difficult' and 'abrasive' colleague, whose chairmanship was 'very bad for the party'.[203] With the support of Younger, Whitelaw and the STBG, he demanded the immediate removal of Forsyth on the grounds of disloyalty.[204] Forsyth departed on 7 September 1990, and was replaced by Lord Sanderson of Bowden. Nevertheless, Thatcher promoted Forsyth to Minister of State at the Scottish Office, giving him control over every significant department other than Industry. Thatcher concludes that, 'This combination of the Left and the traditional establishment of the Party to rebuff Thatcherism in Scotland was a prelude to the formation of the same alliance to oust me as leader of the Conservative Party a few

weeks later'.[205]

Point of Departure : Thatcher's Fall From Power

On 1 November 1990, Geoffrey Howe issued his resignation over Thatcher's hardening anti-European stance. The Conservative Party's constitution provided the opportunity for a leadership election each November,[206] and Thatcher expected a challenge from Heseltine. Therefore, after a meeting with Whitelaw, and at the prompting of Ingham, she agreed to bring forward the final date for a leadership contest by two weeks, to test Heseltine's resolve.[207] On 13 November, Howe delivered an unexpectedly devastating resignation speech. Thatcher was visibly shaken, and Lawson describes Howe's speech as, 'the most devastating speech I, or I suspect anyone else in the House that afternoon, had heard uttered in the House of Commons'.[208] Heseltine saw this as an ideal opportunity to challenge Thatcher, and put his name forward for a leadership ballot on 14 November. However, Thatcher was confident that she would prevail, and that her victory could be used to pacify the party's internal divisions.

Younger was appointed, once again, as Thatcher's campaign manager, but John Campbell states that he, 'was not the right man for the job', because he was a Scottish Conservative grandee who knew very few English MPs.[209] However, in many respects, Younger's consensual, gentlemanly manner was ideal, as he was unlikely to alienate potential supporters, whilst his position on the left of the party highlighted Thatcher's ability to accommodate individuals of a different viewpoint to herself. Yet, Younger was notably less active or enthusiastic on this occasion, disappointed that Thatcher had not heeded his advice to dispense with her advisers.[210] Moreover, he had become Chairman of the Royal Bank of Scotland, in January 1990, leading to him spending much of his time in Edinburgh.[211] To further compound matters, Thatcher's Parliamentary Private Secretary, Peter Morrison, was poorly organised and lethargic,[212] leaving Thatcher reliant upon her most entrenched supporters in the NTBG, who were less likely to appeal to wavering backbenchers.

Lang, like many other Conservatives, was never contacted by Thatcher's campaign, adding to the impression that she was taking victory for granted. Thatcher

exacerbated these difficulties by giving an ill-advised interview to the *Times*, branding Heseltine as a corporatist who would return Britain to 'the bad old days' of the post-war consensus, and concluding that, 'You've seen the crumbling of more extreme forms of that philosophy in the Soviet Union'.[213] These comments illustrated the extent to which she was out of touch with Conservative backbenchers, and displayed Thatcher's hardening intolerance of alternative strains of Conservatism, further polarising attitudes towards her. At the climax of the campaign, Thatcher opted to attend a pre-arranged Conference on Security and Cooperation in Europe in Paris to mark the end of the Cold War, in order to illustrate her confidence and professionalism.[214] In stark contrast, Heseltine's supporters campaigned energetically, promising a fundamental review of the poll tax if he became leader.

Thatcher was still in Paris when the result was announced on the evening of 20 November. She secured 204 votes to Heseltine's 152, whilst sixteen MPs abstained, but Thatcher was four votes short of the 15% margin of victory that the ballot rules required. She immediately declared her intention to enter the second ballot,[215] but at Westminster, a growing number of Conservatives were calling for her to stand down. Younger had stipulated prior to the first ballot that he would withdraw his assistance if she did not win an immediate victory, and was convinced that her position was untenable.[216] Furthermore, Whitelaw relayed a message to Downing Street expressing his belief that Thatcher could no longer command sufficient support to remain party leader.[217]

That evening Thatcher consulted her Cabinet colleagues to rally support, but Rifkind informed her that she could only win a 'pyrrhic victory' in the second ballot, as so many MPs had already voted against her, and most of his Cabinet colleagues delivered a similar message.[218] Rifkind is convinced that Thatcher would never have stood down voluntarily, and states that the factors that made her 'great' also made her 'bloody minded and obstinate'. In contrast, Forsyth and other members of the NTBG urged her to remain resolute, but on returning to Downing Street the next morning they were denied entry.[219] Thatcher describes the advice of her Cabinet as a 'betrayal',[220] but she was not compelled to accept their logic, and could have fought the second ballot.

The most significant input came from Denis Thatcher, who wanted her to

resign as an undefeated Prime Minister.[221] On 22 November, Thatcher withdrew from the contest in the hope that another candidate, who shared her values could defeat Heseltine and continue her legacy. The Chancellor, John Major, stood as her anointed candidate, in the second ballot, and defeated Heseltine. In Scotland, the *Glasgow Herald* concluded that, 'Thatcher's bellicosity, her determination to confront, her homespun verities, are not as relevant now as they were in the eighties when the enemies were so largely within', whilst the *Daily Record* celebrated her fall from power with an editorial entitled, 'Jobless at last'.[222] The Thatcher era was over, and her predecessor, James Callaghan, summarised Thatcher's demise in succinct fashion, 'Those who live by the sword, shall perish by the sword'.[223]

Towards Extinction? An Overview of the Scottish Conservative Party under Thatcher

The Thatcher era was electorally disastrous for the Scottish Conservative and Unionist Party, as it declined from twenty-two MPs to ten. Younger succeeded in pacifying Scotland, but his 'confident Conservatism' was built upon his friendship with Whitelaw and a steady supportbase.[224] The party's internal inaction during Younger's tenure at the Scottish Office resulted in a decline in the Scottish Conservatives' electoral organisation, and he became Defence Secretary at a fortuitous time before the 1987 General Election and the introduction of the poll tax. His successor, Rifkind could not rely on the support of Whitelaw, and Younger does not appear to have filled this void. Rifkind had to endure the party's electoral collapse in June 1987, and Thatcher's attempts to undermine his authority through the appointment of Forsyth as party Chairman. This created growing internal and external Scottish Conservative anarchy, at a time when the party was in desperate need of unity and leadership, further discrediting the Scottish Conservatives in the eyes of the electorate.

Another difficulty was the unrepresentative nature of the party's Scottish MPs. In 1979 half were educated in English public schools or the Scottish fee-paying sector. By 1987, this figure had risen to seven out of the party's ten MPs, whilst fewer were industrialists or businessmen in comparison to their Unionist predecessors.[225]

The Scottish Conservatives' support increasingly became confined to rural areas, and prosperous city suburbs. This was not a unique feature of the 1980s, as the party had been losing its grip on urban constituencies since the 1960s, but this process was completed during Thatcher's premiership. A similar trend also developed in English politics, but there were more rural constituencies in England, and the commuter-based suburbs of southern England proved a rich source of support.

Moreover, figures like Norman Tebbit had a populist appeal in southern England, which the Conservatives had lacked, in Scotland, since Teddy Taylor's defeat in 1979. Forsyth was one of the few Scottish Conservatives from an ordinary background, but his abrasive character and strong support for the closure of declining heavy industries, such as Gartcosh,[226] alienated voters in a country that was suffering widespread unemployment. Forsyth's appointment as Scottish Conservative Chairman severely damaged the party's public image.

The Scottish Conservatives continued to be financially dependent on the British party, despite its efforts to encourage self-sufficiency after 1987, and this reliance grew as indigenous Scottish capitalism was eroded by mergers and multinational takeovers. Furthermore, the Scottish Office was increasingly dependent on English Conservative support to enact Scottish legislation. After 1987, English Conservatives began to attend Scottish Questions, attacking the Scottish Office's 'slush fund',[227] whilst Lawson derided Scotland's 'culture of dependence' (see chapter 2).

Ironically, these criticisms could have been equally applied to the Scottish Conservative Party. However, they conveyed the impression that the Conservatives were 'anti-Scottish', which was reinforced by the party's staunch opposition to devolution. This situation was compounded by the diminishing number of Scottish Conservative MPs, and Thatcher's alienation of the Scottish middle-class. The Scottish media accentuated these difficulties through its political coverage, and many Scottish Conservatives came to blame the press for the decline in middle-class support for the party.

However, the party failed to appreciate that it was in the commercial interests of the Scottish media to emphasise its distinctiveness from its counterparts south of the Border. Moreover, the press were the ideal medium through which civil society

could express its opposition to Thatcher's policies, whilst appealing to and reflecting Scottish middle-class grievances over public sector reforms. The divergence between the Scottish and English press is illustrated by News International's decision to produce a Scottish edition of the *Sun* after 1986.

In England, the *Sun* had been an integral factor in advancing Conservative support amongst the working-class, but its Scottish edition made little impact on the huge readership of the Labour-supporting *Daily Record*. This highlights the collapse of the Unionist working-class vote, which had been rapidly declining since the 1960s, as widespread unemployment and secularisation combined to alienate the Protestant working-class from the Scottish Conservatives. The ultimate failure of the Conservative message in Scotland resulted in the *Sun's* decision to switch its allegiance to the SNP in January 1992.[228]

Nevertheless, the prominence of individual Scottish Conservatives remained constant throughout Thatcher's premiership. Whitelaw was a vital source of advice and stability until ill-health forced him to leave the Cabinet, and his resignation exposed Thatcher's aggressive leadership style, destabilising the Government. Younger became the first Scottish Secretary to gain promotion since 1938, and also acted as nominal campaign manager in both of her leadership contests. On the other hand, Forsyth was a close colleague, and Thatcher associates the campaign to remove him as Scottish party Chairman with her fall from power. Finally, Thatcher believed that Rifkind was her 'sharpest personal critic' within the Government,[229] and his advice helped to convince her to stand down as Prime Minister.

Yet, the most striking electoral development during the Thatcher years in Scotland was the collapse of the Conservatives' supportbase in prosperous middle-class suburbs, such as Bearsden and Strathkelvin. This can be partially attributed to the use of tactical anti-Conservative voting, but much of the blame for the Scottish Conservatives' decline must be laid upon the Scottish party, which allowed its electoral machinery to decay and lost touch with the Scottish middle-class and civil society. Thatcher's restructuring inflicted most damage on the party's supportbase, because it had negative implications for middle-class Scots employed in the public sector. However, the Scottish Conservatives largely endorsed Thatcher's political outlook and made very few policy initiatives, contradicting Finlay's assertion that the

Scottish party leadership, 'were well versed in the older Unionist notion that Scotland was distinctive'.[230]

The poll tax, was one of very few Government reforms that was influenced by the Scottish Conservative Party, and its unpopularity was pivotal in Thatcher's fall from power. Scottish Unionists like Elliot and Skelton had been influential in the ideological development of Conservatism, ensuring that Scottish interests were not overlooked. Under Thatcher, however, the Scottish Conservatives were dependent on reforms that were designed for English circumstances, adding to the perception that they were an English party (see chapter 6). In stark contrast, Scottish Labour figures such as, John Smith, the MP for Monklands, Robin Cook, the MP for Livingston and Gordon Brown, the MP for Dunfermline East, were at the heart of Labour Party policy-making, ensuring that Scottish issues were addressed.

Under Thatcher, the Scottish Conservative Party was devoid of Unionist populism or New Right fervour, and financially and politically dependent on the British party. This left the Scottish party ill-prepared to withstand the political pressures that Thatcher's attack on the post-war consensus generated, propelling the Scottish Conservatives towards electoral Armageddon in 1997. As the following chapter explains the seeds of the party's electoral downfall were sown during the economic difficulties of the 1980s.

[1] Noel Skelton, *Constructive Conservatism*, (Edinburgh, 1924), p.8.

[2] Gerald Warner, *The Scottish Tory Party : A History*, (London, 1988), foreword.

[3] James Mitchell, 'Contemporary Unionism', in Catriona M. M. Macdonald (ed.), *Unionist Scotland, 1800-1997*, (Edinburgh, 1998), p.126; David McCrone, 'Thatcherism in a cold climate', *RS*, 39, (1989), p.10.

[4] James Kellas, 'The Party in Scotland', in Anthony Seldon and Stuart Ball (eds.), *Conservative Century*, (Oxford, 1994), pp.681-682.

[5] Gordon Brown and Douglas Alexander, *New Scotland, New Britain*, (London, 1999), pp.6-7; Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), p.342.

[6] I. G. C. Hutchison, *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001), p.142.

[7] I. G. C. Hutchison, *A Political History of Scotland, 1832-1924 : Parties, Elections and Issues*, (Edinburgh, 1986), pp.13-17 and pp.84-90.

[8] Richard Finlay, *A Partnership for Good : Scottish Politics and the Union since 1880*, (Edinburgh, 1997), p.15.

[9] Kellas, 'The Party', p.671.

[10] Catriona Burness, *'Strange Associations' : The Irish Question and the Making of Scottish Unionism, 1880-1918*, (East Linton, 2003), p.70.

[11] John Kendle, *Federal Britain : A History*, (London, 1997), p.59 and pp.79-80.

[12] 'Pacificus', *Federalism and Home Rule*, (London, 1910), pp.77-85.

[13] James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, p.9.

[14] David Seawright, 'Scottish Unionism : an east west divide?', *Scottish Affairs*, 23, (1998), p.57.

[15] Mitchell, 'Contemporary Unionism', p.117.

[16] Graeme Morton, *Unionist Nationalism : Governing Urban Scotland, 1830-1860*, (East Linton, 1999), pp.188-190.

[17] Colin Kidd, 'Sentiment, race and revival : Scottish identities in the aftermath of Enlightenment', in Laurence Brockliss and David Eastwood (eds.), *A Union of Multiple Identities : The British Isles, c1750-c1850*, (Manchester, 1997), pp.118-121.

[18] Hutchison, *Scottish Politics*, pp.31-34.

[19] Arthur Midwinter, Michael Keating and James Mitchell, *Politics and Public Policy*

in Scotland, (London, 1991), p.3.

[20] Graham Walker and David Officer, 'Scottish Unionism and the Ulster Question', *Unionist Scotland*, pp.18-22.

[21] Francis Williams, *Fifty Years March : The Rise of the Labour Party*, (London, 1949), pp.281-283.

[22] Ian Wood, 'John Wheatley', in William Knox (ed.), *Scottish Labour Leaders, 1918-1939*, (Edinburgh, 1984), pp.276-279; David Seawright, *An Important Matter of Principle : The Decline of the Scottish Conservative and Unionist Party*, (Aldershot, 1999), p.79.

[23] Irene Maver, *Glasgow*, (Edinburgh, 2000), p.235 and pp.156-157.

[24] Andrew McPherson, 'Schooling', in Tony Dickson and James Treble (eds.), *People and Society in Scotland, Volume III, 1914-1990*, (Edinburgh, 1998), p.87.

[25] Andrew Gibb, 'Policy and Politics in Scottish Housing since 1945', in Richard Rodger (ed.), *Scottish Housing in the Twentieth Century*, (Leicester, 1989), p.156.

[26] Skelton, *Constructive Conservatism*, p.17.

[27] David Wilson, and Chris Game, *Local Government in the United Kingdom*, (Houndmills, 2002), p.55.

[28] Peter Marsh, *Joseph Chamberlain : Entrepreneur in Politics*, (London, 1994), p.84.

[29] Colin Coote, *A Companion of Honour : The Story of Walter Elliot*, (London, 1965), p.71 and p.87.

[30] I. G. C. Hutchison, 'Scottish Unionism Between the Two World Wars', *Unionist Scotland*, p.91.

[31] Walter Elliot, 'The Scottish Heritage in Politics', in Duke of Atholl (ed.), *A Scotsman's Heritage*, (London, 1932), pp.63-64.

[32] Lindsay Paterson, *Scottish Education in the Twentieth Century*, (Edinburgh, 2003), p.193.

[33] Skelton, *Constructive Conservatism*, pp.14-20; W. H. Greenleaf, *The British Political Tradition, Volume Two : The Ideological Heritage*, (London, 1983), pp.247-248.

[34] Hutchison, 'Scottish Unionism', pp.76-77.

[35] Robert Rhodes James, *Bob Boothby : A Portrait*, (London, 1991), pp.155-157; Harold Macmillan, *The Middle Way : A Study of the Problem of Social Progress in a*

53

Free and Democratic Society, (London, 1938), p.86, pp.302-308 and p.331.

[37] John S. Gibson, *The Thistle and the Crown : A History of the Scottish Office*, (Edinburgh, 1985), pp.67-68 and pp.71-72.

[38] Christopher Harvie, *Scotland and Nationalism : Scottish Society and Politics 1707-1977*, (London, 1977), p.198.

[39] For further reading on Scotland's administrative board system see; James Kellas, *Modern Scotland : The Nation since 1870*, (London, 1968), pp.120-128; Ian Levitt, *Poverty and Welfare in Scotland, 1890-1948*, (Edinburgh, 1988), pp.104-151; Lindsay Paterson, *The Autonomy of Modern Scotland*, (Edinburgh, 1994), pp.51-55 and pp.107-109.

[40] *Hansard's Parliamentary Debates* (Henceforth *Hansard*), Fifth Series, Vol. 214, 5 March 1928, (London, 1928), col.869.

[41] Peter Lynch, *The History of the Scottish National Party*, (Cardiff, 2002), pp.35-41.

[42] *Daily Record (DR)*, 4 October 1932.

[43] *Hansard*, Fifth Series, Vol. 272, 24 November 1932, (London, 1932), col.261, 266-267, 355 and 356.

[44] *Report of the Committee on Scottish Administration*, Cmnd. 5563, (Edinburgh, 1937), p.20.

[45] Christopher Harvie, *No Gods and Precious Few Heroes : Scotland since 1914*, (Edinburgh, 1993), p.47.

[46] Sir James Lithgow, 'The Need For Confidence', *The Glasgow Herald Trades Review*, 31 December 1932, p.29.

[47] *GH*, 15 November 1934.

[48] Anthony Slaven, *The Development of the West of Scotland, 1750-1960*, (London, 1975) p.206.

[49] Thomas Johnston, *Memories*, (London, 1952), pp.147-153.

[50] Paul Addison, *The Road to 1945 : British Politics and the Second World War*, (London, 1977), pp.117-118.

[51] William Beveridge, *Social Insurance and Allied Services*, Cmnd. 6404, (London, 1942), p.6, p.94, pp.121-122, p.141, p.154, p.159 and p.164.

[52] *GH*, 2 December 1942; Addison, *Road to 1945*, p.60 and p.217.

[53] Addison, *Road to 1945*, p.14.

[54] Derek Fraser, *The Evolution of the British Welfare State*, (London, 1984), p.215 and p.220.

[55] *Employment Policy*, Cmnd. 6527, (London, 1944), p.3, p.11 and p.28.

[56] Keith Aitken, *The Bairns O' Adam : The Story of the STUC*, (Edinburgh, 1997), pp.162-163.

[57] Mitchell, *Conservatives*, p.27.

[58] *Scottish Control of Scottish Affairs*, (1949, Edinburgh)

[59] *GH*, 24 March 1947; James Mitchell, *Strategies for Self-Government : The Campaigns for a Scottish Parliament*, (Edinburgh, 1996), pp.144-146.

[60] *GH*, 31 October 1949.

[61] *GH*, 6 January 1948.

[62] Seawright, *An Important Matter*, p.112.

[63] *Report of Royal Commission on Scottish Affairs, 1952-1954*, Cmnd. 9212, (Edinburgh, 1954), p.97.

[64] James Kellas, *The Scottish Political System*, (Cambridge, 1989), p.87.

[65] Andrew Gamble, *The Conservative Nation*, (London, 1974), p.229.

[66] Harvie, *Scotland and Nationalism*, pp.178-179.

[67] Seawright, *An Important Matter*, p.61.

[68] Alice Brown, David McCrone and Lindsay Paterson, *Politics and Society in Scotland*, (London, 1996), p.9.

[69] The rates were a local taxation system that operated according to the rateable value of a property, levied on the basis of a specified rate poundage set by each local authority. Domestic rates, which were to be paid by the head of each household, corresponded to the rent at which a property might be let, and non-domestic rates operated on the same principal in the commercial sector.

[70] *Report of the Scottish Valuation and Rating Committee*, Cmnd. 9244, (Edinburgh, 1954), pp.6-7, pp.39-40 and p.76.

[71] Valuation and Rating (Scotland) Act 1956, *Public General Acts of 1956*, Chapters 23-76, (London, 1957), p.60/9.

[72] George Boyce, *Decolonisation and the British Empire, 1775-1997*, (London, 1999), pp.96-100, pp.168-173 and p.214.

[73] Seawright, *An Important Matter*, p.148 and pp.87-89.

[74] Aitken, *The Bairns*, pp.188-189.

[75] *GH*, 2 August 1957.

[76] *GH*, 8 July 1986; *Times*, 9 July 1986; *Inquiry into the Scottish Economy, 1960-1961*, (Edinburgh, 1961), pp.21-25.

[77] J. N. Randall, 'New Towns and New Industries', in Richard Saville (ed.), *The Economic Development of Modern Scotland*, (Edinburgh, 1985), p.63, p.248, and pp.252-253.

[78] James Scotland, *The History of Scottish Education, Volume Two : From 1872 to the Present Day*, (London, 1969), p.251 and p.212.

[79] McPherson, 'Schooling', pp.97-98; *Report on Higher Education, 1961-63*, Cmnd. 2154, (London, 1963), p.108 and p.151.

[80] F. W. S. Craig, *British General Election Manifestos 1959-1987*, (Aldershot, 1990), p.92; Kellas, *Modern Scotland*, p.81; Michael Sanderson, *Education and Economic Decline in Britain, 1870 to the 1990s*, (Cambridge, 1999), p.103.

[81] Kellas, 'The Party', p.688.

[82] Seawright, 'Scottish Unionism', pp.61-62 and p.67.

[83] Interview with Jimmy Allison on 13 April 2004.

[84] Hutchison, *Scottish Politics*, p.115; Harvie, *Scotland and Nationalism*, pp.171-174.

[85] Hutchison, *Scottish Politics*, pp.100-102; Seawright, *An Important Matter*, pp.182-193.

[86] Callum G. Brown, 'Each take off their several way'? The Protestant churches and the working classes in Scotland', in Graham Walker and Tom Gallagher (eds.), *Sermons and Battle Hymns : Protestant Popular Culture in Modern Scotland*, (Edinburgh, 1990), pp.81-82; Walker and Officer, 'Scottish Unionism and the Ulster Question', pp.22-23.

[87] Hutchison, *Scottish Politics*, p.105 and pp.112-113.

[88] Brown et al., *Politics and Society*, p.9.

[89] Gibson, *The Thistle*, p.143.

[90] Assisted Area status entitled the whole of Scotland to receive regional aid grants. J. N. Randall, 'Scotland', in P. J. Damesick and P. A. Wood (eds.), *Regional Problems, Problem Regions and Public Policy in the United Kingdom*, (Oxford, 1987), p.224.

[91] Midwinter et al., *Politics and Public Policy*, pp.84-85.

[92] Arnold Kemp, *The Hollow Drum : Scotland since the War*, (Edinburgh, 1993), p.178.

[93] Neil Buxton, 'The Scottish Economy, 1945-79 : Performance, Structure and Problems', *The Economic Development of Modern Scotland*, p.71.

[94] John McIlroy and Alan Campbell, 'The High Tide of Trade Unionism : Mapping Industrial Politics, 1964-79', in John McIlroy, Nina Fishman and Alan Campbell (eds.), *British Trade Unions and Industrial Politics, Volume Two : The High Tide of Trade Unionism*, (Aldershot, 1999), p.99; Aitken, *The Bairns*, pp.237-239 and p.260.

[95] Andrew Taylor, 'The Conservative Party and the Trade Unions', *British Trade Unions and Industrial Politics*, p.164.

[96] Margaret Thatcher, *The Path to Power*, (London, 1995), p.261.

[97] Brown et al., *Politics and Society*, p.9.

[98] Seawright, 'Scottish Unionism', p.68.

[99] Aitken, *The Bairns*, p.251 and pp.255-256.

[100] Denis Healey, *The Time of My Life*, (London, 1990), p.394.

[101] Isaac Kramnick (ed.), *Is Britain Dying? : Perspectives on the Current Crisis*, (London, 1979).

[102] Kellas, *Scottish Political System*, pp.213-216.

[103] Richard Rose, *Understanding the United Kingdom : The Territorial Dimension in Government*, (London, 1982), p.138.

[104] *Hansard*, Fifth Series, Vol. 965, 28 March 1979, (London, 1979), col.471.

[105] Brown et al., *Politics and Society*, p.9.

[106] *Scotsman*, 27 January 2003.

[107] Finlay, *Modern Scotland*, p.370

[108] Michael Fry, *Patronage and Principle : A Political History of Modern Scotland*, (Aberdeen, 1987), p.251.

[109] *Dod's Parliamentary Companion 1986*, (Herstmonceux, 1986), p.523; *Scotsman*, 27 January 2003.

[110] *Herald*, 27 January 2003.

[111] Malcolm Rifkind, 'The loss of a genuine Scottish statesman', *Scotsman*, 27 January 2003.

[112] *Dod's Parliamentary Companion 1986*, p.478; *Scotland on Sunday*, 10 May 1998.

[113] *Herald*, 20 February 1995.

[114] *Who's Who 1984*, (London, 1984), p.2181.

[115] Ian Lang, *Blue Remembered Years : A Political Memoir*, (London, 2002), p.12 and p.168.

[116] *Dod's Parliamentary Companion 1991*, (Hurst Green, 1991), p.593.

[117] *Dod's Parliamentary Companion 1986*, p.334.

[118] Seawright, *An Important Matter*, p.83

[119] *Dod's Parliamentary Companion 1955*, (London, 1955), p.315; Maver, *Glasgow*, p.247.

[120] Hutchison, *Scottish Politics*, p.136.

[121] Mitchell, *Conservatives*, p.98.

[122] Mark Garnett and Ian Aitken, *Splendid! Splendid! : The Authorised Biography of Willie Whitelaw*, (London, 2003), p.311 and p.325.

[123] John Campbell, *Margaret Thatcher, Volume Two : The Iron Lady*, (London, 2003), p.203.

[124] *Labour's Manifesto 1983 : The New Hope for Scotland*, (Glasgow, 1983), p.10; Paul Routledge, *Gordon Brown : The Biography*, (London, 1998), p.108.

[125] Jimmy Allison, *Guilty by Suspicion : A Life and Labour*, (1995, Glendaruel, Argyll), pp.59-65, pp.91-92 and p.98.

[126] James Naughtie, 'Labour 1979-1988', in Ian Donnachie, Christopher Harvie and Ian Wood (eds.), *Forward! Labour Politics in Scotland 1888-1988*, (Edinburgh, 1989), pp.157-158.

[127] Ivor Crewe and Anthony King, *The Birth, Life and Death of the Social Democratic Party*, (Oxford, 1997), p.93.

[128] Aitken, *The Bairns*, pp.263-264.

[129] *Herald*, 29 March 1997.

[130] *Dod's Parliamentary Companion 1986*, p.388.

[131] *Herald*, 29 March 1997.

[132] Interview with Lord Forsyth on 11 November 2003.

[133] Kemp, *Hollow Drum*, p.180.

[134] Christopher Harvie, 'Scotland after 1978 : from Referendum to Millennium', in R.

58

A. Houston and W. W. Knox (eds.), *The New Penguin History of Scotland*, (London, 2002), p.511.

[135] Garnett and Aitken, *Splendid!*, p.311.

[136] Rifkind, 'The loss'; Mitchell, *Conservatives*, p.100.

[137] Margaret Thatcher, *The Downing Street Years*, (London, 1995), p.620.

[138] David Hutchison, 'The press in Scotland : Articulating a national identity?', *Scottish Government Yearbook 1987*, (1987), p.242.

[139] Seawright, *An Important Matter*, p.182.

[140] Allison, *Guilty by Suspicion*, p.56 and p.101.

[141] Interview with Jimmy Allison; Allison, *Guilty by Suspicion*, p.125; Maurice Smith, *Paper Lions : The Scottish Press and National Identity*, (Edinburgh, 1994), p.164 and p.195.

[142] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), pp.94-95.

[143] Campbell, *Iron Lady*, p.408.

[144] 'ibid', p.409.

[145] Thatcher, *Downing Street Years*, pp.636-637.

[146] Hutchison, 'The Press', p.244.

[147] Michael Leapman, *The Last Days of the Beeb*, (London, 1986), pp.183-190 and pp.196-212.

[148] Kellas, 'The Party', p.692.

[149] Hutchison, *Scottish Politics*, pp.142-143.

[150] Seawright, *An Important Matter*, p.182.

[151] Smith, *Paper Lions*, pp.68-69; *The Interim Report of the Standing Commission on the Scottish Economy*, (Glasgow, 1988), p.4.

[152] Allison, *Guilty by Suspicion*, p.22.

[153] *Dod's Parliamentary Companion 1988*, 169th Edition, (Hurst Green, 1988), p.569 and p.596.

[154] Brown et al., *Politics and Society*, p.9.

[155] Naughtie, 'Labour 1979-1988', p.164.

[156] Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1990), p.504.

[157] Interview with Jimmy Allison.

[158] Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), p.216.

[159] Seawright, *An Important Matter*, p.183.

[160] *GH*, 22 June 1987.

[161] John MacInnes, 'The press in Scotland', *Scottish Affairs*, 1, (1992), p.145; Interview with Sir Bernard Ingham on 8 April 2004.

[162] Interview with Sir Malcolm Rifkind.

[163] *Who's Who 1984*, p.2150; Smith, *Paper Lions*, pp.68-70.

[164] Interview with Sir Bernard Ingham.

[165] Martin Dowle, 'The year at Westminster : all change?', *Scottish Government Yearbook 1988*, (1988), pp.12-13.

[166] Mitchell, *Conservatives*, p.101.

[167] Thatcher, *Downing Street Years*, p.620.

[168] Chris Stevens, 'Scottish Conservatism - a failure of organization?', *Scottish Government Yearbook 1990*, (1990), p.86.

[169] Seawright, 'Scottish Unionism', p.69.

[170] Keith Aitken, 'The Economy', in Magnus Linklater and Robin Denniston (eds.), *The Anatomy of Scotland*, (Edinburgh, 1992), p.330.

[171] Kellas, 'The Party', pp.689-690.

[172] Seawright, *An Important Matter*, pp.27-28.

[173] Lang, *Blue Remembered Years*, p.93.

[174] Thatcher, *Downing Street Years*, p.621.

[175] Interview with Lord Forsyth.

[176] *GH*, 7 July 1989.

[177] Harvie, *No Gods*, p.169.

[178] Interview with Lord Forsyth.

[179] Kellas, 'The Party', p.690.

[180] Seawright, *An Important Matter*, pp.42-43.

[181] Kemp, *Hollow Drum*, pp.193-197.

[182] *GH*, 7 September 1990.

[183] John MacInnes, 'The Broadcasting Media in Scotland', *Scottish Affairs*, 2, (1993),

p.85.

[184] Smith, *Paper Lions*, p.40.

[185] Interview with Sir Bernard Ingham.

[186] McCrone, 'Thatcherism', p.10.

[187] Brown et al., *Politics and Society*, pp.147-149.

[188] Garnett and Aitken, *Splendid!*, pp.324-325.

[189] *GH*, 11 January 1988.

[190] Carol Thatcher, *Below the Parapet : The Biography of Denis Thatcher*, (London, 1997), p.254.

[191] Interview with Sir Malcolm Rifkind.

[192] Young, *One of Us*, p.554.

[193] Campbell, *Iron Lady*, p.694.

[194] Thatcher, *Downing Street Years*, p.830.

[195] Garnett and Aitken, *Splendid!*, p.331.

[196] *GH*, 6 December 1989.

[197] John Major, *The Autobiography*, (London, 2000), p.177.

[198] Smith, *Paper Lions*, p.85.

[199] Kemp, *Hollow Drum*, p.193 and pp.201-204.

[200] Seawright, *An Important Matter*, pp.43-47.

[201] *Herald*, 4 August 2004.

[202] Interview with Lord Forsyth.

[203] Interview with Sir Malcolm Rifkind.

[204] Kemp, *Hollow Drum*, p.205.

[205] Thatcher, *Downing Street Years*, p.623 and p.834.

[206] Nigel Lawson, *The View From No. 11 : Memoirs of a Tory Radical*, (London, 1992), p.999.

[207] Garnett and Aitken, *Splendid!*, p.333; Campbell, *Iron Lady*, p.716 and p.719.

[208] Major, *The Autobiography*, p.180; Lawson, *The View*, p.1000.

[209] Campbell, *Iron Lady*, p.724.

[210] Geoffrey Howe, *Conflict of Loyalty*, (London, 1994), p.670.

[211] Lang, *Blue Remembered Years*, p.94.

[212] Campbell, *Iron Lady*, pp.724-725.

[213] *Times*, 19 November 1990.

[214] Thatcher, *Downing Street Years*, pp.841-844.

[215] Young, *One of Us*, p.587.

[216] Campbell, *Iron Lady*, p.735.

[217] Garnett and Aitken, *Splendid!*, p.334.

[218] Interview with Sir Malcolm Rifkind.

[219] Campbell, *Iron Lady*, pp.739-740.

[220] Thatcher, *Downing Street Years*, p.855 and p.857.

[221] Thatcher, *Below the Parapet*, pp.264-266.

[222] *GH*, 23 November 1990; *DR*, 23 November 1990.

[223] *GH*, 23 November 1990.

[224] Harvie, 'Scotland after 1978', p.511.

[225] *Dod's Parliamentary Companion 1979*, (Herstmonceux, 1979), p.413, p.431, p.442, p.451, p.461, p.464, p.469, p.487, p.507, p.516, p.519, p.530, p.535, p.547, p.554, p.571, p.574, p.587, p.601; *Dod's Parliamentary Companion 1955*, p.273, p.282, p.287, p.299, pp.303-304, p.308, pp.315-316, p.318, p.326, p.328, p.333, p.353, p.355, p.357, p.363, p.385, pp.395-396, p.398 p.403.

[226] Hutchison, 'The Press', pp.253-254.

[227] *Hansard*, Sixth Series, Vol. 124, 9 December 1987, (London, 1987), col.450.

[228] MacInnes, 'The Press', p.143.

[229] Thatcher, *Downing Street Years*, p.852.

[230] Finlay, *Modern Scotland*, p.370.

Chapter Two

SINK OR SWIM? THE SCOTTISH ECONOMY UNDER THATCHER

Writing in her memoirs, Margaret Thatcher states that, 'The balance sheet of Thatcherism in Scotland is a lopsided one : economically positive but politically negative'.[1] Debate over Thatcher's impact on Scotland has tended to focus on either the economy or the 'Scottish question'. Thatcher presided over an unprecedented rise in unemployment, and transformed the nature of the Scottish economy. Her restructuring was designed to break the post-war consensus on economic management, and spanned the entire course of her premiership. This chapter seeks to illuminate Thatcher's economic reforms, and the extent to which they deviated from the post-war consensus.

It will include analysis of Scotland's response to Thatcher's economic strategy, and the effect that this had on support for the Scottish Conservatives. Furthermore, this section examines the debate over entry to the European Monetary System (EMS), and briefly refers to the psychological significance of the Falklands War. Thatcher's reforms have been dissected into three separate phases on a similar basis to the time-chart used by Andrew Gamble in *The Free Economy and the Strong State*. The first period runs from May 1979 until March 1982, the second spans the years between April 1982 and June 1987, and the final phase covers developments between June 1987 and November 1990.

Scottish historians have focused heavily on Thatcher's economic policies. Richard Finlay equates the magnitude of her restructuring with the Industrial Revolution.[2] Christopher Harvie contends that revenue from the oil industry in Scotland, 'was keeping her in business',[3] which accurately highlights the importance of North Sea oil in boosting Britain's balance of payments. However, he contradicts himself by stating that, 'even oil could not prevent a reduced manufacturing sector putting the country increasingly in deficit with the rest of the UK'. Moreover, Harvie's analysis overlooks the amount of regional aid that Scotland was receiving from the Treasury, and the large subsidies that were spent on supporting uneconomic state-run industries in Scotland.

In contrast, Michael Fry contends that the Scottish Office focused

disproportionately on, 'that 2 per cent of the workforce employed in manual occupations in old, state-supported industries',[4] and attributes this to the influence of these industries within the Labour movement. This displays a lack of sensitivity towards Scotland's industrial heritage, which was entrenched in the heavy industries of steel, shipbuilding and coal. Furthermore, state-owned plants, such as Ravenscraig, had been brought to Scotland's depressed regions because of the private sector's inability to create employment without financial assistance from the state, and there was widespread fear that the closure of these industries would further increase Scotland's high rate of unemployment. Finally, James Mitchell provides a thorough examination of Scotland's economic difficulties, but fails to mention the growth in the electronics and service industries.[5]

Swamping the Decks : The Scottish Economy, 1970-1979

Edward Heath was the first politician to attempt to overturn the post-war economic consensus, by exposing the nationalised industries to competition and limiting state intervention.[6] Heath, however, reversed his policies in the face of rising inflation, unemployment and industrial relations unrest.[7] Scotland was at the heart of these events. In 1971, Heath nationalised Rolls Royce's aerospace division, which had factories in Hillington and East Kilbride, in order to stave off bankruptcy and, in the wake of a trade union organised 'work-in', he agreed a rescue package for Upper Clyde Shipbuilders.[8] Heath's change of tack was also enshrined in the Industry Act of 1972, which introduced Regional Development Grant (RDG) and Regional Selective Assistance (RSA).[9] RDG was to be payable at differing percentages on all capital expenditure on new assets in manufacturing, mining and construction, whilst RSA provided loans on favourable terms to manufacturing industry.[10] Finally, Heath imposed a statutory incomes policy between November 1972 and February 1974,[11] as the Conservatives struggled to control inflation.

Britain entered the EEC in 1973, and Heath was influential in the negotiations leading to the creation of the European Regional Development Fund (ERDF) in 1975. The ERDF awarded grants to Britain's Assisted Areas, and its activities complemented the work of the European Social Fund (ESF), which had been created

by the Treaty of Rome. After 1972, 50% of its grants were to be dispensed to Assisted Areas. A referendum on EEC membership was held in 1975, and 58.4% of Scots voted in favour of remaining within the Community, compared to 68.7% in England.[12]

Meanwhile, economists attributed Britain's economic difficulties to 'stagflation', which saw the economy trapped in a cycle of low growth and rising unemployment.[13] This theory surmised that over the course of time, the more that the state spent on subsidising nationalised industries and uneconomic private companies, the less impact that this finance had in creating new employment.[14] In fact, its only guaranteed effect was to increase inflation, and encourage greater income tax demands. By 1973/74, the public-sector-borrowing-requirement (PSBR) had reached £4.5 billion, which represented 6% of GDP.[15]

Nevertheless, Scottish confidence was buoyed by the location of the first commercial North Sea oil field in 1970, which came on-stream in 1975.[16] Labour was returned to power in 1974 on a manifesto pledging further nationalisation and state intervention, and the Scottish Development Agency (SDA) was created in 1975 with powers to assist, participate in and establish industries.[17] A similar body, the National Enterprise Board (NEB) was also established with a remit to intervene throughout the UK.[18] Unemployment rose above one million in August 1975, peaking at 1.62 million in July 1977, and rapidly rising inflation forced the Labour Government to seek financial assistance from the IMF, in September 1976.[19] It was compelled to cutback on public expenditure, and by 1978, inflation had fallen from 26.5% to 8%. Harold Wilson and James Callaghan were unsure of Britain's role within the EEC, because of its determination to constrain the output of heavy manufacturing industries, such as steel. Britain, therefore, did not enter the EMS, which was established in 1979, and included an Exchange Rate Mechanism (ERM) designed to harmonise exchange rates.[20] Scottish attitudes grew increasingly hostile towards Europe, and in April 1979, 50% of Scots favoured withdrawal from the EEC.[21]

Scottish unemployment averaged 6.4% between 1973 and 1979, compared to 7.1% in northern England, 3.2% in south-east England, and the UK average of 4.8%.[22] This was the first time since 1945 that unemployment had broken the one million barrier, increasing the perception that Britain was in a process of chronic economic

decline. Thatcher made significant political capital on the subject of Britain's high unemployment rate. She famously commissioned the advertising agency, Saatchi and Saatchi, to convey the party's message to the electorate, and in the summer of 1978 it unveiled a billboard depicting a queue of unemployed workers under the heading, 'Labour's Not Working'.[23] Thatcher rejected the concept of full employment, and her 1979 manifesto made no direct pledge to reduce unemployment. However, she gained power in May 1979 on the premise to reverse the perceived decline in Britain's economy, which her campaign had intrinsically linked to the rise in unemployment and inflation.

Swimming Against the Tide : The Scottish Economy, May 1979 to March 1982

Thatcher wasted no time in making her government's intentions clear, as Geoffrey Howe introduced a stringent budget in June 1979, intended to lower inflation and deliver the Conservatives' manifesto commitment of tax cuts. Howe, however, only managed to accommodate a drop in income tax from 33% to 30% by raising indirect taxes, such as VAT, which nearly doubled from 8% to 15%.[24] The announcement of new money-supply targets accompanied these measures.[25] Public expenditure was to be cut by £1.5 billion, and where annual cash limits were in force they were tightened to reduce planned expenditure by a further £1 billion. Exchange controls were also slackened for companies investing abroad, and individuals travelling and living in foreign countries.[26] In October 1979 they were abolished, and between 1979 and 1983 £35.4 billion was exported from Britain.[27]

The direction in which Howe had chosen to steer the British economy, as it lurched towards recession, was unprecedented in the post-war era, as he placed control of inflation ahead of reducing unemployment. A critical tool in lowering inflation was the use of interest rate increases and, by November 1979, interest rates had reached 17%.[28] The Government was consciously cutting off demand from both the state and the consumer in order to facilitate a drop in inflation, regardless of the implications that this had for industry. Yet, between May 1979 and May 1980, inflation rocketed from 10% to 22%, and it hovered around 12% throughout 1981.[29]

The 1980 Budget introduced the Medium-Term-Financial-Strategy (MTFS),

which was designed to fix public spending and monetary targets over the course of several years.[30] It was the brainchild of Nigel Lawson, and after a period of reluctance Thatcher was converted.[31] The MTFS, however, proved to be an ineffective monetary gauge, as the money supply increased at nearly double the rate predicted by the Treasury in 1980. Nevertheless, Lawson believes that it provided a strong framework for controlling public expenditure.[32]

Due to the world economic downturn between 1979 and 1981, the already unprofitable nationalised industries were further damaged by a lack of demand and dismal productivity levels. This resulted in government subsidies to these industries increasing to bridge the shortfall in demand. In 1979/80 the British Steel Corporation (BSC) made the largest loss in its history of £1.8 billion, and £96 million of this figure was attributable to Scottish plants.[33] Thatcher's response was swift, replacing the chairman of BSC, Charles Villiers, with Ian MacGregor, in May 1980.[34] MacGregor, a Scot, had enjoyed a successful business career in North America, and rode out the 1980 steel strike to introduce sweeping cuts and reforms to BSC. In the wake of the 1980 steel strike, 20,000 British steelworkers lost their jobs, as MacGregor rationalised BSC with Thatcher's blessing.[35] By October 1980, Craigneuk steel foundry, near Motherwell, opened at a cost of £7.2 million two years earlier, had reduced its workforce by a quarter.[36]

A less politically sensitive target was the NEB, and on 19 June 1979 the Industry Secretary, Keith Joseph, ordered the NEB to sell assets worth £100 million.[37] This signalled the beginning of several sell-offs of state-owned shares in industry, as the government's shares in companies such as, Fairey Holdings and Amersham International, were sold between December 1979 and February 1982, receiving proceeds of £91 million. Differing proportions of other government shares in companies like International Computers Limited (ICL) and British Petroleum (BP), were disposed of for the sum of £782 million. These measures were intended to improve the public sector balance of payments (PSBP), as the sale of government shares was classified as negative public spending. The NEB merged with the National Research and Development Corporation in late 1981 to form a British Technology Group.[38] Without the additional finance from these sell-offs Thatcher would almost certainly have had to make concessions over her economic restructuring.

Indeed, Thatcher's efforts to limit public expenditure were not isolated to Britain. Britain's contribution towards the EEC budget had steadily risen, and by 1980 it was paying around £1,000 million a year more into the Community than it was getting in exchange.[39] Thatcher wanted Britain's budget contribution reduced, in order to cut expenditure, and to win a tangible victory in foreign affairs that could be used to boost her popularity. In the negotiations between June 1979 and May 1980 Thatcher continuously told European leaders that, 'It's my money I want back', and in May 1980 she reluctantly accepted a rebate of £760 million per year.[40]

Another area in which Thatcher strove to make savings was regional aid. According to figures such as, Lawson and Norman Tebbit, workers in areas of high unemployment should either move to find work or accept lower wages to attract industry to their region.[41] The Conservatives' primary aim was to reduce the coverage of regional aid from 44% of the UK's working population to 27.5%.[42] Joseph proposed reducing the rate of RDG in Development Areas from 20% to 15%, and abolishing it completely in Intermediate Areas, whilst as many Special Development Areas as possible were to be downgraded to Development Area status.

In 1979 the whole of Scotland was classified as an Assisted Area.[43] Joseph, however, was intent on removing affluent areas such as the Borders, as well as prosperous cities like Edinburgh from Assisted Area status. George Younger fought Joseph's decision and succeeded in winning Scotland a temporary reprieve lasting throughout the worst of the recession. It was agreed that those areas with Development status were to be downgraded to Intermediate Area standard from August 1980, and that they would remain as Assisted Areas until August 1982.

Paradoxically, the Conservatives' attempts to reorganise regional aid increased Special Development Area coverage in Scotland. After 1982, Younger boasted that 70% of Scotland's population stayed in Assisted Areas, 53% of which were in Special Development Areas.[44] This message from the Scottish Office was out of kilter with Thatcher's economic objectives for Britain, and inhibited her attempts to alter economic thinking in Scotland. Regional preferential assistance in Scotland for the year 1981/82 was at its highest ever, totalling £235 million, or about 25% of the British total.[45]

Scotland had been one of the weakest economic regions in Britain throughout

the post-war period, but its employment structure was very similar to that of the UK. By 1979, 30% of total Scottish employment was in manufacturing, compared to 31% for the UK, and services accounted for 59% of Scottish jobs, compared to the UK figure of 60%.[46] However, in 1977, public sector jobs stood at 34.3% of Scottish employment, as opposed to 30% in England.[47] Furthermore, between 1976 and 1981, Scotland was the only area in Britain, outwith southern England, to record a substantial expansion in public sector employment, experiencing a 3.5% growth.[48] This growth was reflected in Scottish local government, or in sectors such as education and the NHS. Moreover, in 1975 as little as 41% of Scottish manufacturing employment was indigenously-controlled, whereas, in 1979, only 14.1% of British manufacturing employment was in foreign-owned companies.[49] Scotland was, therefore, more reliant than the rest of the UK on public sector employment and inward investment, but it was not uniquely disadvantaged by its industrial structure.

Nevertheless, the combination of Thatcher's economic strategy, high oil prices, the resultant strong pound, and the worldwide recession served as a quadruple whammy to Scotland's economy. Between 1979 and 1981 Scottish manufacturing lost 11% of its output and 20% of its jobs, and in October 1980, 246,000 Scots were registered as unemployed.[50] British manufacturing suffered to an even greater extent, as its output dropped by 14% between 1979 and 1981.[51] The West Midlands was particularly badly affected, and its annual GDP fell by 4.6% between 1978 and 1981.[52]

John Campbell asserts that Thatcher believed that, 'the high pound was a good thing' for patriotic reasons, and she was convinced that, 'it would administer a healthy shock to industry'.[53] On the other hand, Bob Rowthorn contends that Thatcher intentionally increased unemployment in order to 'atomise the working class'.[54] Rowthorn's line of argument is ill-judged, as Lawson had assured Thatcher, in July 1978, that the Conservatives' economic policies would not increase unemployment, and job insecurity also heightened amongst the middle-class.[55] In reality, Thatcher intended to enable greater numbers of individuals to experience social progression through private enterprise, and she viewed job insecurity as a useful device in improving efficiency and productivity.[56]

By May 1981 total Scottish unemployment had risen to 288,200, while the UK

quota had struck 2.13 million by December 1980. In Strathclyde, unemployment reached 15.8% in 1981, whilst Merseyside had the highest unemployment rate in Britain at 16.4%.[57] Thatcher intensified the outrage at these statistics by altering the method of calculating unemployment, to minimise the unemployment figures. Throughout the course of her premiership there were twenty-eight changes to the method of calculating unemployment. This created the perception that Thatcher did not care about the effects of her economic policies, and Campbell asserts that, 'her sympathy always seemed to imply a moral failing on the part of the unemployed'.[58] Nevertheless, other western nations experienced similar difficulties, and by 1982 Britain had an unemployment rate of 9.8%, compared to 9.6% for the EEC, and 9.5% in America.[59]

A feature of these economic difficulties was the collapse of many of the industries brought to Scotland by regional aid. The Invergordon smelter, and the Linwood car plant, were just two of the employers that fell victim to the recession. In the case of Linwood, Younger and Joseph offered PSA-Citroen substantial financial assistance to continue production in February 1981, only for the French company to decline their offer.[60] Furthermore, at the Invergordon smelter, Younger won Thatcher's approval to offer Alcan a rescue package worth £25 million over five years,[61] but the smelter's owners rebuffed his offer and the plant closed in December 1981. Finlay proclaims that, 'The crutches of state intervention were taken away...and no amount of sermons could convince the patients that it was good for them'.[62] Yet, both of these examples highlight the Government's deviation from its strategy of non-intervention in the economy.

Furthermore, when RBS was threatened with takeover by the Standard Chartered Bank and the Hong Kong and Shanghai Banking Corporation, the Scottish Industry Minister, Alex Fletcher, preserved RBS's Scottish independence by having the matter referred to the Monopolies Commission. Fletcher and Younger both agreed that Scotland had to retain a strong indigenous financial sector if Scottish businesses were to receive the required support.[63] The Scottish Office was supported by the Trade Secretary, John Biffen, and the takeovers were blocked on the grounds that they were against the Scottish public interest. Once again the Scottish Office was at odds with Thatcher's economic strategy, mobilising the 'Scottish lobby' (see chapter 1) to

frustrate the ambitions of the financial markets, and to defend a symbol of Scottish autonomy.

One of the few areas of Scotland to avoid the worst of the recession was Grampian, where the discovery of North Sea oil cushioned the impact of the recession. By 1980 the UK was self-sufficient in oil, and by 1983 it was producing 50% above its requirements.[64] Whilst no Scottish companies were involved in the highly lucrative oil pumping business, some Scottish-owned firms like the Wood Group were highly successful in supplying engineering and drilling expertise to the industry. In 1982, the Wood Group's turnover stood at £80 million employing a workforce of 2,600.[65] Further north, in the Shetland Islands, the Sullom Voe oil terminal was opened by the Island Council in 1981 at a cost of £1.2 million.

By 1983 the number of on and offshore employees in Britain stood at 70,000 directly, and 20,000 indirectly. The value of oil soared from £5.69 billion in 1979 to £14.43 billion in 1982, and by 1981 the UK trade surplus was £6,628 million.[66] At the CBI's 1980 conference, CBI (Scotland) urged Thatcher to use oil revenues for the regeneration of UK industry, but its interventionist pleas were ignored. During the first economic phase of Thatcher's premiership, the profits from North Sea oil helped to prop up the ailing British economy, preventing Thatcher's economic strategy from bankrupting the Exchequer.

Another area that experienced growth was electronics. By spring 1981 around 100 electronics companies were located in Scotland, providing about 40% of the European microchip business.[67] These firms tended to come from outwith Britain, and were located in regions such as Fife, and the Lothians. The Conservatives placed great emphasis on these new developments, highlighting the electronics industry as an example to the rest of the Scottish economy. During the early 1980s, Scotland produced 79% of UK, and 21% of western European output of integrated circuits.[68] These enterprises created an entirely new gender division in the Scottish labourforce, as women came to be the staple employees of the industry, with wages being little more than half their Californian equivalent.

In the face of economic dislocation and widespread unemployment, the Government's response was to portray this as a necessary evil which would lead to a healthy, modernised economy. Thatcher was convinced that without undergoing this

'major operation', Britain's economy would never be competitive again: 'When the wealth-creating conditions in our economy are right, when there is confidence about the value of money, when there is a realism in wage bargaining that leaves a satisfactory reward for enterprise...wealth will be created, wealth will be spent, and in being spent will provide the jobs'.[69] This resolute stance was significantly influenced by her scientific outlook on economics,[70] leading her to believe that the application of the correct formula to the economy would ensure success.

Thatcher's economic strategy, however, encountered substantial opposition from within her own party, and the struggle between the 'Wets' and the 'Dries' became a battle of wills (see Introduction). Thatcher filled the key economic positions in the Cabinet with supporters of her economic strategy, and a decisive clash took place at the 1980 Conservative conference. Amid much public clamour for the Government to alter its economic strategy, Thatcher delivered one of the most crucial political speeches of her career, uttering the famous words, 'You turn if you want to. The Lady's not for turning'.[71] In Thatcher's eyes, the debate over economic strategy was a direct challenge to her leadership, and she was determined to adhere to her chosen course regardless of the consequences.

Professor Alan Walters, who was a keen monetarist, was appointed as Thatcher's chief economic advisor in January 1981,[72] and under his direction, she followed her conference speech with action in the 1981 Budget. To the astonishment of almost every conventional British economist, Howe presented a Budget which slashed public spending and raised indirect taxation, thus tightening the money supply even further.[73] Income tax remained unchanged, but Howe did not raise personal tax allowances and thresholds in line with inflation, which implied an increase of £1.9 billion in income tax. Moreover, excise duties were raised by £2.5 billion, a supplementary petroleum duty designed to milk North Sea oil profits was introduced, and a one-off 'windfall' tax on the booming banking sector was implemented.[74] As unemployment reached 2.48 million,[75] the Government had made the unprecedented decision of placing control of the money supply ahead of counteracting the fall in demand.

The *Glasgow Herald* proclaimed that, 'The control of inflation must remain the principal economic aim of the Government', but the *Daily Record* described

Howe's package as, 'a mean, nasty, petty, small-minded Budget'.[76] The sense of astonishment that the Budget generated was articulated by 364 distinguished economists, who sent a letter of protest to Thatcher. They contended that, 'Present policies will deepen the depression, erode the industrial base of our economy and threaten its social and political stability'.[77] Thatcher, however, swept these protests aside: 'I do not greatly care what people say about me...This is the road I am resolved to follow... I ask all who have the spirit...to stand and join with me as we go forward'.[78] By May 1981 Conservative support in Scotland had dropped to 18%, and by October Thatcher was officially the most unpopular Prime Minister ever, according to UK-wide opinion polls.[79] The 1981 Budget vividly demonstrated Thatcher's resolve to continue with her economic strategy, and Campbell identifies it as 'The key turning point'[80] in the fortunes of her first administration.

Nevertheless, the Government did not strictly adhere to free market economics, and intervened to create the preconditions for private sector growth. One of its first initiatives, in the 1980 Budget, was to introduce enterprise zones in depressed regions. These zones were the brainchild of Howe, and operated free of all capital and income taxes, business rates and industrial levies.[81] In Scotland, an enterprise zone was allocated to Clydebank and, by May 1983, 120 firms had been attracted to the zone.[82] Another enterprise zone was established at Invergordon in the summer of 1982, as the Government attempted to compensate for the closure of its aluminium smelter. Unfortunately the Clydebank development created job opportunities for only 1,300 people, in an area that had been devastated by the collapse of the shipbuilding industry, and the closure of Singers' sewing machine factory.[83] CBI (Scotland) was in favour of this Government initiative, but the STUC stated that, 'The creation of industrial shanty towns...is no way to regenerate our economy'.[84]

Another flagship policy actively encouraged inward investment with a view to replacing declining heavy industry. Invest in Britain (IiB) and Locate in Scotland (LiS) were established in 1981 to aid this process.[85] LiS operated from the offices of the SDA,[86] offering financial incentives to foreign companies interested in investing in Scotland, while IiB provided that function on a UK basis. In 1981/82, thirty-two new companies were attracted to Scotland by LiS, creating an estimated 4,500 jobs

and securing 3,500 more.[87] Furthermore, in 1981, the Loan Guarantee Scheme was introduced, which enabled bank loans of up to £75,000 to be made available to businesses which were unable to obtain loans under normal banking criteria.[88] The Government guaranteed 80% of each loan, and in 1981, 1,200 small firms were started up in Scotland. However, in 1981, the self-employed only accounted for 2.4% of the Scottish workforce, compared to 4.3% in England.[89]

The continued existence of the SDA ran contrary to almost all of Thatcher's free market beliefs, and it bore a striking resemblance to the NEB. However, the SDA remained in place after lobbying by Scottish Office ministers, and it was converted to encouraging the growth of private enterprise.[90] Once again, the Scottish Office was protecting a corporatist institution that was at odds with Thatcher's economic rationale, and by 1981, 21% of managers and administrators in Scotland were in the state sector, compared to 14% in England. This infuriated CBI (Scotland), and in November 1980 its Director, John Davidson, argued that, 'Private industry is taking the full force of the essential steps to control inflation, while in its own field, the Government is flinching from the clear objectives it has set others'.[91] Between 1979 and 1982, the SDA spent £275 million. Therefore, in Scotland, far from breaking with the post-war consensus, Thatcher acquiesced at the Scottish Office's request by creating and retaining additional layers of bureaucracy and cost.

Meanwhile, the Labour Party suffering from internal divisions, struggled to capitalise on Thatcher's economic difficulties. Labour's solutions were contained in its 'Alternative Economic Strategy'.[92] Michael Foot laid out the general principles lying behind it in a speech on 19 November 1981, 'Keynesian reflation has proved its effectiveness too often to be dismissed by the Government's ignorant and silly jibes...If the Government chooses, it can mobilise the resources of this country to any extent it wishes. Remember what we did in the war'.[93] Foot portrayed the image of a backward looking Labour Party attempting to apply failed solutions to even more chronic economic problems. Labour remained strongly committed to the economic objectives of the post-war consensus, and Foot asserted that Britain, 'must return to full employment...We must replace the demoralisation and despair which stalk the country'. Under Foot's leadership, Labour lacked the electoral credibility to effectively challenge Thatcher's economic strategy.

The first phase of Thatcher's economic restructuring had devastated Scotland's economy on a scale not seen since the 1930s (see chapter 1). Unemployment engulfed the whole of Britain, and inflation spiralled out of control. Thatcher had partially succeeded in displacing the post-war consensus on economic management, but she had also acquiesced with the Scottish Office's interventionist policies and retained corporatist institutions. The Government's attempts to contain public spending and reduce the money supply coincided with the deepest world recession since 1945, accelerating the decline of Britain's heavy industries and manufacturing sector. Ironically, it was the revenue from North Sea oil which kept the economy afloat, and the internal disarray of the Labour Party that enabled Thatcher to emerge from this trauma unscathed. Out of this economic turmoil a chance development arose in March 1982. There was a storm brewing in the South Atlantic.

Staying Afloat : The Falklands Conflict and Economic Restructuring, March 1982 to June 1987

The Falkland Islands had been a British colony since 1833.[94] Its population was almost exclusively British, and wished to remain under British rule. Argentina had a long-standing claim on what it called the Malvinas and, after the emergence of a military dictatorship in December 1981, it invaded the Falklands on 2 April 1982.[95] Thatcher's response took many by surprise, as between April and May she despatched a taskforce to reclaim the Islands. British forces registered a famous victory, and the war ended on 14 June 1982.[96] The STUC's General Secretary, James Milne, contended that, 'If the rights of 1,800 Falkland Islanders are worth spending £3 billion on, the rights of 350,000 unemployed Scots are worth some spending on too'.[97]

The Falklands triumph tapped a rich seam of dormant British nationalism that Thatcher associated with her efforts to restructure the economy, overturn the post-war consensus and restore British 'greatness': 'We have ceased to be a nation in retreat. We have instead a newfound confidence - born in the economic battles at home and tested and found true 8,000 miles away'.[98] Thatcher found herself transformed from the most unpopular Prime Minister on record, to a great war leader. In Scotland the response to the Falklands' triumph was less jingoistic,[99] but only a minority of Scots

expressed opposition to the war. This victory marked a turning point for Thatcher, and the beginning of her second wave of reforms, which lasted until June 1987.

An equally important economic event had taken place in March 1982, as Howe's fourth budget began to move away from strict monetarist theory.[100] The MTFS was downgraded from a four to three year estimation, and its monetary targets were no longer regarded as sacrosanct. Interest rates were also cut by half a percent from the figure of 13.5%, and Howe reduced the national insurance surcharge that required employers to pay additional national insurance contributions.[101] This had a first year cost to the Treasury of £1 billion.[102] Howe also reduced income tax modestly by raising personal allowances and thresholds by 14%, rather than the 12% needed to compensate for inflation. Moreover, in July 1982, Howe abolished all higher purchase controls. This Budget was designed to appeal to core Conservative voters, as the world recession began to bottom out, and by May 1983 inflation had fallen to 3.7%. It was apparent that Thatcher was beginning to distance herself from monetarism as her thoughts turned towards the next general election.

By the summer of 1982, southern England was showing signs of economic recovery,[103] but Scotland, Wales and much of northern England, were not so fortunate. Unemployment continued to rise, and the manufacturing sector remained heavily depressed. In 1983, for the first time since records began, British manufacturing imports exceeded manufacturing exports.[104] A vivid symbol of Scotland's industrial decline was the steel industry. Ravenscraig had represented a symbol of hope when it was established, but by August 1982 its future looked increasingly uncertain.

BSC was intent on reducing its workforce to 43,000,[105] and Ravenscraig was the least profitable of all BSC's plants. Ravenscraig's iron ore was £10 to £15 per ton dearer, partly because of the longer rail haulage distance, and partly because British Rail charged BSC twice as much per ton per mile for haulage compared to Llanwern. Between July 1979 and September 1982 Ravenscraig's workforce had fallen from 6,400 to 4,400,[106] and BSC contended that half of all overtime at the plant was attributable to absenteeism. The EEC also encouraged BSC's rationalisation process by imposing restrictions on the steel output of member countries.[107]

In August 1982, BSC announced that 360 jobs were to go at Ravenscraig, and

it was widely rumoured that the plant's strip mill was designated for closure. The STUC, the Iron and Steel Trades Confederation (ISTC), Scottish Council (D&I), and COSLA all campaigned for Ravenscraig's retention. They were joined by the newly formed Standing Committee for the Defence of the Scottish Steel Industry (SCFDSSI), and the Scottish opposition parties in condemning any attempt to remove Scotland's steel-making capacity. The STUC highlighted Ravenscraig's position as the largest electricity customer in Scotland, and the plant's financial contribution as the largest ratepayer in Strathclyde Region. Furthermore, it warned that between 10,300 and 13,600 jobs, indirectly linked to Ravenscraig, could be lost if the plant closed. The *Glasgow Herald* asserted that, 'Ravenscraig must be saved', and the *Daily Record* ran the striking headline, 'MISERY OF MRS T'.[108]

It was the reaction of the Scottish Conservatives, however, that swung the argument in Ravenscraig's favour. Younger privately threatened resignation if the plant closed, and Michael Ancram declared that, 'The closure of Ravenscraig steelworks...is not acceptable to my party...I believe Scotland has an industrial future but that, and the ability to attract new industry here, depends on having steel-making capacity in Scotland'.[109] Thatcher, influenced by her close colleagues William Whitelaw and Howe, agreed to retain Ravenscraig.[110] Nevertheless, the steel mill's low capacity furnaces were badly in need of investment, rendering Ravenscraig's reprieve a short-term victory. The retention of Ravenscraig was a political concession to the Scottish lobby by Thatcher, who had no economic grounds on which to justify her decision. Once again, in a Scottish context, Thatcher was adhering to the corporatist consensus that she had pledged to eradicate.

In spite of continuing economic difficulties and record unemployment, Thatcher's post-Falklands popularity was confirmed with a landslide majority at the 1983 General Election. Labour focused on unemployment, which had risen to three million in May 1983, but was unable to overcome its internal divisions, and Thatcher became the first post-war Prime Minister to be returned to power after presiding over a record increase in unemployment.

In the wake of her emphatic triumph, Thatcher continued to move away from monetarist economics. Howe became Foreign Secretary, and his replacement as Chancellor was Lawson. Lawson continued to focus on lowering inflation and public

expenditure, and his first budget, in 1984, indirectly reduced income tax.[111] However, on occasions, the Government's cost cutting programme ran contrary to its goal of stimulating private enterprise. In 1984, the Trade and Industry Secretary, Tebbit, attempted to merge the American offices of LiS with those of IiB.[112] LiS had established offices in America in 1982, and Scottish Conservatives were outraged by Tebbit's proposal. Scottish Office ministers, with the support of the Scottish lobby, successfully campaigned for the retention of the offices.

This was yet another example of Thatcher abandoning her economic strategy to appease the Scottish Office, and between 1981 and 1987, LiS helped to attract more than £1.8 billion of investment to Scotland, creating and safeguarding over 400,000 jobs.[113] Tebbit would have been better advised to turn his attention towards abolishing the SDA, with its corporatist constitution and substantial budget of £136 million by 1986. The continuing existence of the SDA guaranteed a strong state presence within the Scottish economy, whilst undermining Thatcher's attempts to implement free market policies, and reduce public expenditure.

The Government's streamlining process accelerated in November 1984, leading to further changes in the regional aid map and related reductions in the rate of grant.[114] A cost-per-job limit was introduced, and grants towards modernisation and equipment replacement were abolished.[115] The overall result of this review was a 30% reduction of the proportion of the British working population benefiting from automatic RDGs. These reforms were designed to reduce projected nominal spending by a further 40% by 1987/88.

In Scotland, the regional aid review did not have as sweeping an effect as elsewhere in the UK. The percentage of Scotland's working population covered by the Assisted Area map fell to 65%, and, as a result of the review, only 50% of the working population was entitled to RDG. In 1985/86 Scotland received £41.6 million in RSA and £107.5 million from the new RDG scheme.[116] The severity of these cutbacks was cushioned by the fact that Intermediate Areas, and the territory covered by the Highlands and Islands Development Board (HIDB) remained eligible for aid from the ERDF. Nevertheless, CBI (Scotland) forwarded a resolution at the CBI's 1985 conference expressing its anger at the Government's reductions in regional aid spending.[117]

The most striking initiative of Thatcher's second term was the acceleration of the privatisation programme, which provided sufficient income to continue constraining public expenditure whilst delivering income tax cuts. It was also intended to expand popular capitalism through share-ownership, and weaken the trade unions' collective bargaining power by transferring the heavily unionised nationalised industries into private ownership.[118] Thatcher saw share-ownership as the ideal mechanism for transferring power to the individual, and away from the state. She contended that individual shareholders were in a better position to scrutinise the efficiency and profitability of these former nationalised industries, as commercial decisions relating to their viability were no longer politicised by state-ownership.[119] She also realised that shareholders would have to study the performance of the stock exchange and global markets when assessing investment opportunities. Thatcher hoped that this would deter them from voting for Labour's programme of state intervention and tax increases, which had the potential to disrupt share prices. At the 1987 General Election, 38% of Conservative supporters had invested in shares, compared to 14% of Labour voters.[120]

Thatcher followed Nicholas Ridley's proposals by disposing of the most attractive state-owned industries through the sale of shares on the open market (see Introduction). British Telecom (BT) in 1984, British Gas (BG) in 1986, and British Airways (BA) in 1987 were the most high-profile privatisations of Thatcher's second term. Fifty percent of the Government's shareholding in BT was sold for £3.9 billion in November 1984, and the entire BG network fetched £5.6 billion in November 1986.[121] Indeed, the Government under-priced the shares in order to expand share-ownership as widely as possible.[122] BT had almost trebled its pre-tax profits from £317 million to £936 million between 1980 and 1982, and BA had turned losses of £140 million in 1980 into a yearly profit of £214 million. In effect, the Government was losing strong financial assets, while retaining less profitable nationalised industries like BSC. By February 1987, 600,000 employees had been transferred to the private sector, and around 90% of them had become shareholders in the companies for which they worked.[123]

Shirley Robin Letwin contends that Thatcher intended to increase the financial legacies of individuals and families through this policy,[124] but the reality of

privatisation was very different. The number of individual shareholders in Britain rose from three million in 1979 to nine million in 1987, but the overall proportion of shares owned by individual shareholders declined over this period.[125] A central criticism of the privatisation programme focused on its social costs, as it enabled individual shareholders to make a profit at the expense of those workers who had been made redundant by the Government in its attempts to make these industries saleable. This expanded unemployment, failed to reduce public spending, and added to state dependency, as the burden of social security payments dramatically increased (see chapter 4).

Opposition to the Government's privatisation programme was not confined to other political parties. In November 1985, Harold Macmillan offered a stinging rebuke by comparing the Government's strategy with selling the 'family silver'.[126] This voice from the days of consensus fell on deaf ears, but Macmillan's intervention emphasised the extent to which Thatcher was deviating from post-war Conservative thinking. The privatisation programme sought to reduce economic dependence on the state, whilst revitalising entrepreneurial activity, and Letwin accurately concludes that privatisation was about, 'changing both the reality and the perception of the relationship between government and the governed'. However, in 1983 only 25% of Scots favoured more privatisation compared to the British figure of 44%.[127]

A recovery took place in southern England during the second phase of Thatcher's reforms, with inflation steady at 5%.[128] On a UK-wide basis, however, unemployment remained stubbornly high, peaking at 3.13 million in the summer of 1986.[129] In July 1986 the number of unemployed workers in Scotland stood at 358,988.[130] Of particular concern was the proportion of the unemployed that was constituted by the young. In October 1985, 16% of Scottish males and 24% of females out of work were under twenty years of age. Strathclyde was the worst affected region of Scotland, with an unemployment rate of 17.8% in 1986.[131] Elsewhere, unemployment stood at 17.6% in north-east England, and 19.3% on Merseyside. In stark contrast, outer London had unemployment levels of 8.5%. The widening of the existing North/South divide was one of the defining features of Thatcher's second term in office.

Scotland's industrial decline continued to be reflected by the steel industry. In

August 1985 BSC guaranteed Ravenscraig's future for another three years, but proposed the closure of Gartcosh cold mill, near Coatbridge, Lanarkshire.[132] Gartcosh had been built in 1961 to provide Scotland with an integrated steel-making capacity, and it was Ravenscraig's largest single customer.[133] BSC contended that Gartcosh was the least economic of all its cold mills because of the plant's remoteness from its markets. Only 2.8% of Gartcosh's cold-reduced sheet was sold in Scotland, and the plant required £20 million of investment if it was to be elevated to the standard of BSC's other cold mills.[134] BSC dismissed speculation that Ravenscraig's viability was reduced by Gartcosh's closure, despite the fact that Ravenscraig's hot rolled coil would have to be transported to Shotton in north Wales.

A broad-based campaign was launched to save Gartcosh, but without one crucial factor; Scottish Conservative support. Iain Lawson, Anna McCurley and Hector Munro were the lone Scottish Conservative voices to be raised against the decision,[135] and Lawson defected to the SNP as a result of the closure. The STUC, Scottish Council (D&I), COSLA, the SCFDSSI, and the Scottish Churches Council all fought to reverse BSC's decision. Furthermore, the *Glasgow Herald* stated that, 'Scotland's steel industry has not been murdered but it may have been fatally wounded by a cold, calculating blow'.[136] In contrast, Thatcher taunted the STUC over its protestations: 'I cannot help commenting...upon the irony that the STUC should be setting itself up as the defender of steel-making at Ravenscraig when a year ago during the miners' strike (see chapter 3) you were seeking to stop production'.[137] The plant shut on 31 March 1986.

According to Mitchell, the closure of Gartcosh strengthened perceptions that Thatcher and the Conservatives were anti-Scottish,[138] but, in reality, this was one of the first times in her premiership that she had publicly dismissed the representations of the Scottish lobby. Nevertheless, a myth developed, perpetuated by figures such as Jim Sillars of the SNP, that 'Unemployment is deliberate. The policies that create it can be just as deliberately undone and replaced by those that will guarantee everyone a job'.[139]

Thatcher's lack of compassion towards the unemployed antagonised working-class Scots, whilst alienating civil society and the middle-class. Since the 1960s many middle-class Scots had risen from working-class backgrounds through the pursuit of

education (see chapter 4), and they rejected her assertion that private enterprise was the best means of generating social progression. These attitudes combined with Scotland's greater share of professional public sector employment to unify civil society's diverse groupings against Thatcher's economic strategy. In July 1986, the STUC and Strathclyde Region decided to establish a Standing Commission on the Scottish Economy, comprising representatives of Scotland's local authorities, academics, the voluntary sector, industrialists, the media, trade unionists and clergy.[140]

Another outcome of the Conservatives' economic restructuring was the takeover of many Scottish-owned firms. In the period between 1985 and 1987, external takeovers cut the amount of capital controlled by Scottish-registered commercial and industrial companies from £4.67 billion to £2.27 billion.[141] These takeovers tended to focus on the most efficient and profitable Scottish companies, as those taken over controlled 37% of Scotland's turnover but 49% of its profit income. Over this period names synonymous with Scottish capitalism, such as Arthur Bell and the House of Fraser all moved outwith Scottish ownership. The overwhelming majority of these firms came to be controlled by British or foreign conglomerates operating from the City of London.

Although these companies found it easier to gain access to finance for expansion many cut back on their workforces. This process was a direct result of Britain's growing integration into the global economy, and the STUC recommended the establishment of a Scottish Takeovers Watchdog Body.[142] Thatcher, however, was content to allow market forces to prevail, surmising that the further the Scottish economy became bound into the international marketplace, the less socialism would prosper. This leads Michael Bleaney to conclude that Thatcher's 'perspective is still very much that of a structural rejuvenation of British capitalism', and between 1979 and 1985, the value of overseas assets owned by British companies rose from £12 billion to almost £90 billion.[143]

As Scotland's heavy industries moved towards extinction the service sector expanded. Between 1979 and 1985 the service industries were the only sector of the Scottish economy to record steady growth, as 60,000 new jobs were created.[144] Scotland attracted 16,000 new retail jobs between 1979 and 1985, and over the same

period, employment in education, health and other related areas rose by 29,000. Banking and finance saw the largest percentage increase, as its workforce expanded by 21,000, and the number of self-employed workers also rose by 32,000. Furthermore, Scotland's share of public administration jobs remained higher than the British average, and part-time employment rose by 76,000 between 1979 and 1985, leading to a rise in the female labourforce in Scotland.[145]

This failed to compensate for the huge contraction in Scottish manufacturing, which saw Scotland lose 3.9% of its manufacturing jobs between 1981 and 1985, compared to the British figure of 2.2%. By 1986, manufacturing employed 412,000 workers compared to 605,000 in 1979, and the STUC proposed the establishment of a Scottish International Trading Agency to stimulate new export markets.[146] Thatcher contended that these job losses had resulted in British manufacturing output rising by over 10% between 1983 and 1987, and she highlighted that, by 1987, the self-employed accounted for 11% of Britain's labourforce.[147] Nevertheless, Finlay states that, 'The invisible economy of finance and services was not readily understood by a population which had been reared on the notion of a Scotland which paid its way by producing ships, engines and the like'.[148]

Electronics continued to flourish in Scotland. By 1983 around 43,000 people were employed in the electronics industry, and it accounted for 9.9% of Scottish manufacturing employment.[149] These companies tended to be foreign multinationals, as only 17% of electronics employment was in Scottish-owned companies. Scotland became a prime location as it combined access to both UK and European markets with low wage costs and high financial incentives for inward investors. Electronics, however, suffered a slump between 1985 and 1986 after an expected boom in the personal computers market failed to materialise. Yet, contrary to conventional wisdom, Scottish branches of US-owned multinationals fared better than their American bases.

North Sea oil continued to play an important role in the economy and, by 1984, revenues from the industry reached over £20 billion.[150] Its significance was reduced by economic recovery in southern England, but in Scotland it remained a critical source of employment. In Grampian oil developments directly and indirectly provided over a quarter of all jobs in the region, and by 1986 it was estimated that

40,000 jobs elsewhere in Scotland depended on the industry.[151] Consequently, when oil prices slumped between 1985 and 1987 there was a serious knock-on effect in the north-east of Scotland's economy. In the first quarters of 1985 and 1986 there was a 162% increase in notified redundancies in Grampian, compared with a drop of 25% for the rest of Scotland.[152] Companies that supplied expertise and equipment to the industry were also hit very badly. In August 1986 UIE offshore rig and platform yard in Clydebank announced that more than half of its core workforce of 350, and most of its 870 short-term contract workers were being made redundant.

Meanwhile, European issues continued to trouble Thatcher, and provided the most serious crisis of her second term. The Westland affair centred on the debate between Thatcher, the Trade and Industry Secretary, Leon Brittan, and the Defence Secretary, Michael Heseltine, over whether a European consortium or an American company should be supported in their bids for Westland plc, which provided Britain's military helicopters.[153] Westland favoured the American bid, and Brittan accepted the company's right to take a commercial decision free of government interference, but Heseltine wanted ownership of Westland to stay within Europe.[154] Thatcher agreed with Brittan but, in December 1985, Heseltine informed the press that Thatcher had not permitted a Cabinet discussion on the matter. Thereafter a series of leaked letters appeared, and Heseltine eventually resigned on 6 January 1986. Heseltine contended that Thatcher had deliberately ruled out the European option because of her anti-European views but, on this occasion, his argument had little foundation. Thatcher was simply adhering to her belief in non-intervention in private commercial matters, and Heseltine was encountering great difficulty in mobilising a credible European consortium. In this instance it was Thatcher's single-minded style of government that was at fault, not her economic logic.

The debate over Britain's EEC budget contribution also consumed much of Thatcher's energy. A permanent agreement was eventually reached, in June 1984, on the grounds that the British rebate would consist of 66% of the difference between what Britain paid into the Community and what the Community spent in Britain. Scotland received £616 million from the ERDF between 1977 and 1987, accounting for around 25% of the British total.[155] Furthermore, in 1986, Scotland obtained £14 million from the ESF, which was more than any other region in Britain. It was

apparent that Thatcher had got value for money in Britain's budget rebate, but the European grants acted as an impediment to her attempts to reduce dependence on public expenditure.

Buoyed by the success of her confrontational tactics, Thatcher now believed that Britain was in a position to play a leading role in the Community,[156] and she enthusiastically supported plans for a European single market. In 1986, Britain had a trade deficit of £10 billion with the rest of the EEC.[157] To Thatcher the free movement of goods, services, capital and people across the EEC was a logical extension of her free market restructuring. Yet, she inexplicably failed to anticipate the expansion that this would require in the functions and remit of the European Commission.[158] The new President of the European Commission, Jacques Delors, was also intent on widening the single market to include future monetary union.

Thatcher failed to foresee this development, and was convinced that she had safeguarded British sovereignty by altering a clause in the Treaty of Rome that referred to 'irrevocable' monetary and economic union. She replaced this phrase with economic and monetary 'cooperation', when the Treaty was re-drafted in December 1985 to include the Single European Act.[159] In any case, she believed that Britain could opt out of further monetary integration by remaining outwith the ERM. The Single European Act reached the statute book in 1986, and a European single market was to come into force from 1992.

Under Neil Kinnock's leadership, Labour dropped its opposition to membership of the EEC, scaled down its nationalisation plans, and abandoned its pledge to restore Britain to full employment. Labour, however, remained committed to public-ownership and state intervention in the economy, and by the 1987 General Election, Labour had committed itself to cutting unemployment by one million in two years.[160] This reflationary package was to be paid for through government borrowing, and by dispensing with income tax cuts.[161] Speaking at the 1987 Scottish Conservative conference, Thatcher described this as an 'iceberg manifesto' with 'one-tenth of its socialism visible, nine-tenths beneath the surface'.[162]

By June 1987, much of Scotland remained to be convinced of the merits of Thatcher's economic strategy. The success of the City of London, and the 'Big Bang', which deregulated the stock exchange in October 1986, seemed very distant from

economic reality in Scotland. This point was heavily emphasised, in January 1987, by the closure of the Caterpillar vehicle plant, in Uddingston, Lanarkshire.[163] Thatcher's second phase of restructuring had widened the economic divide between northern and southern Britain, and had resulted in the continued erosion of Scottish manufacturing industry. Electronics, financial services, and the retail industry all witnessed growth, but the jobs created in these sectors were not in sufficient abundance to replace those lost in manufacturing. Privatisation had marked an acceleration in Thatcher's efforts to promote popular capitalism, but the Scottish electorate were reluctant to support her economic vision.

Hutchison states that, 'There was not the surge in consumer- and service-generated wealth and growth experienced in England...With lower per capita income, spending in the high streets was lower, so service sector job formation, so significant in England, was much less pronounced in Scotland'.[164] Yet, his otherwise excellent analysis overlooks the North/South divide. In reality, Thatcher was exposing all of Britain to market forces, and, in the short-term, Scotland, Wales and northern England were least best placed to adapt to the demands of the free market. Nevertheless, Scotland continued to receive the highest sum of regional aid in the UK, and Thatcher made concessions to the Scottish Office through the retention of Ravenscraig, and by permitting the continued existence of the SDA and LiS's overseas offices. The post-war consensus remained more heavily entrenched in Scotland than elsewhere in the UK.

The input of the Scottish lobby, however, was less influential than during Thatcher's first term, which created growing resentment amongst civil society. Hundreds of thousands of unemployed working-class Scots, many of whom were young, were disillusioned by Thatcher's ambivalence towards their plight. Her policies were geared towards those individuals who remained in work, contending that once the conditions for economic growth, which included the personal attitudes of Scots towards enterprise, were in place then recovery would occur. She also pointed to the Government's success in reducing the PSBR to £4 billion.[165]

The Conservatives' 1987 General Election manifesto called for an acceleration of the Government's economic policies, and a greater injection of market forces. The electorate in Scotland, however, remained committed to the economic

policies of the post-war consensus, and in 1987, 64% of Scots favoured spending on public services, as opposed to 12% who wanted further tax cuts.[166] On election day in June 1987, the *Daily Record's* front page was emblazoned with the message, 'Today Scotland votes for its future...but for the Scots who have no jobs there is no future. For them there is no future with Mrs Thatcher'.[167]

An Unpredictable Current : Scotland's Changing Economy and the Debate over the EMS, June 1987- November 1990

On 11 June 1987, Scotland gave its verdict on Thatcher's two terms in office, as the Scottish Conservatives lost eleven seats. Thatcher triumphed with a comfortable British majority, and this result ushered in the final phase of her economic restructuring that was to end in November 1990.

Thatcher's victory had been built upon the economic resurgence that southern England experienced prior to the 1987 General Election, and by 1988 British GDP was 21% higher than it was in 1979.[168] This recovery had been facilitated by a credit boom that bore little association with monetarist theory, and the use of credit cards became widespread, as the British economy's revival became dependent on consumer borrowing and spending. Individual bank loans trebled in number between 1984 and 1988, and consumer debt doubled over this period.[169] This contradicted Thatcher's moral assertion that, 'you never buy anything you can't afford to buy', and runs contrary to Letwin's argument that Thatcher's policies were designed to encourage the growth of individual and family savings.[170]

The credit boom was a direct outcome of her income tax cuts, the expansion of share-ownership and private sector wage increases (see chapter 3). Yet, there was a logic to this process, as individual consumers began to shoulder a greater proportion of the burden of debt that previous post-war governments had generated through borrowing in order to stimulate economic recovery. Furthermore, individuals who had substantial debts to repay were less likely to be in a financial position to engage in strike action, which reinforced Thatcher's efforts to castrate the trade union movement (see chapter 3).

Bleaney contends that the Government viewed, 'reflation simply as an

abandonment of its strategy'.[171] Yet, the 1987 Budget had reflated the economy with over £5 billion,[172] which combined with the credit boom, and the over-active housing market to create a danger of overheating in the south-east of England's economy. One year after the 'Big Bang' in October 1987, the world stock markets crashed.[173] Nevertheless, Lawson was intent on delivering the Conservatives' manifesto commitments, and the 1988 Budget was out of kilter with Britain's economic needs.

Standard income tax was reduced to twenty-five pence in the pound, and the top rate fell to 40%.[174] Personal allowances were raised by twice the rate of inflation, and corporation tax and inheritance tax were cut.[175] The top one percent of earners saw their tax bills reduced by a combined figure of £1,880 million, whereas the bottom 70% only gained by a combined total of £1,730 million.[176] Sixty percent of the 1988 tax cuts went to south-east England, which reinforced the North/South divide.

The *Daily Record* attacked the Budget for being, 'SIMPLY TOO LITTLE', and the *Scotsman* praised the Government's economic progress, whilst challenging Lawson to give more help to the poor.[177] Shadow Chancellor, John Smith described the Budget as, 'immoral, wrong, foolish, divisive and corrupting', while the SNP MP for Banff and Buchan, Alex Salmond, took the unprecedented step of interrupting Lawson's speech to label the Budget an 'obscenity'.[178] This monetary package did not meet Britain's economic requirements. Personal consumption was boosted when the economy was already expanding too rapidly, prolonging the post-election boom, but storing up serious problems in the long-term.

Lawson maintains that, 'to move the centre of debate away from how much to increase public spending, we had to keep the basic rate of income tax at the centre of the political debate'.[179] By the spring of 1989 inflation had risen to over 9%,[180] as a result of increased consumer spending and the buoyant housing market in south-east England. This ignition of inflation was partly facilitated by Lawson's insistence on tying the pound as closely as possible to the Deutschmark (DM). During 1985, he had switched the emphasis of economic policy from control of the money supply to stabilising the exchange rate with that of other leading industrial nations.[181] He intended that Britain should join the ERM in the near future and, between March 1987 and March 1988, committed large amounts of Sterling to ensure that the pound

kept pace with the DM.[182]

Interest rates rose from 7.5% in May 1988 to 15% in September 1989 in order to prevent the pound gaining any further strength, but Thatcher refused to countenance devaluation.[183] However, most of these increases only took place at half a percent each time, blunting their impact on the world's currency markets. Lawson had declined to increase interest rates more rapidly, because he wanted Sterling to remain in touch with the DM. This strategy combined with Britain's growing balance of payments deficit, which reached £14 billion in 1988, to undermine the progress made during Thatcher's second term.[184]

Privatisation remained a top priority and, in November 1987, Kenneth Clarke, the Trade and Industry Secretary, announced plans to sell-off the BSC. In January 1988 the Government also put forward highly contentious proposals for the privatisation of the Scottish Transport Group (STG).[185] The STG included the Scottish Bus Group, and Caledonian MacBrayne ferries,[186] which operated lifeline services for Scotland's island communities. Malcolm Rifkind opted to transfer responsibility for Caledonian MacBrayne to the Scottish Office, which involved under-writing its annual losses of £6 million. Once again, Thatcher had sanctioned Scottish Office intervention that slowed Scotland's transition towards a free market economy,[187] and many opposition MPs questioned the logic in selling off valuable assets at a time when the financial markets were struggling.

Furthermore, Scotland's electricity industry was privatised in July 1989.[188] The North of Scotland Hydro Board and the South of Scotland Electricity Board were transformed into two vertically integrated companies called Scottish Hydro Electric and Scottish Power. A single publicly-owned company, Scottish Nuclear, was made responsible for the operation of nuclear power stations.[189] In December 1990 the National Grid was sold for £5 billion, and Scottish Power and Scottish Hydro Electric took over their responsibilities in May 1991. Water privatisation took place south of the Border in December 1989, and the Government received £5.11 billion from this sell-off.[190] Speaking in February 1988, Rifkind described the privatisation of Scotland's electricity boards and the STG as, 'the largest single boost to Scottish private enterprise in the twentieth century'.[191] Yet, in accordance with Scottish Office wishes and with Thatcher's compliance, water was to remain a public sector utility in

Scotland. Writing in 1991, Allan Massie asserted that, 'native capitalism must be imbued with new vigour'.[192]

The most controversial privatisation in Scotland involved the £2.5 billion sale of BSC in December 1988.[193] Prior to BSC's privatisation it had made profits of £190 million for the first six months of 1987/88.[194] Ravenscraig's position, however, remained precarious and, in November 1987, with privatisation imminent, Rifkind sought to clarify Ravenscraig's prospects. The Scottish Industry Minister, Ian Lang, alleges that Kenneth Clarke and the DTI were determined to shut the steelworks, but Rifkind emphasised that he could not accept its closure.[195] On 1 December 1987, at a meeting of the Economic Affairs Committee, Rifkind was outvoted by thirteen to one over the retention of Ravenscraig, but Thatcher agreed to a compromise.

BSC guaranteed the continuation of Ravenscraig's strip mill until the end of 1989, declaring that the plant would remain in operation for up to seven years 'subject to market conditions'.[196] Rifkind hailed this as 'superb news', but the plant's exhausted coke ovens were not granted the £24 million modernisation that they required.[197] BSC's appraisal for prospective investors of its current capabilities also singled out Ravenscraig as a liability. Ravenscraig had been given a stay of execution by Thatcher, but as it entered the private sector the political leverage that the Scottish Office and Scottish lobby once possessed largely disappeared.

In 1987/88, Scotland received £43.2 million in the form of RDG, but RDG was abolished as of 31 March 1988.[198] RSA remained in place, and it was intended to absorb any eligible demand for industrial expenditure. Furthermore, the Government simplified application procedures for small firms, and introduced new grants to aid their modernisation and expansion costs. This review switched the entire emphasis of regional aid away from large-scale capital intensive projects, and was designed to cut costs while encouraging indigenous entrepreneurship.

Scotland's lack of private enterprise caused great consternation amongst Conservatives during Thatcher's third term. Speaking in Glasgow, in November 1987, Lawson identified the existence of a 'culture of dependence' in Scotland, the result of excessive public expenditure, which sheltered Scotland from market forces, and was responsible for its economic difficulties.[199] Mitchell contends that Lawson's comments 'encourage the view that Conservatism, particularly in its Thatcherite

form, is anti-Scottish', but writing in 1986, Sillars had derided the 'begging bowl mentality' of the Scots, which expressed almost identical sentiments to those of the Chancellor in a Nationalist context.[200] Nevertheless, Lawson's comments ran the risk of appearing anti-Scottish, which did little to improve the Scottish Conservatives' electoral prospects.

Yet, the Barnett formula remained in place (see chapter 1). According to Rifkind, Thatcher was irritated by Scotland's spending requirements, but he advised her that it would be impossible to bring public expenditure down to English levels without severe cuts, which would result in serious short-term hardship.[201] Thatcher accepted Rifkind's analysis and the Barnett formula was retained. This illustrates Thatcher's continuing willingness to accept the wisdom of the Scottish Office, and demonstrates that her economic strategy was not intentionally anti-Scottish.

Scotland's economy began to recover in the final phase of Thatcher's premiership, and unemployment gradually fell. Between January 1987 and November 1988 Scotland's unemployment rate dropped from 15.5% to 10.6%.[202] Northern England experienced a more limited economic revival, and between January 1987 and November 1988 it saw unemployment drop from 16.4% to 11.1%. Nevertheless, unemployment in Scotland and northern England remained well above the UK average of 7.3% and, by November 1988, south-east England's unemployment rate was as low as 4.6%.

An influential factor in reducing unemployment was the work of LiS, which attracted £800 million of investment to Scotland between 1987 and 1989.[203] Nevertheless, Scotland lagged behind other parts of the UK, such as Wales, in its ability to attract inward investment. Scotland's enterprise zones continued to operate, and in the period after 1982, two additional zones were established in Tayside, in 1984, and in Inverclyde, in 1989.[204] By December 1988 total employment in Scotland's enterprise zones stood at 8,300, which represented 8.5% of the British figure. The Government devoted £472 million to enterprise zones between 1981 and 1988, and spent an additional £188 million on infrastructure. This was a more cost-efficient method of creating employment in depressed areas than regional aid, encapsulating the Government's shift in emphasis from direct job creation to the stimulation of private enterprise.

There was no recovery in Scottish manufacturing industry,[205] but service employment expanded to embrace the growth in consumer spending. By 1989, Scotland's service sector provided jobs for around 1.3 million workers, which was equivalent to 68% of total Scottish employment, and financial and business services employed a workforce of 176,000.[206] Furthermore, by 1990, the Scottish tourist industry employed 185,000 people, and generated an estimated income of £1.8 billion.[207]

Electronics remained the most successful component of Scotland's economy, and in 1989 Silicon Glen assembled 35% of Europe's personal computers, 25% of the world's autotellers and 12% of semi-conductors. The oil industry also stabilised after 1988 and, by 1990, employment in companies wholly related to North Sea oil exploration in Scotland stood at 64,000,[208] and oil related sales comprised 6% of Scottish manufacturing gross output in 1989. Nevertheless, this did not improve the electoral popularity of the Scottish Conservatives, or Britain's balance of payments deficit, which increased to £23 billion in 1989.[209]

Civil society's disillusionment with Thatcher's economic policies was expressed by the Standing Commission on the Scottish Economy, which continued to espouse the economic policies of the post-war consensus. It blamed the Conservatives', 'polarised "market versus intervention" view of industrial policy' for undermining the strength of both the Scottish and the British economy.[210] This broad-based consensus against the Government's economic strategy highlighted civil society's growing unease, and contradicts Gamble's assertion that, 'no effective alternative was canvassed'.[211] On the contrary, the activities of the Standing Commission provided a uniquely coordinated alternative to Thatcher's policies, which her opponents elsewhere in Britain failed to replicate.

At the forefront of the Conservatives' plans to reinvigorate Scottish capitalism was an entirely new body, Scottish Enterprise, the impetus for which had not come from the Scottish Office, but from Bill Hughes, the chairman of CBI (Scotland).[212] Impatient with the level of resistance to her policies in Scotland, Thatcher had concluded that the SDA was a barrier to the success of her economic strategy. Hughes was, however, convinced that the SDA had to be replaced with a Scottish body possessing interventionist powers, and embracing Thatcher's enthusiasm for private

enterprise.

In October 1987 he produced a compromise solution by proposing the replacement of the SDA, with a new agency that still required direction from within Scotland. Scottish Enterprise was to incorporate training, economic and environmental functions, and was to be accountable to the Scottish Office.[213] In contrast to the SDA, Scottish Enterprise was to operate through local enterprise companies run by businessmen, which Hughes contended would increase its sensitivity to the movements in Scotland's economy. LiS was to be transferred from the SDA to Scottish Enterprise, and the HIDB was to become Highlands and Islands Enterprise.

It was agreed that Hughes should put forward his ideas to Thatcher on behalf of CBI (Scotland) with Rifkind, given his uncomfortable relationship with her, playing a supporting role.[214] Alf Young was contacted, and he was impressed enough with Hughes' vision to run a favourable article in the *Herald*. Hughes' proposals were favourably received at a meeting at Chequers, and in December 1988 the plans for Scottish Enterprise were presented in a White Paper. In July 1989, Hughes was appointed as Deputy Chairman of the Scottish Conservative Party. The STUC gave guarded support to the creation of Scottish Enterprise, but when Scottish businesses were surveyed, in March 1990, only 12% believed that Scottish Enterprise would bring 'much improvement' to business prospects.[215] The new bodies took over their responsibilities on 1 April 1991.

The creation of Scottish Enterprise represented a success for the corporatism, and pragmatism of the Scottish lobby. Hughes recognised that Thatcher was determined to abolish the SDA, but he convinced her to establish Scottish Enterprise by emphasising his personal business credentials, and by couching his proposal in the language of the free market. In effect, Thatcher had agreed to the establishment of another high spending government agency, which had limited support amongst Scottish business. There was no equivalent organisation in England, and its only genuine concessions to Thatcher's economic strategy were its emphasis on private enterprise, and the involvement of local business people. Douglas Mason despaired that Scottish Enterprise, 'appears to be as firmly wedded as its predecessors to the notion that entrepreneurial spirit springs from a filing cabinet'.[216]

The defining issue of Thatcher's third term in office was the debate over Britain's role in Europe. In July 1988, Delors called for 'the beginnings of European government', and he predicted that, within a decade, 80% of laws affecting the economy and social policy would be passed at a European and not a national level.[217] Thatcher was appalled, and in a speech in Bruges, in September 1988, she offered him a stinging rebuke, 'We have not successfully rolled back the frontiers of the state in Britain...only to see them reimposed at a European level, with a European super-state exercising a new dominance from Brussels'.[218] Intent on delivering his version of Europe, regardless of Thatcher's opposition, he published the Delors Plan in spring 1989, which set out his vision of European economic and monetary union. Delors envisaged this taking place in three stages, the first of which involved all member states joining the ERM.[219]

In Scotland, the Nationalists supported independence within the EEC. Sillars contended that, 'With an independent Scotland within the Community, the charge of separatism disappears', and he concluded that independence could not be achieved outwith the EEC.[220] Scotland benefited from generous European grants throughout Thatcher's premiership and, in 1988, Campbell Christie ensured that the STUC's Congress defeated a motion attacking the Single European Act.[221] After 1987 the Scottish political establishment turned its attention to Europe as an alternative source of political influence and public finance. The arguments of the Scottish lobby were productive in Brussels, in contrast to its increasing exclusion from economic decision-making in Britain.

Thatcher's conflict with the European Commission was complicated by divisions in the Cabinet, as Lawson and Howe emphasised that Britain could not simply opt out from the integration process. They proposed that Thatcher gave a 'non-legally binding' undertaking to enter the ERM by the end of 1992.[222] Furious with indignation she only consented after Lawson and Howe threatened to resign. Moreover, the Madrid summit, in June 1989, produced another concern for Thatcher, as plans for a European Social Charter were announced. This 'socialist charter' was to include provisions such as a European minimum wage, which ran contrary to Thatcher's belief in a liberalised labour market.[223] In July 1989 she replaced Howe with the relatively unknown Treasury minister, John Major, in order to reassert her

authority over the Cabinet.[224]

Yet, the disagreements with Lawson over economic policy remained. This tension had been heightened by the reappearance of Thatcher's chief economic advisor, Alan Walters, in July 1989.[225] He ratcheted up tension over Europe by publicly criticising Lawson's approach to the ERM and interest rates. This undermined Lawson's position as Chancellor, and events climaxed in the autumn of 1989 after Walters published an article criticising exchange rate management and the EMS. In October Lawson resigned, citing Thatcher's method of running the Government through policy advisors as his main reason.[226] Lawson was replaced by Major, on the assumption that he was opposed to entering the ERM,[227] and the Home Secretary, Douglas Hurd, was promoted to Foreign Secretary.

The fall of the Berlin Wall in November 1989 further unsettled Thatcher's Cold War inspired attachment to the EEC, and she asserted that this development accelerated moves towards a federal Europe.[228] The European issue was now splitting the party.[229] Unknown to Thatcher, during his short period as Foreign Secretary, Major had been converted to support the EMS.[230] By April 1990, both Major and Hurd were strongly convinced of the merits of the ERM.

Yet in Scotland, Ravenscraig remained at the centre of political debate. After privatisation the plant operated to the best of its abilities, and its productivity levels consistently outperformed those of Llanwern,[231] but its decrepit infrastructure prevented it from becoming commercially viable. British Steel plc (BS) had only guaranteed the continuation of Ravenscraig's hot strip mill until the end of 1989, and the plant's 3,200 strong workforce were given an extended Christmas break, as the order book was rundown.[232] Furthermore, Llanwern began a conversion process to enable it to handle Ravenscraig's workload.[233] In May 1990 the Chairman of BS, Robert Scholey, announced the impending closure of the hot strip mill in the first half of 1991.[234]

Rifkind questioned the commercial strategy behind the closure, and called for a campaign to force BS into a u-turn.[235] The Trade and Industry Secretary, Nicholas Ridley, was furious at Rifkind's intervention, and the *London Evening Standard* ran a lead article, branding Scots as the 'subsidy junkies' of the UK, under the headline, 'Ravenscraig Must Close'.[236] Nevertheless, the Scottish lobby mobilised, once again,

to campaign for the retention of Ravenscraig. The most adventurous of its ploys was to attempt to get Sir Kenneth Alexander, a left-wing academic, elected onto the board of BS in July 1990.[237] Alexander was defeated, but he secured twenty million votes for his nomination. The SCFDSSI lobbied the European Parliament for support, while Campbell Christie contended that BS's decision contravened EEC competition policy, and conflicted with the its objective of increasing steel specialisation. Another economic argument focused on Britain's growing balance of payments difficulties, and it was contested that the loss of Ravenscraig's manufacturing capacity could only deepen this problem.

On 20 October a rally was held in Motherwell, at which Gordon Brown, Alex Salmond, Bishop Joseph Devine, and the Rev. Norman Shanks all spoke in defence of Ravenscraig.[238] Salmond's presence caused significant tension, because of the SNP's decision not to cooperate with the wider campaign. The Nationalists had their own political agenda, as they called for Labour to support Ravenscraig's case over those of the English and Welsh plants, in the knowledge that Labour as a British party could not possibly do so.[239] As if to highlight the SNP's narrow outlook, steelworkers from Teeside, Sheffield, Rotherham and the West Midlands attended to show their solidarity with Ravenscraig's cause.[240] The hot strip mill closed in April 1991, and the plant ceased operation in June 1992. The decision to locate Ravenscraig in Motherwell had been devoid of market-based commercial logic, and after the plant's privatisation its closure was inevitable.

Yet, there was a dimension to this process that eluded Thatcher. By criticising and disposing of British nationalised industries, Thatcher was unintentionally weakening the ties of the post-war Union. Employment in state-owned industries had helped to justify Scotland's allegiance to the British state. This evaporated as a result of the privatisation programme, and many Scots began to question their British identity as the British state increasingly withdrew from Scotland's industrial landscape. Between 1979 and 1992, the percentage of Scots favouring more privatisation fell from 34% to 18%, and the percentage who supported further nationalisation increased from 24% to 27%.[241] Thatcher failed to appreciate that if Scotland was to rely on private enterprise, with minimal financial support from the Exchequer, then it had little reason to remain part of the UK.

Labour capitalised on the Conservatives' difficulties, and Kinnock attacked the Conservatives' in-fighting over the ERM. Aided by Gordon Brown, Smith drew up a set of policies geared towards 'Economic Equality'.[242] Labour pledged to introduce a national minimum wage, and to set income tax at fifty pence in the pound for the wealthy.[243] Perhaps the most striking conversion came over the party's European stance, as Labour favoured entry to the ERM, and was intrigued by the opportunities offered by the Social Charter.[244]

While Labour grew in confidence, European issues were threatening to combine with difficulties over the poll tax (see chapter 5) to destroy Thatcher's third term. Thatcher's only remaining ally in the Cabinet, Ridley, was forced to resign in mid-July 1990, after a tactless outburst against the Germans in an interview with the *Spectator* on European monetary developments.[245] After Ridley's departure the debate over entry to the ERM accelerated towards a decisive conclusion. Thatcher, devoid of Cabinet allies and dependent on the success of her inexperienced Chancellor, bowed to his decision to alter requirements for entry to the ERM. Major stated that inflation only had to show indications that it would reach German and French levels,[246] and Britain joined the ERM on 5 October 1990.

By this stage inflation stood at 10.9%, which was well above the EEC average of 5.5%, and interest rates were as high as 14%. Thatcher insisted that Britain entered the widest band of the ERM, in order to retain a degree of flexibility, but this was a small concession.[247] European integration was gathering pace and, in Rome, at the end of October attempts were made to embark on the second stage of the Delors Plan. This led to a commitment to permanently fixing exchange rates by January 1994, but no concrete plans for a single currency. Nevertheless, Delors predicted that a single currency would be in operation by the year 2000, and Thatcher's opposition to his federalist ambitions was summarised by the famous line, 'No.No.No'.[248] Entry to the ERM had done little to weaken Thatcher's Euro-sceptic stance, but it proved to be the final act of her economic restructuring.

Back on Course? An Overview of Thatcher's Economic Restructuring in Scotland

As Thatcher departed Downing Street for the final time she could reflect that the post-war consensus on economic management had been irreparably ruptured. The pursuit of full employment was no longer a political or economic priority, and direct state subsidies to industry had been jettisoned. Thatcher had streamlined regional aid, and pursued fiscal policies that were intended to stimulate private enterprise. In Scotland, her economic strategy had led to a decline in manufacturing industry, and greatly increased levels of unemployment. A similar process occurred in northern England, which widened the existing economic divide between northern and southern Britain.

Much of Scotland's heavy manufacturing industry had been in a process of long-term decline, and it was inevitable that these industries would continue to contract. Thatcher's management of this process provoked most criticism, as her abortive attempts to control the money supply through large interest rate increases and public expenditure cuts accelerated the decline of this sector. Ironically, Thatcher used the receipts from North Sea oil to support the British economy during this transitional phase. After 1987, Scotland's economy began to adapt to this realignment. By 1990 unemployment had fallen to 7.8%, and in northern England this percentage stood at 8.8%, but in south-east England only 4.4% of workers were jobless.[249] Scotland's economy became geared towards retail, tourism, financial services, electronics and oil, but these industries failed to fully replace the jobs lost in manufacturing.

The entire economy became increasingly reliant on consumer borrowing and spending to generate growth, which aided the expansion of the retail and financial services' sectors. This was a direct contradiction of the monetarist doctrine that Thatcher had briefly implemented during her first term, and conflicted with her personal belief in the moral importance of financial responsibility. Nevertheless, by pursuing this strategy, Thatcher was able to place less emphasis on demand management, as she continued to cut income tax, and contained public spending at 39.5% of GDP.[250] Between 1979/80 and 1988/89 the PSBR fell from 4.8% of GDP to -3% of GDP,[251] but overall taxation demands rose, as Thatcher switched from direct to indirect taxation. The use of indirect taxation had a disproportionate effect on the unemployed and low paid, and between 1979 and 1986 the share of income received by the wealthiest 20% of the population rose from 38% to 42%, whereas the poorest

20% experienced a cut from 7.1% to 6.3%.[252]

Furthermore, the amount of outstanding consumer debt trebled from just under £16 billion in December 1982 to £46.9 billion in December 1989. Overall living standards in Scotland increased by 30% between 1981 and 1989,[253] but these gains were not applicable to the unemployed and low paid, and Thatcher took the unprecedented decision to focus her policies on those who remained in work. The decline of manufacturing industry created an entirely new problem, as Britain developed a substantial balance of payments deficit. Trade in manufactures swung from a £5 billion surplus in 1978 to a £5.4 billion deficit in 1986.[254] It was more challenging to export services than manufactured goods, and one advantage of the European single market was that it enabled financial services to be utilised throughout Europe.

The expansion of share-ownership through the privatisation programme encapsulated Thatcher's departure from post-war economic management. Thatcher portrayed privatisation as a form of economic emancipation, empowering the individual to exercise choice within the marketplace, but the Scottish electorate was considerably less enthusiastic than voters elsewhere in Britain. The proportion of shares held by individual shareholders declined throughout Thatcher's premiership, and many individuals used the Government's share flotations as, 'a one-way option to make a profit'.[255] There were also social costs to this process, as the streamlining of nationalised industries and services prior to their sale resulted in job losses. Moreover, as Thatcher disposed of state-run industries, Scotland became more reliant on inward investment, and by the end of Thatcher's premiership around 70% of Scotland's industrial sector was controlled outwith Scotland.[256]

Between 1987 and 1989, inward investment in Britain rose from £9.4 billion to £18.6 billion, by which time, it accounted for 4% of GDP.[257] Commercial decisions were increasingly taken outwith Scotland and the UK, but Thatcher was unconcerned by this process, as the City of London thrived in its role as a centre of global finance. The takeover of Scotland's leading companies by foreign conglomerates created resentment in Scotland, and did little to promote the free market. This contradicted Thatcher's argument that the removal of state subsidies and the sale of nationalised industries would create investment opportunities for British businesses, and between

1979 and 1985, private companies located in Britain shifted £50 billion of production and capital overseas.[258]

The only arena in which Thatcher sought to challenge global economic developments was within the EEC. Even on this front, she was opposed to European monetary and financial integration, because she believed that it would impede the successful operation of a competitive free market by infringing on the economic sovereignty of member states. There is little doubt that Thatcher felt uncomfortable with the growing power of the EEC, but she strongly endorsed the economic benefits of the European single market. Thatcher seriously misjudged the long-term implications of the Single European Act, as she operated on the assumption that she could veto any European developments that she disapproved of. Therefore, Britain's membership of the EEC and the pursuit of inward investment combined with Thatcher's domestic reforms to greatly increase Scotland's dependence on global capital. Gamble accurately concludes that, 'The British economic space lost any coherence it still possessed as a national economic space during the Thatcher decade'.[259]

In Scotland, however, the popular perception emerged that the Government's policies were anti-Scottish. This was largely as a result of Scotland's unemployment rate, which averaged 11.6% between 1979 and 1988,[260] but this argument represented a fundamental misunderstanding of Thatcher's economic strategy. Manufacturing employment fell by 33% over the course of Thatcher's premiership,[261] but the depressed regions of northern England also experienced severe economic hardship, and received less public expenditure than Scotland. In effect, all peripheral regions of Britain that had been previously sheltered from market forces by regional aid and state-run industries, were at a short-term disadvantage, as their poor infrastructure, high levels of unemployment and low populations inhibited the growth of consumer-orientated employment.

Nevertheless, Thatcher did not pursue a radical programme of spending cuts and closures in Scotland, and during Younger's time as Scottish Secretary, she continued to offer government subsidies to industry. Younger's conciliatory style, and connections with civil society combined with the Cabinet support of Howe and Whitelaw to ensure that Scotland's circumstances were taken into account. The

pivotal phase of Thatcher's restructuring in Scotland was her second term in office. Younger's influence waned during this period, and he refused to support the retention of Gartcosh. Negative Scottish perceptions of Thatcher became entrenched, as Scotland's economy continued to decline and unemployment rose, whilst southern England witnessed a recovery.

After 1987, the insensitive comments of the Chancellor and English backbench MPs, who criticised public expenditure in Scotland, added to Rifkind's difficulties. Rifkind was given the responsibility for privatising electricity and bus transport in Scotland, which Younger had avoided, and he was also under greater scrutiny from Thatcher after the 1987 General Election. Nevertheless, Rifkind safeguarded the Barnett formula, established Scottish Enterprise, expressed public outrage at Caterpillar's decision to leave Uddingston, and prevented the closure of Ravenscraig in 1988. Yet, Thatcher's harsh rhetoric, which Letwin believes was intended to stimulate 'the vigorous virtues' (see Introduction), had little appeal in Scotland and did not correspond with all of her actions.

The 'dependency culture' argument exaggerated Scotland's economic weakness, as it failed to take into account Scotland's contribution to the Treasury in the form of North Sea oil revenues. Thatcher's policies in her first term would have bankrupted the Exchequer without the receipts from North Sea oil, and if North Sea oil was added to Scottish GDP in the 1980s it would have reduced Scotland's public spending deficit from around 9% of GDP to 1.8% by 1989/90.[262] The number of self-employed workers in Scotland also increased from 146,000 in 1979 to 221,000 in 1989,[263] but this was not on the same scale as in southern England. Another trend was the contraction in Scottish capitalism, which was accelerated by external takeovers and inward investment. In the past Scottish industrialists had formed a pivotal component of civil society, but as their numbers dwindled so did their influence within civil society.

Indeed, the Scottish Conservatives' unpopularity prompted Massie to pose the question, 'Can Scotland be cured of socialism?'[264] Yet, his assumption that Scotland was a socialist nation displays a fundamental misunderstanding of Scottish society. The central difference between Scotland and other depressed regions of Britain was that it possessed a civil society with the power to express its economic grievances.

Since 1945, education had been increasingly used as a means of social and economic advancement in Scotland, rather than private enterprise (see chapter 4), and this made significant sections of the Scottish middle-class and civil society hostile to Thatcher's economic strategy. Civil society was directly affected by her public sector spending cuts, and the restrictions that Thatcher imposed on public sector employment opportunities. Heightened job insecurity also affected the Scottish middle-class and, 'Sleepless nights cost votes'.[265] Privatisation was unpopular, as it tended to result in job losses, which had a disproportionate effect in Scotland because of its greater reliance on public sector employment.

The Scottish lobby continued to exercise influence during the initial phase of Thatcher's restructuring, but thereafter its influence gradually waned. This undermined the mechanisms of the post-war Union, which had enabled Scotland to successfully lobby Westminster for additional public spending and employment opportunities. Therefore, some observers, such as Massie, conclude that Scotland was socialist, but, in reality, Scottish civil society had embraced the post-war consensus to a greater extent than the English establishment.

Thatcher permitted the Scottish Office to operate according to a separate economic timetable, which prolonged the longevity of post-war economic management in Scotland, but in the long-term she believed that Scotland's economic needs were indistinguishable from those of the UK. Nevertheless, Thatcher failed to appreciate that Scotland had entered the Union because of its perceived economic benefits. Her attack on the post-war consensus denied civil society positions of economic influence, which weakened the economic ties that justified Scotland's allegiance to the British unitary state.

The Scottish middle-class and civil society's disillusionment combined with working-class alienation over mass unemployment to create a Scottish consensus that opposed Thatcher's economic strategy. The recovery that occurred in Scotland, after 1987, failed to alter attitudes because of other political developments, such as the implementation of the poll tax and the campaign for devolution, which served to highlight the differences between the English and Scottish electorate (see chapter 6). Indeed, civil society's growing attraction towards devolution can be partially attributed to a desire to create an institution that could shelter Scotland from the

effects of Thatcher's economic strategy, whilst ensuring that Scotland maintained its public expenditure advantage by remaining within the UK. A similar strain of logic can be applied to civil society's increasingly positive attitude towards the EEC, as European grants proved a welcome source of subsidy in the face of Thatcher's reductions in regional aid.

When questioned in April 1989, 71% of Scots stated that they would prefer to live in, 'a country in which public interests and a more managed economy are more important', compared with 21% who saw as their ideal, 'a country in which private interests and a free market economy are more important'.[266] This contradicts Michael Forsyth's assertion that one of Thatcher's greatest achievements was to 'change the way people thought',[267] and illustrates the extent to which she had failed to alter economic thinking in Scotland. Civil society and the vast majority of Scots remained attached to state intervention and public spending as it had a proven track record of ensuring Scotland's economic and social well-being within the UK.

[1] Margaret Thatcher, *The Downing Street Years*, (London, 1995), p.623.

[2] Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), p.343.

[3] Christopher Harvie, *No Gods and Precious Few Heroes : Scotland since 1914*, (Edinburgh, 1993), pp.165-166.

[4] Michael Fry, *Patronage and Principle : A Political History of Modern Scotland*, (Aberdeen, 1987), p.252.

[5] James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, (Edinburgh, 1990), pp.102-106.

[6] David Willetts, *Modern Conservatism*, (London, 1992), p.42; Andrew Gamble, *The Conservative Nation*, (London, 1974), pp.219-227.

[7] D. W. Challer, A. J. Hagger and P. Hardwick, *Unemployment and Inflation in the UK*, (London, 1984), p.13.

[8] For further information on Upper Clyde Shipbuilders see; John Foster and Charles Woolfson, *The Politics of the UCS Work-In : Class Alliances and the Right to Work*, (London, 1986).

[9] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), p.45; *Regional Industrial Policy : Some Economic Issues*, (London, 1983), p.86.

[10] Michael Brech and Margaret Sharp, *Inward Investment : Policy Options for the United Kingdom*, (London, 1984), pp.15-17.

[11] *Regional Industrial Policy*, p.50.

[12] *GH*, 7 June 1975.

[13] Nigel Lawson, *The View From No. 11 : Memoirs of a Tory Radical*, (London, 1992), pp.29-30.

[14] Kavanagh, *Thatcherism*, p.125.

[15] Jim Tomlinson, 'British economic policy since 1945', in Roderick Floud and Donald McCloskey (eds.), *The Economic History of Britain since 1700, Volume 3 : 1939-1992*, (Cambridge, 1994), p.268.

[16] *GH*, 3 November 1975.

[17] *Labour Party Manifesto, October 1974*, (1974, Labour Party, London), pp.10-11; Henry Drucker and Gordon Brown, *The Politics of Nationalism and Devolution*, (London, 1980), p.28.

104

[18] Kavanagh, *Thatcherism*, p.138.

[19] *Employment Gazette*, Vol. 87, No. 1, (London, 1979), p.66; Denis Healey, *The Time of My Life*, (London, 1990), pp.427-433.

[20] Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), p.133.

[21] Michael Fry and John Cooney, *Scotland in the New Europe*, (Dublin, 1979), pp.1-11; Michael Keating and Nigel Waters, 'Scotland in the European Community', in Michael Keating and Barry Jones (eds.), *Regions in the European Community*, (Oxford, 1985), p.60.

[22] Clive Lee, *Scotland and the United Kingdom : The Economy and the Union in the Twentieth Century*, (Manchester, 1995), p.67.

[23] John Campbell, *Margaret Thatcher, Volume One : The Grocer's Daughter*, (London, 2000), p.396.

[24] David Smith, *The Rise and Fall of Monetarism : The Theory and Politics of an Economic Experiment*, (London, 1988), p.88.

[25] Gamble, *The Free Economy*, p.108.

[26] Lawson, *The View*, pp.39-41.

[27] Andrew Gamble, *Britain in Decline : Economic Policy, Political Strategy and the British State*, (London, 1990), pp.194-195.

[28] Alec Cairncross, *The British Economy since 1945*, (Oxford, 1992), p.232.

[29] Challer et al., *Unemployment*, p.13; Smith, *Rise and Fall*, p.110.

[30] Smith, *Rise and Fall*, pp.92-93; Gamble, *Britain in Decline*, p.194.

[31] John Campbell, *Margaret Thatcher, Volume Two : The Iron Lady*, (2003, Jonathan Cape, London), p.80.

[32] Lawson, *The View*, pp.72-73. and p.144.

[33] Geoffrey Owen, *From Empire to Europe : The Decline and Revival of British Industry since the Second World War*, (London, 1999), p.144; Peter Payne, 'The Decline of the Scottish Heavy Industries', in Richard Saville (ed.), *The Economic Development of Modern Scotland*, (Edinburgh, 1985), p.100.

[34] Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1990), p.365.

[35] Ian MacGregor, *The Enemies Within : The Story of the Miners' Strike, 1984-85,*

(London, 1986), p.98.

[36] *GH*, 28 October 1980.

[37] Gamble, *The Free Economy*, p.109 and p.114.

[38] Andrew Denham and Mark Garnett, *Keith Joseph*, (Chesham, 2001), p.347.

[39] Campbell, *Iron Lady*, p.60 and p.63.

[40] Young, *One of Us*, p.188.

[41] Mitchell, *Conservatives*, p.102.

[42] Ron Martin, 'Thatcherism and Britain's Industrial Landscape', in Ron Martin and Bob Rowthorn (eds.), *The Geography of De-industrialisation*, (London, 1986), p.270.

[43] Robert McCreadie, 'Scottish Tories at mid-term : A review of Scottish Office ministers and policies 1979-81', *Scottish Government Yearbook 1982*, (1981), p.74.

[44] Fry, *Patronage and Principle*, p.252.

[45] Labour History Archive (LHA), *Politics Today - Four Years Work*, (London, 1983), p.161.

[46] Neil Buxton, 'The Scottish Economy, 1945-79', in *The Economic Development of Modern Scotland*, p.62.

[47] David McCrone and Stephen Kendrick, 'Politics in a cold climate : The Conservative decline in Scotland', in *Political Studies*, 37, (1989), p.600.

[48] P. J. Damesick, 'Regional Economic Change Since the 1960s', in P. J. Damesick and P. A. Wood (eds.), *Regional Problems, Problems Regions and Public Policy in the United Kingdom*, (Oxford, 1987), p.31.

[49] Tony Dickson, Keith Burgess, Tony Clarke, John Foster, Peter Smith, Willie Thompson and Jim Brown, *Scottish Capitalism : Class, State and Nation from before the Union to the Present*, (London, 1980), p.295; Brech and Sharp, *Inward Investment*, p.5.

[50] Keith Aitken, *The Bairns O' Adam : The Story of the STUC*, (Edinburgh, 1997), p.266; Glasgow Caledonian University Research Collections (GCURC) : Archives, STUC Archive, General Council Minutes (GCM), November-December 1980, Press Statement on 21 October 1980, p.1557.

[51] Gamble, *The Free Economy*, p.232.

[52] John Rhodes, 'Regional Dimensions of Industrial Decline', *The Geography of De-Industrialisation*, p.142.

[53] Campbell, *Iron Lady*, p.79.

[54] Bob Rowthorn, 'The Past Strikes Back', in Stuart Hall and Martin Jaques (eds.), *The Politics of Thatcherism*, (London, 1983), p.72.

[55] Thatcher Papers, MSS (2/1/2/12A), Letter from Nigel Lawson to Margaret Thatcher on 19 July 1978 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>, June 2004>; Finlay, *Modern Scotland*, p.346.

[56] Peter Riddell, *The Thatcher Era and its Legacy*, (Oxford, 1993), p.3 and p.28.

[57] R. J. Johnston, C. P. Pattie and J. G. Allsopp, *A Nation Dividing : The Electoral Map of Britain, 1979-1987*, (London, 1988), p.75.

[58] Campbell, *Iron Lady*, p.85.

[59] Kavanagh, *Thatcherism*, p.232.

[60] McCreadie, 'Scottish Tories', pp.81-82.

[61] Arnold Kemp, *The Hollow Drum : Scotland since the War*, (Edinburgh, 1993), p.184.

[62] Finlay, *Modern Scotland*, p.343.

[63] Lionel Barber, 'The Scottish economy at mid-term : More than an invisible hand at work', *Scottish Government Yearbook 1982*, pp.176-179.

[64] Lee, *Scotland and the United Kingdom*, p.103.

[65] Christopher Harvie, *Fool's Gold : The Story of North Sea Oil*, (London, 1994), p.149, p.171 and p.312.

[66] 'ibid', p.289.

[67] Glasgow University Archives (GUA), Confederation of British Industry (CBI) (Scotland) Archive, 1981 Folder, News Release on 14 April 1981.

[68] Lee, *Scotland and the United Kingdom*, p.109.

[69] Campbell, *Iron Lady*, p.87; *Hansard*, Fifth Series, Vol. 998, 5 February 1981, (London, 1981), col.424.

[70] Campbell, *Iron Lady*, p.81.

[71] www.margaretthatcher.com, 06/09/2001, p.5.

[72] Young, *One of Us*, p.212.

[73] Smith, *Rise and Fall*, p.100.

[74] Campbell, *Iron Lady*, p.108.

[75] *Employment Gazette*, Vol. 89, No. 4, (London, 1981), S.20.

[76] *GH*, 11 March 1981; *DR*, 11 March 1981.

[77] *Times*, 30 March 1981.

[78] Thatcher, *Downing Street Years*, pp.138-139.

[79] Young, *One of Us*, p.241.

[80] Campbell, *Iron Lady*, p.104.

[81] Thatcher Papers, MSS (2/1/3/9), Letter from Geoffrey Howe to Margaret Thatcher on 12 March 1979 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>, June 2004>; Lawson, *The View*, p.52.

[82] *Four Years Work*, p.162.

[83] Barber, 'The Scottish economy', p.170.

[84] GUA, CBI (Scotland) Archive, 1980 Folder, News Release on 23 July 1980; STUC GCM, April-May 1980, Enterprise Zones : A Response to the Government's Proposals, p.1387.

[85] Aitken, *The Bairns*, p.285.

[86] Lee, *Scotland and the United Kingdom*, p.173.

[87] *Four Years Work*, p.162.

[88] Bodleian Library, CPA, PUB 99, *Politics Today - Five Years Work*, (London, 1984), p.125.

[89] McCrone and Kendrick, 'Politics in a cold climate', pp.600-601.

[90] Barber, 'The Scottish Economy', p.172.

[91] GUA, CBI (Scotland) Archive, 1980 Folder, News Release on 24 November 1980.

[92] Interview with Jimmy Allison on 13 April 2004.

[93] LHA, Michael Foot's Leadership Papers, 1972 Group Correspondence 1980-82, Speech to 1972 Industry Group and Labour Economics, Financial Taxation Association on 19 November 1981, pp.1-4.

[94] Thatcher, *Downing Street Years*, p.174 and p.189.

[95] Young, *One of Us*, p.262; Paul Eddy, Magnus Linklater and Peter Gillman, *The Falklands War : The Full Story*, (London, 1982), p.1.

[96] Young, *One of Us*, p.258.

[97] STUC GCM, July-September 1982, Press Statement on 22 June 1982, p.002862.

[98] Thatcher, *Downing Street Years*, p.235.

[99] James Mitchell, 'Scotland in the Union 1945-95 : The Changing Nature of the Union State', in T. M. Devine and R. J. Finlay (eds.), *Scotland in the 20th Century*, (Edinburgh, 1996), p.98.

[100] Smith, *Rise and Fall*, pp.106-107.

[101] Thatcher, *Downing Street Years*, pp.270-271.

[102] Smith, *Rise and Fall*, pp.109-111.

[103] P. A. Wood, 'The South East', *Regional Problems, Problem Regions and Public Policy*, p.72.

[104] Harvie, *Fool's Gold*, pp.293-294.

[105] STUC GCM, December 1981-February 1982, Report of a Meeting with Representatives of the Scottish Steel Corporation on 25 January 1982, p.001623 and p.001626.

[106] STUC GCM, October-November 1982, Standing Committee for the Defence of the Scottish Steel Industry : Briefing Note Number 2, p.003717.

[107] STUC GCM, October-November 1982, p.003695, p.003532 and p.003702.

[108] *GH*, 7 October 1982; *DR*, 7 October 1982.

[109] Mitchell, *Conservatives*, p.99; *GH*, 13 November 1982.

[110] Kemp, *Hollow Drum*, p.184 and p.316.

[111] Lawson, *The View*, p.350.

[112] Mitchell, *Conservatives*, p.105.

[113] National Library of Scotland, SCUA Archive, Acc. 10424/161, *The Campaign Guide 1987*, (London, 1987), p433

[114] Mitchell, *Conservatives*, p.103.

[115] Ron Martin, 'Thatcherism and Britain's Industrial Landscape', *The Geography of De-Industrialisation*, pp.271-274.

[116] *Scottish Economic Bulletin*, No. 33, (Edinburgh, 1986), p.43.

[117] GUA, CBI (Scotland) Archive, 1984 Folder, Press Statement on 28 November 1984.

[118] Gamble, *The Free Economy*, p.125.

[119] Thatcher, *Downing Street Years*, pp.676-677.

[120] Riddell, *The Thatcher Era*, p.124.

[121] LHA, *Privatisation : Paying the Price*, (London, 1987), p.28 and p.34.

[122] Campbell, *Iron Lady*, p.236.

[123] SCUA Archive, *The Campaign Guide 1987*, p.93.

[124] Shirley Robin Letwin, *The Anatomy of Thatcherism*, (London, 1992), p.105.

[125] Riddell, *The Thatcher Era*, p.118; Gamble, *The Free Economy*, p.245.

[126] Campbell, *Iron Lady*, p.240.

[127] Letwin, *The Anatomy*, p.113; David Seawright, *An Important Matter of Principle : The Decline of the Scottish Conservative and Unionist Party*, (Aldershot, 1999), p.160.

[128] Young, *One of Us*, p.501.

[129] Riddell, *The Thatcher Era*, p.28.

[130] Neil Fraser and Adrian Sinfield, 'The Scottish Labour Force in Recession : Trends in Employment and Unemployment', in *Scottish Government Yearbook 1987*, (1987), p.144 and p.150.

[131] Johnston, Pattie and Allsopp, *A Nation Dividing*, p.75.

[132] Mitchell, *Conservatives*, p.104.

[133] STUC GCM, July-September 1985, Report of a Meeting Regarding the Proposed Closure of Gartcosh Steelworks on 6 August 1985, p.001831.

[134] STUC GCM, October-December 1985, Scottish Steelworkers' Campaign Newsletter, October 1985, p.002377.

[135] STUC GCM, October-December 1985, p.002643.

[136] *GH*, 7 August 1985.

[137] STUC GCM, July-September 1985, p.001633.

[138] Mitchell, *Conservatives*, p.105.

[139] Jim Sillars, *Scotland : The Case for Optimism*, (Edinburgh, 1986), p.170.

[140] *The Standing Commission on the Scottish Economy - Interim Report*, (Glasgow, 1988), p.4.

[141] Stephen Boyle, Malcolm Burns, Michael Danson, John Foster, Douglas Harrison and Charles Woolfson, *Scotland's Economy : Claiming the Future*, (London, 1989), pp.11-12.

[142] *Scotland : A Land Fit for People*, (Glasgow, 1987), p.11.

[143] Michael Bleaney, 'Conservative Economic Strategy', *The Politics of Thatcherism*,

p.145; Harvie, *Fool's Gold*, p.301.

[144] Fraser and Sinfield, 'The Scottish Labour Force', p.158, p.162 and p.166.

[145] Martin, 'Thatcherism', p.283.

[146] *A Land Fit for People*, p.15.

[147] SCUA Archive, *The Campaign Guide 1987*, p.99.

[148] Finlay, *Modern Scotland*, p.346.

[149] Jim Walker, 'The Scottish "Electronics" Industry', in *Scottish Government Yearbook 1987*, p.57, p.64, p.67, pp.72-73.

[150] Harvie, *Fool's Gold*, p.312.

[151] Lee, *Scotland and the United Kingdom*, pp.103-104.

[152] Fraser and Sinfield, 'The Scottish Labour Force', p.149.

[153] Campbell, *Iron Lady*, p.485.

[154] Young, *One of Us*, pp.436-437 and p.386.

[155] SCUA Archive, *The Campaign Guide 1987*, p.434.

[156] Campbell, *Iron Lady*, p.307.

[157] Sir Charles Villiers, '1992 (why we MUST win)', *Small Business*, No. 117, November 1988.

[158] Dennis Swann, *The Economics of the Common Market : Integration in the European Union*, (London, 1995), p.54.

[159] Thatcher, *Downing Street Years*, pp.555-556.

[160] Andy McSmith, *John Smith : A Life*, London, 1994), p.137.

[161] *Labour Party Manifesto 1987 : Scotland will win*, (Glasgow, 1987), p.4.

[162] Thatcher, *Downing Street Years*, p.576 and p.311.

[163] Aitken, *The Bairns*, p.286.

[164] Hutchison, *Scottish Politics*, p.140.

[165] SCUA Archive, *The Campaign Guide 1987*, p.15 and p.19.

[166] Seawright, *An Important Matter*, p.175.

[167] *DR*, 11 June 1987.

[168] Riddell, *The Thatcher Era*, p.26.

[169] Sir Alexander Cairncross, 'Economic policy and performance, 1964-1990', *The Economic History of Britain since 1700*, p.89.

[170] Wendy Webster, *Not a Man to Match Her : The Marketing of a Prime Minister*,

(London, 1990), p.14; Letwin, *The Anatomy*, p.128.

[171] Bleaney, 'Conservative Economic Strategy', p.141.

[172] Young, *One of Us*, p.503.

[173] Lawson, *The View*, pp.745-746.

[174] Campbell, *Iron Lady*, p.579.

[175] Gamble, *The Free Economy*, p.131.

[176] Norman Johnson, *Reconstructing the Welfare State : A Decade of Change*, (London, 1990), p.58.

[177] *DR*, 16 March 1988; *Scotsman*, 16 March 1988.

[178] McSmith, *John Smith*, p.163; *Scotsman*, 16 March 1988.

[179] Lawson, *The View*, p.816.

[180] Riddell, *The Thatcher Era*, p.27.

[181] Letwin, *The Anatomy*, pp.122-123.

[182] Thatcher, *Downing Street Years*, p.702.

[183] Campbell, *Iron Lady*, p.580.

[184] *Observer*, 1 January 1989.

[185] STUC GCM, April-June 1988, Transport and General Workers' Union, Scottish Bus Group Campaign Pack, p.001301.

[186] Hamish Henderson, 'Scottish Legislation 1989', *Scottish Government Yearbook 1991*, (1991), pp.237-238.

[187] Transport (Scotland) Act 1989, *Public General Acts of 1989*, Chapters 1-25, (London, 1990), p.1.

[188] Electricity Act 1989, *Public General Acts of 1989*, Chapters 26-39, p.1.

[189] *The Electricity Supply Industry*, (Paris, 1994), p.298.

[190] Lawson, *The View*, p.241.

[191] *GH*, 20 February 1988.

[192] Allan Massie, Ewan Marwick and Douglas Mason, *Scotland and Free Enterprise*, (London, 1991), p.12.

[193] Lawson, *The View*, p.241.

[194] *Hansard*, Sixth Series, Vol. 128, 23 February 1988, (London, 1988), col.173.

[195] Ian Lang, *Blue Remembered Years : A Political Memoir*, (London, 2002), pp.71-72.

[196] Aitken, *The Bairns*, p.294.

112

197 STUC GCM, October-December 1988, Privatisation and the Scottish Steel Industry, p003649 and p.003829.

198 *Scottish Economic Bulletin*, No. 38, (Edinburgh, 1988), p.36; STUC GCM, January-March 1988, *Regional Development : Encouraging Enterprise in Scotland*, (Edinburgh, 1988), pp.000435-000436.

199 *GH*, 24 November 1987.

200 Mitchell, *Conservatives*, p.114; Sillars, *Scotland*, p.103.

201 Interview with Sir Malcolm Rifkind on 13 October 2003.

202 *Employment Gazette*, Vol. 97, No. 1, (London, 1989), S.18-20.

203 STUC GCM, January-March 1988, p.000437.

204 Michael Danson and Michael Lloyd, 'The enterprise zone experiment in Scotland : Strategic planning or crisis management', *Scottish Government Yearbook 1992*, (1992), p.206 and pp.215-217.

205 SCUA Archive, *The Campaign Guide 1989*, p.438.

206 Alice Brown, David McCrone and Lindsay Paterson, *Politics and Society in Scotland*, (London, 1996), p.74.

207 Keith Aitken, 'The Economy', in Magnus Linklater and Robin Denniston (eds.), *The Anatomy of Scotland*, (Edinburgh, 1992), pp.254-255.

208 Lee, *Scotland and the United Kingdom*, pp.103-105.

209 Cairncross, 'Economic policy and performance, 1964-1990', p.88.

210 *The Standing Commission on the Scottish Economy - Final Report*, (Glasgow, 1989), pp.5-7.

211 Gamble, *The Free Economy*, p.247.

212 Kemp, *Hollow Drum*, pp.187-188.

213 Michael Danson, John Fairley, Michael Lloyd and David Newlands, 'Scottish Enterprise : An evolving approach to integrated economic development in Scotland', *Scottish Government Yearbook 1990*, p.168 and pp.176-181.

214 Kemp, *Hollow Drum*, pp.188-189.

215 Aitken, *The Bairns*, p.291; Maurice Smith, 'The peripheral interest : Scotland, 1992 and all that', *Scottish Government Yearbook 1991*, pp.51-52.

216 Massie et al., *Scotland and Free Enterprise*, p.23.

217 *Times*, 7 July 1988.

[218] *Times*, 21 September 1988.

[219] *Times*, 15 April 1989.

[220] Sillars, *Scotland*, pp.185-186 and p.189.

[221] *Scottish Economic Bulletin*, No. 38, p.37; Aitken, *The Bairns*, p.299.

[222] Lawson, *The View*, p.929 and p.932.

[223] Thatcher, *Downing Street Years*, pp.750-751.

[224] Anthony Seldon, *Major : A Political Life*, (London, 1997), p.86.

[225] Young, *One of Us*, pp.552-553 and p.558.

[226] Lawson, *The View*, p.964.

[227] Campbell, *Iron Lady*, p.690.

[228] Thatcher, *Downing Street Years*, p.759.

[229] Andrew Gamble, *Between Europe and America : The Future of British Politics*, (Houndmills, 2003), pp.174-179.

[230] John Major, *The Autobiography*, (London, 2000), p.134 and p.137.

[231] T. M. Devine, *The Scottish Nation, 1700-2000*, (London, 1999), p.593.

[232] STUC GCM, November 1990, Scottish Steel Campaign Trust Submission on British Steel's Plans for Ravenscraig Hot Strip Mill, p.004654.

[233] STUC GCM, January 1990, Scottish Steel in the 1990s, p.000424.

[234] STUC GCM, August 1990, *Ravenscraig Works : Some Thoughts for the Shareholders of British Steel Plc*, (Motherwell, 1990), p.003330.

[235] STUC GCM, June 1990, Scottish Office News Release by Malcolm Rifkind on Ravenscraig Steelworks, pp.002197-002198.

[236] Iain Macwhirter, 'The year at Westminster', *Scottish Government Yearbook 1991*, p.24.

[237] STUC GCM, August 1990, pp.003325-003326 and pp.003494-003495.

[238] STUC GCM, November 1990, p.004753.

[239] Aitken, *The Bairns*, p.294.

[240] STUC GCM, November 1990, p.004753.

[241] Seawright, *An Important Matter*, p.160.

[242] Paul Routledge, *Gordon Brown : The Biography*, (London, 1998), p.145.

[243] McSmith, *John Smith*, pp.158-159.

[244] LHA, Labour Party National Executive Committee (NEC) Minutes, 6 February-28

June 1989, Special National Executive Committee, Scottish EC Manifesto, pp.3-4.

[245] *Spectator*, 14 July 1990.

[246] Major, *The Autobiography*, pp.157-158 and pp.162-163.

[247] Thatcher, *Downing Street Years*, p.721.

[248] *Hansard*, Sixth Series, Vol. 178, 30 October 1990, (London, 1990), col.873.

[249] *Employment Gazette*, Vol. 99, No. 1, (London, 1990), S.20-22.

[250] Kavanagh, *Thatcherism*, pp.229-230.

[251] Riddell, *The Thatcher Era*, p.31.

[252] Johnson, *Reconstructing*, p.50 and p.58.

[253] Thatcher, *Downing Street Years*, p.623.

[254] Gamble, *The Free Economy*, p.232.

[255] Riddell, *The Thatcher Era*, p.118.

[256] Brown et al., *Politics and Society*, p.77.

[257] Peter Curwen, 'The Balance of Payments', in Peter Curwen (ed.), *Understanding the UK Economy*, (London, 1997), p.229.

[258] Churchill Archives Centre, Cambridge, Kinnock Papers, Folder 362, Jobs and Industry Campaign, Labour Means Work (Campaign Document).

[259] Gamble, *The Free Economy*, p.247.

[260] Lee, *Scotland and the United Kingdom*, p.67.

[261] Brown et al., *Politics and Society*, p.74.

[262] Lee, *Scotland and the United Kingdom*, pp.149-151.

[263] Brown et al., *Politics and Society*, p.85.

[264] Massie et al., *Scotland and Free Enterprise*, p.7.

[265] Finlay, *Modern Scotland*, p.346.

[266] David McCrone, 'Opinion Polls in Scotland, August 1988 to July 1989', *Scottish Government Yearbook 1990*, p.285.

[267] Interview with Lord Forsyth on 11 November 2003.

Chapter Three

SLAYING THE DRAGON : THE ONSLAUGHT ON THE SCOTTISH TRADE UNION MOVEMENT

In her inaugural conference address as Conservative Party leader in 1975, Margaret Thatcher challenged the consensus on industrial relations, 'If we are told that a Conservative Government could not govern because certain extreme leaders would not let it, then general elections are a mockery, we have arrived at the one-party state and parliamentary democracy in this country will have perished'.[1] Thatcher's assault on the power of the trade union movement was a feature of her attempts to dismantle the post-war consensus. This chapter analyses Thatcher's industrial relations reforms, and their impact on the trade union movement in Scotland. The Scottish dimension of the 1984/85 miners' strike is examined, whilst the STUC and its response to Thatcher's reforms forms an integral part of this section. Owing to the British nature of the trade union movement, this chapter will also include analysis of events south of the Border.

The trade union movement has been largely neglected by Scottish historians in their analysis of the Thatcher years. Hamish Fraser covers the Thatcher years from a British perspective, but fails to illuminate Scottish developments.[2] The most comprehensive coverage, at the time of writing, can be found in Keith Aitken's history of the STUC, *The Bairns O' Adam* (1997), which interlinks political developments with the fortunes and influence of the STUC during Thatcher's premiership. It also provides excellent coverage of the 1984/85 miners' strike in Scotland. While John Foster and Charles Woolfson have focused on individual disputes, neither has attempted a broad overview of Scottish industrial relations during the Thatcher years. Gregor Gall has examined trade unionism in Scotland since the Upper Clyde Shipbuilders' work-in, and concludes that, 'trade unionism and industrial relations in Scotland are part of wider phenomena and processes found elsewhere and throughout Britain'.[3]

Nevertheless, Michael Fry fails to comment on Thatcher's trade union reforms or the miners' strike, and Christopher Harvie and James Mitchell do not examine Thatcher's industrial relations policies in any depth.[4] Iain Hutchison correctly asserts

that, 'The STUC carefully kept links with other elements in Scottish public life, so retaining esteem', whilst Richard Finlay states, 'There was a growing sense among many Scottish trade unionists and activists that the English working class had sold the pass'.[5]

Writing in *Industrial Nation* (1999), William Knox analyses the changing composition of trade unionism in post-war Scotland, which includes developments during the Thatcher years. Knox asserts that, 'Mass unemployment and anti-union legislation' were Thatcher's 'chosen weapons' in her attempt to break the trade unions and reduce inflation.[6] This implies that Thatcher intentionally sought to increase the number of unemployed workers, and his analysis overlooks the impact of the worldwide recession between 1979 and 1981. Any government during this period would have experienced an economic downturn and rising unemployment unless it resorted to heavily subsidising industry. This would have created inflationary pressure, which Thatcher had pledged to reduce, and would have damaged her credibility in the City of London and amongst Conservative voters, who expected an acceleration of Labour's reluctant monetarism.[7] Knox also fails to stress the political importance of the 'winter of discontent', which created favourable preconditions for trade union reform.

An 'estate of the realm'[8] : The Trade Unions, 1968-1979

The post-war consensus on industrial relations was based on free collective bargaining between unions and employers.[9] In 1968 the Donovan Commission endorsed the continuation of free collective bargaining, but Labour's 1969 White Paper, *In Place of Strife*, proposed the introduction of ballots, and a compulsory conciliation period of twenty-eight days before strike action could be called.[10] These proposals, however, were jettisoned after a Trades Union Congress (TUC) revolt. Thereafter, the number of working days lost to strike action in Britain rose from 6,846,000 in 1969 to 29,474,000 in 1979, leading journalists and economists to label militant trade unionism as the 'British disease'.[11]

The defeat of the Heath administration in 1974, as a direct result of his attempts to restrict trade union powers through the 1971 Industrial Relations Act and

contain public sector wage costs, was a disturbing experience for most Conservatives.[12] Heath was forced to declare a state of emergency five times between 1970 and 1974,[13] which created the perception that the unions represented a threat to the British state. Furthermore, James Callaghan's Labour Government was fatally damaged by the 'winter of discontent' (see chapter 1). Many powerful figures within the Conservative Party, such as Sir Ian Gilmour, believed that a sustained programme of anti-union legislation could not be undertaken without the unions bringing Britain to a standstill.[14]

Nevertheless, Thatcher was determined to curb inflation and to embark upon a monetarist economic strategy. Net profit rates in British manufacturing industry had fallen from 14% in 1964 to 4.8% in 1979,[15] convincing Thatcher that trade union wage demands were squeezing profit margins. She argued that if profit rates fell, businesses would either close or cut their workforces, and insisted that collective bargaining should be determined by productivity and profit levels.[16] While in opposition, the Conservatives called for public sector pay bargaining to correspond with market conditions.[17]

Thatcher also pledged to jettison Labour's incomes policy, which required close cooperation between the government, trade unions and employers.[18] In Thatcher's eyes, incomes policies represented an impediment to the successful operation of a free market economy, and this analysis was closely linked to the Conservatives' decision to abandon any commitment to full employment (see chapter 2). At the heart of Thatcher's outlook lay a desire to re-assert the sovereignty of Parliament, and to exclude the unions from government decision-making. The Conservatives' trade union strategy was enshrined in The Stepping Stones Programme (see Introduction), which represented a rejection of corporatism, and voluntary trade union regulation. Thatcher believed that this would cure the 'British disease' and help restore Britain to its former position as a leading economic power. Campbell Christie, however, remains convinced that Thatcher did not have a pre-conceived strategy for tackling the trade union movement.[19]

Wielding the Sword : The First Steps of Reform, 1979-1984

On entering office Thatcher entrusted James Prior, a renowned 'wet', with the

Employment brief, because of his conciliatory nature.[20] The Conservatives contended that the trade unions had been infiltrated by left-wing extremists, who used strike action as a political weapon to further the aims of socialism. Prior portrayed the Government's intentions as an attempt to introduce greater democracy to the trade unions, and make them more accountable to their memberships.[21] At the 1979 General Election the number of British trade unionists who voted Conservative rose from 17.1% in October 1974 to 27.1%, and union democracy was judged to be a popular issue amongst trade union members.[22] During Prior's tenure as Employment Secretary Thatcher was able to consolidate her government's position without encountering a backlash from the trade unions.

The 1980 Employment Act was, in Prior's opinion, as far-reaching as the Government could hope to proceed, but many Conservatives considered that it was not rigorous enough.[23] Trade union recognition procedures were abolished, and unfair dismissal and maternity leave rights were restricted.[24] Secondary picketing was made unlawful and secondary industrial action was opened up to claims for damages by removing immunities. The Act also introduced an associated code of practice on picketing, which laid down a maximum of six pickets as being reasonable. This was intended to prevent mass picketing, during which large numbers of striking trade unionists would attempt to persuade employees not to attend work during an industrial dispute.[25] Mass picketing had been successfully deployed during the 1960s and 1970s, and the Conservatives argued that it represented a form of intimidation against individuals who wished to continue working.

Another focal point of the legislation was the 'closed shop', which prevented non-union members working at some plants and factories.[26] The Act placed restrictions on the closed shop by giving Industrial Tribunals the power to decide if exclusion from a trade union was 'reasonable'.[27] Compensation up to £16,000 was to be made payable if a union was found to be liable. Moreover, the legislation required new closed shops to gain the approval of at least 80% of the workers within it in a ballot, and made state funds available to finance the cost of these secret postal ballots.

This clause contradicted Thatcher's intention of reining-in public expenditure, but by giving rank and file trade unionists a greater input to union affairs she hoped that militant leaders would be silenced by their own membership. Thatcher believed

that trade union demands should no longer be appeased, and was convinced that the public would support her in tackling union power.[28] The 1980 legislation signalled Thatcher's intention to assert the sovereignty of Parliament, and increase the power of the state in industrial disputes. The Government, however, was not yet prepared for a full-scale confrontation with the unions. When faced with the prospect of a miners' strike, in February 1981, Thatcher increased subsidies to the National Coal Board (NCB) to avoid a dispute.[29]

The *Glasgow Herald* was supportive of the Government's intentions, but questioned the manner in which Thatcher had chosen to handle the reforms, and the *Daily Record*, speculated that the Bill could worsen industrial relations.[30] The STUC was the legislation's most outspoken critic. It had been in existence since 1897, and operated independently from the London-based TUC, with its own constitution and distinctive structure.[31] Scottish trade unions, such as the Educational Institute of Scotland (EIS) existed, but the vast majority of unions were organised at a British level. The STUC played a full role within this British union network, and possessed the autonomy of action that, for example, its counterparts in Wales did not enjoy within the TUC's regional framework.

James Milne derided the Employment Bill as, 'the start of a programme which will make British industrial relations a considerably more bloody battle field than it is at present',[32] arguing that further legal restrictions on picketing would add to the confusion that normally surrounded an industrial dispute. Other clauses, such as those referring to the closed shop, were attacked as needlessly confrontational. The discriminatory nature of the legislation, which denied workers in new firms their right to claim for unfair dismissal was highlighted, and the Government accused of sexism, as the Act denied women in very small firms their right to return to work after pregnancy, and limited this right in larger firms.

The trade union movement called a Day of Action on 14 May 1980, coordinated by the STUC in Scotland, involving trade unionists taking strike action for one day in protest at the Government's industrial relations policies. The response in Scotland was the most enthusiastic in the whole of Britain, with 20,000 demonstrating in Glasgow and 12,000 in Edinburgh.[33] These tactics had been successfully employed by the unions in their campaign against the 1971 Industrial

Relations Act, but Thatcher chose to dismiss the representations of the trade union movement, and Murray Ritchie described the protest as a 'charade'.[34]

South of the Border, the press continued to lobby for further industrial relations reforms,[35] and in September 1981, a Cabinet reshuffle saw Prior replaced by Norman Tebbit. He was entrusted with the task of upping the scale and pace of industrial relations reform, and was responsible for the implementation of the 1982 Employment Act. It increased the amounts of compensation payable for dismissal on account of a closed shop to £250,000 for the largest unions, and liability to claims was made retrospective to 1974.[36] Current closed shops were compelled to hold periodic ballots to validate their position, and the definition of a trade dispute was also narrowed to one between workers and their employers 'wholly or mainly' about terms and conditions of employment.

This opened up union funds to suits for damages where action was not covered by immunities, which removed the privileged legal status enjoyed by the unions since 1906. Furthermore, the Act outlawed industrial action against non-union companies, and clauses in contracts requiring the use of union labour. This was designed to make the UK a more attractive destination for multinational companies, many of which refused to recognise trade unions. Moreover, the Bill legally permitted employers to selectively dismiss strikers without notice, and opened up unions to injunctions restraining them from 'unlawful' industrial action. This made unions liable to large fines for being in contempt of court, as well as sequestration of their assets. By 1986 unions had been fined over £1 million for various contempts.

The importance of the Act stemmed from the unequivocal support that it extended to employers who were engaged in an industrial dispute. Furthermore, the legislation had a clear ideological vision, as by outlawing strike action against non-union companies the Government believed that it was creating conditions that would stimulate the growth of private enterprise. Between 1980 and 1982, the number of working days lost to industrial action in Scotland fell from 1,447,000 to 634,000.[37] This was above the British average, but below the level of militancy in north-east and north-west England.[38] Tebbit put the Government's case simply, 'I hope it can be agreed that strikes destroy jobs, and that the reckless pursuit of inflationary wage demands destroys jobs'.[39] This legislation, an integral part of the Government's

industrial relations strategy, was intended to force ordinary trade unionists to accept the predominance of market forces in wage bargaining. Thatcher described this paradigm shift as 'new realism'.[40]

Milne was outraged by the new legislation, 'Their intention is to cripple the ability of working people, through their unions, to defend their living standards...We have over a century's fighting history behind us, and he [Tebbit] will not succeed'.[41] The STUC saw the legislation as part of a concerted effort to 'cripple' the trade unions, arguing that the Bill was deliberately intended to destabilise existing union membership and encourage individuals to leave unions.[42] In addition to this, the TUC believed that the Act was unfair, as it gave employers the right to sack employees taking industrial action without the workers concerned having any recourse to an industrial tribunal. Finally, the political nature of the legislation came under attack, as it enabled employers to sue unions for large sums of damages in cases of 'unlawful' industrial action.

The *Glasgow Herald's* political editor, Geoffrey Parkhouse, described the legislation as Thatcher's 'biggest gamble' since becoming Prime Minister, and warned her against provoking a trade union backlash.[43] However, writing in 1983, Tony Lane stated that despite the 'widely-held prejudice and ignorance', contained in the Act, 'there can be little doubt of its popularity'.[44] He equated 'new realism' with the 'philosophical anarchism' which runs so strongly in the British working class wherein all forms of compulsion are deeply resented'.

The psychological effect of the legislation was important, but it was complemented by the impact of the Government's economic strategy. Mass unemployment (see chapter 2) led to falling trade union membership and job uncertainty amongst existing members. Between 1980 and 1983 union membership fell by 1.8 million, and the number of days lost to strike action in Britain dropped from 11,964,000 to 3,754,000.[45] Finlay explains that, 'Competition was against not just other companies, but also fellow workers as a means to ensure that their position was safe',[46] further undermining job security and workplace solidarity, which had previously formed the backbone of trade union strength.

Against this backdrop the TUC asked each affiliated member to donate ten pence towards a campaign against 'Tebbit's Law', eventually placing a £1 million

campaign fund at its disposal.[47] The campaign foundered in Scotland, however, because of insufficient co-operation between the TUC and the STUC, illustrated by the poor response to 'Union Day' north of the Border. A mass public relations assault had been planned across the UK for 10 June 1982, but the London centre from which the exercise was being conducted did not provide the STUC with adequate campaign materials,[48] wasting an opportunity to widen support for the campaign. The unions had failed to anticipate Thatcher's proactive industrial relations reforms, and were unable to effectively counter her assertion that the unions were to blame for Britain's economic difficulties.

By the time of the next piece of industrial relations legislation, in 1984, Thatcher had won a landslide victory at the 1983 General Election, and Tebbit's brief had been entrusted to Tom King. The 1984 Employment Act focused directly on the relationship between the trade unions and the Labour Party. There was a degree of continuity in the Bill, as it introduced further electoral provisions to trade union democracy. The Act stipulated that all members of a union executive be elected by secret ballot at least every five years, and inserted a clause requiring that a secret ballot be held to approve industrial action.[49] Moreover, the categories of those entitled to sue a union for damages were broadened. Most importantly, the legislation stated that all union political funds had to be compulsorily re-approved by ballot, and this process was to be repeated at intervals of not more than ten years.[50] Finally, the regulations covering the use of union political funds in pressure group and electoral activity were tightened.

This legislation represented a two pronged attack on the Government's behalf. The trade unions had provided 98.4% of Labour's campaign funding at the 1983 General Election,[51] and the Act was a calculated attempt by the Conservatives to undermine Labour's main source of finance. Indeed, the wholesale democratisation of the industrial disputes process was intended to further impede the process of calling industrial action. Thatcher had received the support of 27.3% of British trade unionists at the 1983 General Election, many of whom were skilled workers benefiting from the transition to a free market economy. During the 1960s and 1970s, wage differentials between skilled and non-skilled workers had narrowed substantially. Under Thatcher, however, this situation was reversed, as demand for

unskilled labour fell and skilled workers were given greater financial incentives to improve productivity.

Thatcher surmised that the growing acceptance of 'new realism' amongst these trade unionists would be accelerated by the secret ballot provision, which she hoped would minimise the political and financial links between Labour and the unions. The 1984 Employment Act sought to strike a blow against the internal organisation of the trade union movement and the Labour Party, further marginalising socialist influence in Britain. According to King voluntary self-regulation was no longer an option for the trade unions, 'We have put the trade unions on trial. If we don't get from them the right response...then we shall not hesitate to act'.[52]

The failure of the STUC's opposition to the 1980 and 1982 legislation conditioned its response to the 1984 Employment Act. By this stage the trade union movement felt under siege, as it contended with the miners' dispute, de-industrialisation, and falling membership numbers. A major concern of the STUC and Labour arose over the clause in the Bill requiring trade unions to justify their political expenditure. The STUC had contributed to major initiatives, such as the Campaign Against Privatisation,[53] but these were now jeopardised by the new legislation, and it condemned the Act as unwarranted interference in trade union affairs. Throughout the post-war consensus, the trade unions had relied upon the state's acceptance of voluntary union regulation, but under Thatcher the power of the state was harnessed to impose legal restrictions on trade union activities.

In this changed climate it was imperative that the unions learned to adapt, and, on this occasion, Thatcher was outmanoeuvred. The trade unions succeeded in increasing the number of unions affiliated to the Labour Party, and much to Thatcher's surprise, turnout in these ballots was, on average, over 60%.[54] Furthermore, the percentages in favour of retaining subscriptions to the Labour Party did not fall below 59% in the 1985/86 ballots. By implementing the 1984 Employment Act Thatcher had unintentionally legitimised Labour's main source of funding, and helped to boost links between ordinary trade unionists and their leadership. At the 1987 General Election the trade unions provided 92.6% of Labour's campaign funding.

Crossing the Rubicon : The 1984/85 Miners' Strike

The 1984 Employment Act was heavily overshadowed by the 1984/85 miners' strike. In Scotland, the coal mining industry had contracted significantly since 1945, and by 1984 the main mining areas were situated in pockets of Fife, Ayrshire and the Lothians. As a result of this, Scotland was only of peripheral significance in the dispute compared with areas such as Yorkshire and Nottinghamshire. Moreover, the strike took place on a British stage, and its repercussions were felt throughout the British trade union movement. Nevertheless, there was a Scottish dimension to the dispute.

The coal industry had been on the wane since the inter-war period, and after its nationalisation, in 1947, the industry became increasingly reliant on public subsidies.[55] From 1977, the Labour Government compelled the state-run electricity industry to purchase coal from the NCB, regardless of its price, in order to sustain the industry but, by 1978/79, there were only sixteen active pits in Scotland.[56] In 1983/84 the NCB made a loss of £250 million, and in Scotland the industry was losing £13.96 for every ton of coal that it produced compared to the British figure of £6.61.[57] This dependency on the Exchequer was loathed by Thatcher, and prompted her decision to move Ian MacGregor from the chairmanship of BSC to the NCB in September 1983.[58]

Thatcher believed that MacGregor, renowned for his confrontational style, was the ideal man to tackle the leader of the National Union of Mineworkers (NUM), Arthur Scargill.[59] Scargill was a Yorkshireman, who epitomised the type of trade union leader disliked by Thatcher. He was an avowed Marxist, and after his election to the leadership of the NUM in 1981, Scargill openly voiced the opinion that Thatcher's government should be overthrown by extra-parliamentary action.[60] Thatcher had only narrowly avoided conflict with the NUM in 1981, and Scargill's presence heightened the prospect of a dispute.

After the Conservatives' victory at the 1983 General Election, MacGregor's appointment at the NCB and the NUM's imposition of an overtime ban that autumn, confrontation loomed. Thatcher's economic strategy lay at the heart of the dispute, as Scargill refused to accept the NCB's proposals for a reduction of 64,000 jobs at

'uneconomic' pits.[61] Alleging that Thatcher was intent on privatising the NCB, Scargill contended that there was no such thing as an uneconomic pit, and called for more investment by the Exchequer. Indeed, Thatcher was convinced that rationalisation was essential if the NCB was to reduce its losses and become competitive with a long-term view to privatisation.

John Campbell argues that Thatcher viewed the miners as, 'the stormtroops of that backward-looking socialism which she was in politics to destroy', but had to say 'warm words' about the industry to counter Scargill's allegation that she aimed to annihilate the industry.[63] Indeed, Denis Thatcher's comments in *Below the Parapet* appear to justify Campbell's analysis, as he states, 'The general view was "We'll beat the buggers".[64] Thatcher was intent on withstanding any trade union challenge to her economic policy, and offered generous redundancy packages, in an attempt to meet the NCB's objectives.[65] Therefore, unlike the miners' strikes of 1972 and 1974, this was a defensive strike by the NUM on the issue of pit closures rather than on wage demands.

The dispute began on 1 March 1984 after the Yorkshire Area Executive of the NUM announced strike action in response to the NCB's closure of Cortonwood colliery.[66] MacGregor unveiled his plans for rationalisation on 6 March, and that same day, the Scottish Area of the NUM responded to MacGregor's proposals to cutback 750,000 tonnes of Scotland's 5.9 million tonne capacity by calling strike action.[67] The National Executive of the NUM gave the strikes in Scotland and Yorkshire official approval on 8 March. The procedure used to call the strikes soon became eagerly debated, as the NUM endorsed a policy that required each constituent area to declare strike action independently. This avoided a national ballot, which required 55% of the membership to approve industrial action, as Scargill could not be assured of attaining a majority.[68] Through these actions the NUM left itself open to accusations of circumventing the accepted democratic process. The NCB lost no time in exploiting the NUM's decision, as it alleged that widespread intimidation had taken place in the constituent area ballots.[69]

Campbell states that Scargill and his Scottish deputy, Mick McGahey were, 'militant left-wingers looking to break another Tory Government',[70] but his analysis fails to highlight the differences between them. McGahey was a loyal member of the

Communist Party of Great Britain (CPGB), whilst Scargill's Marxism was too individualistic for the CPGB.[71] Harvie, contends that Scargill's enthusiasm over the conflict contrasted with McGahey's reticence, and Joe Hill, the former Assistant Scottish Organiser of the Labour Party, was informed by McGahey that Scargill had 'utter domination' of the NUM.[72]

Initially, the Scottish pits were slow to engage in strike action, and two out of three shifts at Polkemmet colliery in West Lothian continued to work but,[73] by mid-March, all Scottish NUM members were on strike. The most reluctant striking miners were located at Bilston Glen in Midlothian, a 'super pit' which had been guaranteed survival because of its rich coal seams. Indeed, by mid-August, eighty of the ninety Scottish miners who had returned to work were employed at Bilston Glen. Nevertheless, the most significant blow to the NUM was the decision of a few areas, such as Derbyshire and Nottinghamshire, to continue working,[74] which greatly bolstered the NCB and the Government's argument that a majority of miners opposed the strike.

These regions had benefited from the NCB's decision to introduce an area incentive payment scheme in 1977, which saw the most modern and productive pits receive improved bonus payments.[75] The miners in these areas were, therefore, displaying 'new realism', as they had more to lose from going on strike than those in less productive regions such as South Wales and Scotland. The *Glasgow Herald* concluded that the dispute 'says little for the "new realism" of the unions or for the Government's efforts to legislate for better industrial relations', and the *Daily Record* asserted that, 'both sides must accept that anything which might jeopardise the future of coal would be folly'.[76]

During the strike's initial stages Thatcher adhered to Nicholas Ridley's strategy, and attempted to create the illusion that the dispute was a matter that solely concerned the NCB and NUM.[77] The Government was prepared for a conflict and, after 1981, had built up coal reserves in anticipation of a challenge by the miners,[78] a tactic promoted in the Ridley Report. The miners' strikes of 1972 and 1974 had led to power cuts throughout Britain and the introduction of a three day working week in order to conserve power supplies,[79] and Ridley argued that the Conservatives had to be prepared for a challenge by the NUM if the Party regained office. The dispute fell

under the remit of Peter Walker, the Energy Secretary, a prominent 'wet', who was adept at handling the media, which compensated for MacGregor's shortcomings in this field.[80] Walker contended that the coal industry's only means of survival was the acceptance of the NCB's rationalisation programme.

The Scottish Office initially took a low profile in the conflict. George Younger was determined to keep a semblance of order, and his main line of argument surrounded the economic consequences of the strike: 'if coal prices are made higher by industrial action, that must reduce the potential market for coal and jobs arising from the mining of coal...the NUM's actions have done a great deal of damage to the Scottish coalfield'.[81] The Government maintained a non-interventionist facade into the early summer of 1984, but the reality behind the scenes told a different story. Thatcher discouraged the NCB from utilising her employment legislation, as she feared that such a belligerent gesture could result in the steelworkers, dockers and railway workers calling strike action in support of the miners.[82] Her approach rested on Ridley's belief that the trade union movement's strength was reliant upon its unity and, if the unions were divided, a Conservative government could prevail in a single union dispute.

As the summer drew to a close, amid continuing intimidation and violence, Thatcher became more overtly involved in the dispute. Her tactic was to simplify the strike as a conflict between 'good' on the Government's side, and 'evil' with regards to Scargill and the NUM. Younger signalled this change in tone with a speech on 11 July 1984, 'There is no industrial case...This is an affront, an insult and a mortal danger to our democratic freedoms. It is based on force by strong against the weak'.[83] Thatcher also attempted to equate the dispute as a matter of national pride and security, and spoke of the miners as 'the enemy within'.[84] Law and order now became the watchword of the Government, and Thatcher approved huge policing operations, on a scale that had previously been unseen in Britain, in order to prevent the NUM's flying pickets closing collieries that continued to work.

She also channelled the full resources of the security services against the NUM,[85] vindicating Andrew Gamble's argument that Thatcher was mobilising the power of the state to achieve her political and ideological goals. Indeed, Thatcher's strong rhetoric was partially justified by Scargill's receipt of $1,137,000 from the

Soviet Union,[86] and his ill-judged decision to seek money from the Libyan dictator, Colonel Gaddafi, in October 1984.[87] Libya continued to sponsor terrorist attacks in Britain, and openly provided financial support to the Irish Republican Army (IRA). After the IRA's attempt to assassinate Thatcher at the Conservatives' Brighton conference this represented a public relations disaster for the NUM.[88] Thatcher was now in a position to associate the miners' strike with 'the global struggle against Communism and terrorism'.[89]

Ravenscraig steelworks provided the conflict's flashpoint in Scotland. This stemmed from the reluctance of ISTC members to refuse deliveries of coal, which were essential to keep the plant's blast furnaces operational.[90] Significantly, the steelworkers' stance encompassed every aspect of the 'new realism' cultivated by Thatcher. Ravenscraig had only narrowly avoided closure in 1982 (see chapter 2), and its workers were unwilling to jeopardise their employment by letting the plant's furnaces burn out. The steelworks was the NCB's largest customer in Scotland, and the *Glasgow Herald* continually emphasised the threat that the dispute posed to Ravenscraig.[91] At the first ever formal meeting between the STUC and the Prime Minister on 5 September 1985, Thatcher stated that she was 'a great fan of Ravenscraig'.[92]

As members of the 'Triple Alliance', which had been revived, in 1981, by the railway workers, miners and transport unions, the ISTC was bound to assist the miners' cause in some way. This was resolved by the STUC, which brokered a deal allowing two trainloads of coal into Ravenscraig each day to keep the plant in working order. Nevertheless, the issue of who delivered the coal remained controversial. Initially, the NUR had refused to deliver coal to any BSC plants, but given the circumstances they agreed to make an exception for Ravenscraig on the condition that steelworkers collected the coal at Motherwell station and delivered it to the plant themselves. In spite of contradictory responses from the Associated Society of Locomotive Engineers and Firemen (ASLEF) and the NUM to this agreement, BSC increased the loads of coal reaching Ravenscraig.[93] The STUC, under duress from the President of the Scottish Area of the NUM, McGahey, countered this development by cutting the numbers of trains permitted to one per day, but BSC found this unacceptable and chartered trucks to deliver coal by road.

The road hauliers involved were non-union members, and were offered the financial incentive of £50 per trip. The ISTC Convenor at Ravenscraig, Tommy Brennan, was a friend of McGahey, but McGahey was engrossed in negotiations with the NCB, and his deputy in Scotland, George Bolton, began mass picketing at Ravenscraig.[94] Bolton contends that he was following Scargill's orders but, according to Brennan, Bolton informed him that, 'we'll leave you without enough coal to make a pan of chips'.[95] Yuill and Dodds lorries ran the gauntlet of the pickets, leading to some of the most violent clashes of the strike in Scotland. At one stage, the police completely sealed off Motherwell to all travelling pickets.

Brennan describes the strike as, 'the most difficult time of my life'.[96] This situation was only resolved when Milne agreed a deal in which Transport and General Workers Union (TGWU) drivers were to deliver 18,000 tonnes of coal to Ravenscraig every week. The only other point of conflict in Scotland arose at Hunterston ore terminal in Ayrshire, where pickets attempted to prevent coal leaving for Ravenscraig. TGWU and ISTC members refused to handle the coal, but BSC brought in non-union labour to move it.[97] Once again conflict erupted, but the police succeeded in keeping the terminal open.

The turning point of the strike arrived in October 1984, when Thatcher intervened to prevent National Association of Colliery Overmen, Deputies and Shotfirers (NACODS) members entering the dispute. They were required at every pit by law when underground work was in progress, and MacGregor threatened to sack all NACODS members who refused to cross NUM picket lines.[98] Thatcher recognised the inflammatory nature of this threat, and ordered MacGregor to withdraw the ultimatum. Yet, in doing so, the NCB accepted a great deal of what Scargill was demanding. MacGregor agreed to reconsider his closure programme because of changed circumstances, and to keep five of the most contentious pits open pending further review.[99] This dispelled any doubt that the Government was overtly involved in the dispute, and broke with the 'right to manage' strategy that Thatcher promoted throughout the strike.

At this stage, Thatcher's bargaining position had been weakened, and Scargill had the opportunity to reach a settlement, which he could have claimed as a triumph. However, he refused to moderate his demand that no pits should close, and over the

course of time the strike became a war of attrition that only the Government could win. According to Bolton, both he and McGahey wanted to reach a settlement, but Scargill refused to compromise.[100] Increasing numbers of miners began to return to work in January 1985 and, by 27 February, more than half of NUM workers were back at their collieries.[101]

Scargill abstained from reaching an official agreement to end the dispute, but an NUM Delegates' Conference voted for a return to work on 3 March 1985. Peter Walker gave an illuminating interpretation of the strike; 'The person who has done most damage to the coal industry is the leader of the NUM. He has conducted a campaign that has divided mining communities from top to bottom, with an £8,000 loss of wages for every miner, and destroyed markets for the industry. History will show that no one has done more damage to the miners than Mr Scargill'.[102]

There was a strong element of truth to Walker's analysis. The NUM's decision not to hold a national ballot was a fatal error, as it enabled the Conservatives to accuse Scargill of employing undemocratic tactics. His strategy of deploying mass flying pickets also played into the Government's hands, as it led to violent clashes with the police and discredited the miners' cause. Furthermore, as the scale of the violence grew the media focused less on the economic arguments behind the strike, destabilising a vital pillar of the NUM's case for industrial action. Scargill's warnings regarding privatisation were eventually vindicated by the sale of the NCB in 1994.[103]

By engaging in a long-running dispute, Scargill ensured that the families of striking miners endured unnecessary financial hardship. The Government was prepared for these tactics, and Scargill's only hope of long-term victory rested on the support of the steelworkers, dockers and railway workers. Many of them, however, were also threatened with unemployment, and were unwilling to sacrifice their jobs for the miners' cause. Under these circumstances, Scargill should have reached a settlement in the autumn of 1984, but was unwilling to compromise any of the NUM's demands, and Bolton highlights this as Scargill's greatest flaw.[104] Moreover, by seeking financial assistance from Libya in the aftermath of the Brighton bombing, Scargill succeeded in alienating many who were sympathetic towards the miners' cause.

Finally, if Scargill had waited until autumn to begin the dispute he could have

placed far greater strain on the Government's capacity to provide electricity, rather than launching strike action in spring as demand for power dropped off for several months. In the event, Scargill's tactics played into Thatcher's hands. He cast himself as an undemocratic, violent, revolutionary, and succeeded in splitting the NUM through his strategy. At the end of the strike the Union of Democratic Mineworkers was established by miners from Nottinghamshire and Derbyshire, attracting a 30,000 strong membership.[105]

Although the strike ended for most Scottish miners in March 1985, the return to work proved complicated. Polkemmet colliery in West Lothian, and Bogside and Frances in Fife, had been badly damaged by the effects of flooding and fire, and were unable to reopen.[106] In effect, the miners at these pits remained on strike in protest at their closure, but in other parts of Scotland collieries gradually reopened, and the miners returned to work. However, the attitude of the NCB's Scottish Area Director, Albert Wheeler, was an additional complicating factor, as he chose to dismiss all miners who had been charged with any offence at a picket line.

Elsewhere in Britain the NCB was more lenient, and the *Daily Record* stated that, 'The wounds of the past year will not be healed by sinking the knife still deeper'.[107] Industrial tribunals were held and various legal challenges were launched against the NCB, and by March 1987 more than 200 of the 700 victimised miners in Britain had come from the Scottish Area.[108] The effect of the dispute on the NCB's labour-force was unmistakable, as the number of Scottish miners fell from 25,000 in 1979 to 14,000 in 1985, and by the spring of 1989 there were only two collieries left in Scotland.[109] Thatcher had unquestionably established management's 'right to manage', but in Scotland there were very few pits left where the NCB could assert its power.

While Scargill was criticised for his role in the dispute, the STUC had opted to undertake a less confrontational approach. The STUC highlighted the cost of the strike, and contrasted this with the Government's refusal to sanction greater investment in the coal industry.[110] Geological reasons were also cited by the STUC for the retention of all Britain's pits, as it contended that more coal would be needed as the world's oil and gas supplies depleted. Furthermore, a Scottish Miners' Relief Fund was established, which raised almost £2 million in cash, including £34,000 over

the 1984/85 Christmas spell alone.[111] Feelings became particularly heightened at this time, as the Government took an extra pound off striking miners' benefits. Fife Regional Council provided the children of striking miners with free school meals, and gave miners priority in claiming housing benefit to prevent undue hardship.[112] The STUC formed delegations drawn from a cross-section of Scottish society, as it sought to illustrate the depth of the miners' support in Scotland. The Scottish churches, local authorities and the Scottish Council (D&I) all campaigned for a quick settlement to the dispute.[113]

Labour gave the miners its tacit support, but Neil Kinnock, who came from a Welsh mining family,[114] distanced Labour from Scargill's violent tactics. Dick Douglas, MP for Dunfermline West, and Alexander Eadie, MP for Midlothian, both represented mining constituencies, and were outspoken critics of the Government,[115] but Scargill felt betrayed by the Labour leadership's attitude. Attacking the cost of the strike, Kinnock speculated that it was a calculated part of the Conservatives' wider plan to cripple the trade union movement. The party also supported the campaign to reinstate miners sacked for trivial offences at the picket line. Kinnock, however, pilloried Scargill's role in the dispute, and described the miners as 'Lions led by donkeys'.[116] Martin Adeney and John Lloyd accurately surmise that, 'Kinnock had no choice but to distance himself from it if he and his party were to remain as serious contenders for power'.[117]

On the other hand, David Howell argues that Kinnock's response represented, 'a disabling capitulation before a particular form of electoral politics'.[118] Howell's analysis fails to comprehend the changed political climate to which Kinnock was adapting. Labour had been humiliated at the 1983 General Election, and a close alignment between the party and Scargill would have damaged Labour's electoral credentials further. Joe Hill, a former miner from Penicuik, asserts that marriages were broken by the strike, and that he was unwilling to dissuade striking miners from returning to work, whilst Jimmy Allison claims that Labour had a better relationship with the NUM in Scotland, because of McGahey's influence.[119]

The Scottish trade union movement retained a greater degree of unity throughout the strike than their counterparts in England, with the STUC aided by the solidarity of the Scottish miners, who remained solidly behind the industrial action

until the end of the dispute. There were also fewer divisions between the Scottish pits in terms of wages, removing the possibility of 'new realism' prevailing in Scotland's mining communities. Another factor was the relationship between Milne and McGahey, both long-term comrades from the CPGB,[120] which led to a mutual understanding in Scotland that did not develop in England. The most valuable skill of the STUC was its ability to broaden its analysis of the dispute in Scotland to a wider debate on the Government's economic strategy.

Huw Beynon describes the dispute as, 'a moral and political struggle *within* the working-class movement',[121] but in Scotland this debate strained but never fractured the unity of trade unionists to the extent that it did in England. Campbell fails to differentiate between the conduct of the dispute in Scotland and England, and he does not examine the NUM's relationship with the STUC.[122] This displays a bias towards events in England, which may be justified by the importance of Yorkshire and Nottinghamshire. In undertaking this approach, however, Campbell overlooks the distinctive stance of the Scottish press and the degree of compassion felt for the miners' cause in Scotland. In general, the Scottish press was more balanced in its coverage of the dispute than the English newspapers, with the pro-Communist *Morning Star* being the only newspaper to give the NUM its unequivocal support. The *Glasgow Herald* summarised the strike as a 'Tragic Fiasco', stating, 'there are no real victors in this sorry tale'.[123]

Thatcher was jubilant at her victory over the miners, and Hugo Young argues that it and the Brighton bombing stoked her sense of personal destiny.[124] She had withstood the strongest extra-parliamentary challenge to her economic strategy since coming to power, and the corporatism of the consensus had been firmly banished from industrial relations. Although the strike consumed £2.5 billion of public money and acts of brutality committed by both policemen and miners, alike, had shocked many, this was a personal triumph for Thatcher.[125] Knox describes the dispute as, 'the last dying scream of the old proletarian mentality',[126] marking the onset of a new phase of reform intended to eradicate trade unionism as an economic and political force.

The Unions in Retreat : The Final Phase of Reform, 1987-1990

Thatcher was re-elected for a third term in office, in 1987, with the support of 27.5% of British trade unionists.[127] Labour had fought the General Election on a manifesto that pledged to overturn Thatcher's trade union reforms,[128] but had failed to make serious in-roads into the Conservatives' majority. It was now apparent that there would be no return to consensus politics.

As Scottish-based manufacturing industry continued to decline, the STUC's membership remained remarkably high at 910,942,[129] but all trade unions were forced to work much harder to attract new members. Jobs in manufacturing were not being replaced at the rate that they were being lost, and between 1979 and 1985 part-time employment in Scotland rose by 76,000.[130] In 1988 over a fifth of the British labourforce comprised part-time workers,[131] many of whom were disinterested in trade union membership. A large proportion of these part-time workers were female, and between 1980 and 1985 women represented 46.4% of the Scottish workforce.[132]

Many of these women were white-collar workers, who were to be found in non-manual and professional employment. White-collar workers had become increasingly trade unionised in the 1960s and 1970s in response to rising inflation, government sponsored collective bargaining and incomes policies. In 1979, there were 5,124,700 white-collar trade unionists in Britain, comprising 38.1% of total union membership. By 1989 this figure had fallen to 4,325,000, but its proportion of total British trade union membership had risen to 51%.[133] In 1985 there were eight representatives from white-collar unions on the STUC's General Council, and by 1989 there were ten.[134] The remaining sixteen members of the General Council were drawn from the traditional manufacturing and industrial unions, which influenced the STUC's economic priorities.

This fall in union membership was characterised by amalgamations, and heightened competition for members. The General and Municipal Workers' Union (GMWU) expanded to incorporate the Boilermakers Union, and the Agricultural Workers and Dyers and Bleachers merged within the TGWU.[135] This was designed to consolidate union strength in large general trade unions, which, it was hoped, would increase their bargaining power and manoeuvrability in industrial disputes. Moreover, these unions were in a position to offer membership packages, which included special

commercial offers and discounts, as they attempted to make trade union membership appealing in the face of 'new realism'.

Inward investors exploited this changed industrial climate, and began brokering single union recognition deals that enabled them to offer the lowest possible terms and conditions. These became known as 'sweetheart' deals, and even included no strike clauses.[136] Scotland's new towns attracted much of this inward investment and, between 1979 and 1986, only 6.6% of employers in Livingston recognised a union for bargaining purposes. Furthermore, 78% of plants, in East Kilbride, between 1979 and 1986 operated single union recognition deals.

Both of these new towns benefited from the expansion of the electronics industry, which was renowned for its hostility towards trade unionism, and the STUC suspected that LiS was promoting Scotland as a non-unionised country to foreign investors. Therefore, a new generation of Scottish manufacturing workers were removed from potential union membership, as Thatcher's economic restructuring limited trade union access to industrial growth sectors. These developments placed under scrutiny the TUC's 'Bridlington Rules', which dated from 1939 and prevented unions poaching each others members.[137] The STUC was also committed to enforcing these rules, but the agreement had never been tested until the 1980s.

In spring 1988 the electricians' union was suspended from the TUC over its activities in England,[138] and the STUC opted to impose a similar punishment. Christie had misgivings over adhering to the agreement, as the electricians' offences had not taken place in Scotland, and their Scottish officer, Alfred McLuckie, was about to become STUC President. Yet he chose to follow the TUC's example. Allison believes that Christie was a less capable General Secretary than Milne and,[139] on taking legal advice, the STUC was forced to withdraw its suspension of the electricians, causing embarrassment. The unprecedented nature of this case in post-war industrial relations highlighted the extent to which Thatcher was dismantling and destabilising the post-war consensus.

This incident, however, paled into insignificance as an inter-union fiasco arose over the proposed establishment of a Ford components' plant in Dundee in autumn 1987. The deal brokered by the SDA, promised to deliver 400 jobs to Dundee, and Gavin Laird of the Amalgamated Engineering Union (AEU) who sat on the SDA's

board agreed a single union deal on the grounds that the new plant would operate as a subsidiary of the Electrical and Electronics Division of Ford USA.[140] Other Ford unions, led by the TGWU, were outraged contending that the AEU was being used to undercut the national agreement on wages and conditions that already existed at other plants in Britain.[141] Indeed, Foster and Woolfson conclude that, 'The zeal with which the AEU leadership set up the Ford deal at Dundee suggests that this project had at least as much to do with maintaining its own political position as with four hundred jobs'.[142]

The STUC gave the investment package unreserved approval, but the other unions pursued the issue through the TUC, resulting in manual workers at Ford plants striking in protest, and the STUC being frozen out of the negotiating process by the TUC. The STUC's only involvement came in March 1988 at the climax of the negotiations when the TUC's General Secretary, Norman Willis, invited the STUC's General Council to Ford's headquarters in Detroit, as the investment package looked in jeopardy. The following day, Ford announced that it was abandoning its plans for Dundee.

Malcolm Rifkind derided 'trade union Neanderthal attitudes', and the *Glasgow Herald* columnist, Ian Imrie, stated that the 'trade union movement is...ponderous, clumsy, inefficient and it and it alone has lost Scotland a great opportunity'.[143] Furthermore, Ian Lang described the behaviour of the TGWU as 'appallingly destructive', and the *Herald* attacked the, 'chronic, wretchedly parochial short-sightedness of the British union movement'.[144] Christie proposed that the STUC should, from this point onward, handle all inter-union disputes that took place in Scotland, but the TUC declined his offer.

This set of events illustrated the extent to which Thatcher's legislation had undermined trade union solidarity throughout Britain. In effect, she had created a marketplace for trade union competition, in which the TUC and STUC were unable to implement an effective set of regulations. Relations between the English-based TUC, and the STUC deteriorated, as the TUC was anxious to protect its existing powers, while the STUC was determined to assert its independence within the British union network. The irony of this situation was missed by many political commentators. As the STUC fervently campaigned for Scottish devolution (see chapter 6), its own form

of self-government within the British trade union movement was highlighting the difficulties of successfully operating such a strategy.

The next phase of reform began when Norman Fowler guided the 1988 Employment Act through Parliament. Unions were prevented from disciplining members who refused to abide by a lawful strike, and the Act continued the democratisation process, making non-voting senior union officers subject to the balloting provisions of the 1984 Employment Act.[145] Furthermore, union election and political fund ballots were required to be conducted as postal ballots, and a Trade Union Commissioner was established to supervise the conduct of unions and hear complaints. Fowler contended that the legislation, 'puts the interests of the individual trade union member first and foremost',[146] but the legislation was also intended to maximise the obstacles surrounding strike action, and to further limit the prospect of militant trade unionists being elected to the leadership of unions.

The Act reinforced the position of superiority that Thatcher had created for her government in the field of industrial relations and signalled the point of no return for the trade union movement. In less than ten years Thatcher had transformed the British trade unions from 'social partners'[147] of the Labour Government to a near irrelevance in shaping Government policy. By 1988, the number of trade unionists in Britain had fallen to 10.5 million, and the number of working days lost to industrial stoppages in Scotland had dropped to 205,000, compared to the British average of 3,702,000.[148] A contributory factor was the rise in owner-occupation that was precipitated by the right-to-buy legislation (see chapter 5). This meant that many trade unionists who became homeowners for the first time were reluctant to engage in concerted strike action because of mortgage repayments.

By 1988 the issue of trade union reform was no longer of primary importance to the STUC, as it became a vehicle for cross-party campaigning against Thatcher's policies. Nevertheless, Christie described the Bill as 'vindictive and dangerous',[149] and the STUC focused its concern on a clause denying trade unions the right to discipline members who refused to abide by the decision of strike ballots, contrasting this circumvention of union democracy with the Government's assertion that it was 'making the Unions more accountable to their members'.[150] The approach of the STUC to this legislation encapsulated its reorientation in the face of Thatcher's

reforms. Wider political issues were now seen as a more productive field for union activities than the traditional defence of free collective bargaining.

The final piece of industrial relations legislation that Fowler piloted through Parliament was the 1989 Employment Act. This legislation contained crucial anti-union measures, which were included alongside clauses that tightened race discrimination laws in the workplace and brought greater equality for women.[151] Once again the closed shop was a focal point of the Conservatives' reforms, as industrial action in support of a closed shop was outlawed. Furthermore, the dismissal of an employee who refused to join a union, even where 80% of the workforce voted to establish a closed shop, was banned. Finally, the right of union officials to paid time off for union duties was restricted.

This Act directly undermined the ability of trade unions to create a spirit of collectivism within the workplace, and was intended to dissuade workers from joining unions, as their position became increasingly marginalized. By this stage, the effect of Thatcher's legislation on the closed shop was unmistakable, as the number of workers employed under these conditions fell from 5.2 million in 1978 to 3.5 million in 1989.[152] The 1989 Employment Act took a further step towards liberalising the labour market, as Thatcher pressed ahead with compulsory competitive tendering in the NHS and local government (see chapters 3 and 4). Trade unions were now focussing on discrimination in the workplace, as they attempted to demonstrate their continuing relevance in a changed working environment.

The STUC responded vigorously to this new reform. It believed that the Bill embodied an attack on the rights of women and young people in the workplace. This was a direct reference to those clauses in the Bill that dispensed with restrictions on the hours worked by young people. Michael McMahon, the STUC Youth Committee Chairperson, illustrated their anger, 'This legislation shows up the Government's hypocrisy. If you are 16 or 17 and cannot find a job or a place on the YTS you are not considered adult enough to claim Social Security benefits...But if you are at work, you will be treated like an adult in terms of the hours you can do'.[153] The STUC also criticised the Bill on the grounds that it restricted the amount of paid time-off that trade union officials were allowed, and it was unhappy that workers were to be denied the right to receive written reasons for dismissal if they had served under two years at

their place of work.

Unlike previous industrial relations legislation, the Scottish press were overwhelmingly hostile to the new Employment Act. Despite the turmoil over Ford's decision to abandon Dundee, Ian Imrie criticised Thatcher's 'bulldozing dictates',[154] thus reflecting the STUC's growing influence within civil society. Indeed, Gall compares the STUC's strategy towards civil society with the CPGB's 'British Road to Socialism', which sought, 'to encompass all those interests and groups fighting for democratic and progressive causes into...a more powerful single bloc against the monopoly capitalists...where in being brought together their horizons and aims are broadened out'.[155] However, Mark Irvine states that, 'the STUC were happy at times to act as what to outsiders often seemed like little more than a 'front organisation' for the Labour Party'.[156] With the STUC at the hub of anti-Conservative resistance, it was politically opportune for civil society to sympathise with the plight of the trade unions.

By 1990 Thatcher had entered her final year in office, and the Employment Act, which reached the statute book on 1 November,[157] heralded the end of the Thatcher era. Michael Howard, who had become Employment Secretary in January 1990, oversaw the Bill's eventual passage through Parliament. This Act signified the crowning moment of Thatcher's programme of industrial relations reform. It outlawed the closed shop, and unions were made legally responsible for the actions of lay officials who acted in an illegal manner. Furthermore, the legislation gave employers the power to dismiss any instigators of unofficial, or 'wildcat' strike action. Balloting provisions were also extended to contract workers, and sympathy and secondary action were outlawed. The main effect of this reform was that it actively discouraged union membership, and further limited the flexibility that unions possessed during industrial disputes.

There was an air of disbelief and fury in the STUC's reaction to the proposed legislation. The Deputy General Secretary of the STUC, Bill Speirs, stated, 'This legislation...will simply make it more difficult for ordinary trade union members to get a fair deal out of their boss. It defies belief that...after ten years of unremitting attack on trade unionists...they should still be trying to claim that Britain's economic problems are caused by the unions'.[158] The STUC attacked the Bill on the grounds

that it placed the rights of non-union members above those of trade unionists, and argued that it encouraged employers to use selective dismissal to sack union activists. Furthermore, the STUC contended that the Government's proposals, regarding unofficial strike action, were impractical and designed to create friction within the trade union movement. The final rebuke that it aimed at the legislation concerned the outlawing of all sympathy action, which it interpreted as a further assault on trade union rights.

Thatcher's final industrial relations reform left the trade union movement impotent, and the lack of media interest illustrated its declining political importance. However, with inflation at 10.9% by November 1990, and unemployment beginning to rise again it was evident that Thatcher's assault on the unions had not been a panacea to Britain's economic difficulties. When questioned in September 1990, only 1% of Britons believed that trade unions and strikes were one of the two most important political issues facing the country, compared to 26% who cited unemployment, and 25% who highlighted the economy.[159] The trade unions had been influential in Thatcher's entry to Downing Street, but they played no role in her downfall.

An Irreversible Victory? An Overview of Thatcher's Policies

Thatcher's attempts to neuter the trade union movement represented a crucial dimension of her assault on the post-war consensus. The extent to which she achieved her aim would have seemed unthinkable when she came to power in May 1979 after the 'winter of discontent'. Indeed, Allison believes that the castration of trade union power represented Thatcher's greatest success in her efforts to defeat socialism.[160] Between 1979 and 1990 the number of working days lost to strike action in Britain fell from 29,474,000 to 1,890,000,[161] and while the STUC and the TUC remained defiant, by 1990, a combination of high unemployment and incisive employment legislation had left them depleted and powerless to prevent Thatcher revolutionising the entire country. Politically the trade unions remained active, but economically their influence had been marginalized.

The STUC was informed of industrial developments in Scotland during the

Thatcher era, but it was never consulted. Thatcher succeeded in creating an economic environment in which management could assert its 'right to manage' in both the public and private sectors. This process was aided by the influx of inward investment in the 1980s, which resulted in sweetheart deals and inter-union competition for members. Nowhere was this more evident than in the electronics industry, which had an adverse effect on potential trade union recruitment in the one area of Scottish manufacturing that was experiencing growth.

White-collar workers also began to represent an increasing proportion of trade union membership, but their representation on the STUC's General Council did not reflect this. In stark contrast, female trade unionists saw their representation on the General Council rise from two, in 1981, to twelve in 1990. Industrial trade unionism was suffocated by Thatcher, and after the defeat of the miners it was decisively extinguished. Nevertheless, industrial trade unions continued to monopolise the leadership of the STUC, which influenced its economic priorities. Thatcher had harnessed the power of the state to exclude the unions from decision-making, and after 1985 there was no question that the Government held the upper-hand in industrial relations.

Thatcher partially succeeded in de-politicising the trade union movement, and undermined Labour's supportbase amongst trade unionists. At each of her general election victories she managed to increase the Conservatives' vote amongst British trade unionists, and she was particularly successful amongst non-manual trade unionists, many of whom had enjoyed improved pay throughout the 1980s.[162] However, Thatcher's ability to attract the votes of trade unionists was overshadowed by Labour's ability to lose their support. In October 1974, Labour received the votes of 52.2% of British trade unionists, but by June 1987 the party's support amongst trade union members had fallen to 37.1%.[163] Nevertheless, many of these voters had not switched their allegiance to the Conservatives, either abstaining or opting to vote for a third party, such as the Alliance or SNP.

According to Shirley Robin Letwin, Thatcher's legislation, 'tended to transform unions by loosening their monolithic structures, autocratically controlled by a permanent corps of leaders, and to reshape them as...voluntary associations of independent-minded individuals'.[164] Yet, writing in 1987, John MacInnes concludes

that, 'the basic institutions of workplace trade unionism survived the economic and legal assault of Thatcherism'.[165] Both arguments contain a grain of truth, but Letwin's is more accurate, as it envisages the long-term impact of Thatcher's reforms, which led to British trade union membership falling under seven million in 1997.[166] Nevertheless, Thatcher's legislation did not result in trade unions weakening their ties with the Labour Party. No trade unions disaffiliated from Labour, and throughout Thatcher's premiership the unions continued to provide the vast bulk of Labour's funding.

Thatcher could have outmanoeuvred the unions by introducing legislation that compelled individual trade unionists to 'contract in' if they wished to pay the political levy, but she was aware that this would have precipitated, 'pressure to change the system by which some companies donated to political parties, from which...the Conservative Party heavily benefited'.[167] Moreover, by expanding balloting procedures and improving transparency in union decision-making, Thatcher unintentionally legitimised the existence of the trade union movement. In 1979 only 51% of Britons believed that trade unions were a good thing and 36% believed that they were a bad thing, but by 1987 those in favour of trade unions had risen to 71% and those opposed had fallen to 17%.[168]

Under Thatcher, the trade unions were no longer considered as an 'estate of the realm', but trade unionism in Scotland did not die. The STUC managed to successfully re-orientate its role after 1987, and union membership remained proportionately higher in Scotland than south of the Border. As the STUC's economic influence waned, it maintained its public profile by organising mass campaigns of resistance to Thatcher's policies. This had the effect of integrating the STUC into civil society, and the STUC played an integral role in unifying civil society against Thatcher's policies.

The TUC also attempted to follow suit, but it had never been an accepted part of the English Establishment, and was less successful. Moreover, Scotland was dependent on public sector employment to a greater extent than England, and it was employees in this sector who bore the brunt of Thatcher's efforts to lower public sector wage costs.[169] Between 1979 and 1986 the pay of manual male workers in the public sector rose by only 6% compared to 13% in the private sector, and non-manual

public sector workers received a pay increase of 14% compared to 22% in the private sector.[170]

Nevertheless, trade union legislation played a peripheral role in galvanising Scottish opposition to Thatcher, as industrial relations had little effect upon the autonomy of civil society, and were viewed as a British issue. The trade union movement largely operated on a UK-wide basis, and while the STUC was clearly independent of the TUC it was also unavoidably integrated into the British trade union network. Thatcher's legislation did place strains on this British union solidarity, but she did not succeed in breaking existing national wage settlements in the public sector.

On the other hand, Thatcher's economic strategy combined with her castration of the trade unions to weaken British identity amongst working-class Scots. The trade union movement was a vehicle that led working-class Scots to develop contacts with union members elsewhere in Britain, and this helped to generate a form of British working-class solidarity. These Scots retained their Scottish identity, but they also realised that they shared common interests with workers elsewhere in the UK. However, as 'new realism' spread and union membership and activity fell, the attachment of the Scottish working-class to British solidarity was eroded.[171]

The STUC's pivotal role in opposing the poll tax (see chapter 5) and campaigning for devolution enabled it to maintain its influence and public prominence in Scotland. However, at a British level, the TUC was ineffectual and, after 1987, it focused its hopes on the EEC's social rights proposals. The STUC also began to reassess its previously anti-European stance (see chapter 2), as the possibility of less stringent European employment laws emerged.[172] Ron Todd of the TGWU encapsulated the isolation of the trade unions with the statement, 'The only card game in town at the moment is in a town called Brussels'.[173]

As Thatcher left Downing Street for the last time in November 1990, she could rightfully reflect that the post-war consensus on free collective bargaining had been rendered impotent. A free market economy had been cultivated at the expense of trade union power, and strikes had become a rarity. The sovereignty of Parliament was no longer in question, and it was the trade union movement that was struggling to adapt to 'new realism'. Thatcher had slain one dragon, but others lay in wait.

[1] Margaret Thatcher, *Let Our Children Grow Tall*, (London, 1977), p.37.

[2] W. Hamish Fraser, *A History of British Trade Unionism, 1700-1998*, (London, 1999), pp.235-254.

[3] Gregor Gall, 'Trade Unionism and industrial relations in Scotland since UCS', *Scottish Labour History Review*, Vol. 38, (2003), p.71.

[4] Christopher Harvie, *No Gods and Precious Few Heroes : Scotland since 1914*, (Edinburgh, 1993), p.165; James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes Towards Scotland*, (Edinburgh, 1990), p.98.

[5] I. G. C. Hutchison, *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001), p.148; Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), p.351.

[6] W. W. Knox, *Industrial Nation : Work, Culture and Society in Scotland, 1800-Present*, (Edinburgh, 1999), p.292.

[7] Thatcher Papers, MSS (2/1/3/9), Letter from Geoffrey Howe to Dundas Hamilton on 5 March 1979 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>, June 2004>.

[8] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), p.237.

[9] David Farnham, 'Trade Union Policy 1979-89 : Restriction or Reform?', in Stephen Savage and Lynton Robins (eds.), *Public Policy Under Thatcher*, (London, 1990), pp.60-62.

[10] *In Place of Strife*, Cmnd. 3888, (London, 1969), pp.28-30.

[11] John McIlroy and Alan Campbell, 'The High Tide of Trade Unionism: Mapping Industrial Politics, 1964-79', in John McIlroy, Nina Fishman and Alan Campbell (eds.), *British Trade Unions and Industrial Politics, Volume Two : The High Tide of Trade Unionism*, (Aldershot, 1999), p.122.

[12] Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1990), p.366.

[13] Huw Beynon and Peter McMylor, 'Decisive Power : The New Tory State Against the Miners', in Huw Beynon (ed.), *Digging Deeper : Issues in the Miners' Strike*, (London, 1985), p.31.

[14] Shirley Robin Letwin, *The Anatomy of Thatcherism*, (London, 1992), pp.131-132.

[15] McIlroy and Campbell, 'The High Tide', p.94.

[16] Will Hutton, *The State We're In*, (London, 1996), pp.89-90.

[17] Bodleian Library, CPA, LCC (79) 195, Conservative Research Department Paper on Public Sector Pay, 4 April 1979.

[18] John Campbell, *Margaret Thatcher, Volume One : The Grocer's Daughter*, (London, 2000), p.390.

[19] Interview with Campbell Christie on 21 November 2003.

[20] Margaret Thatcher, *The Path to Power*, (London, 1995), p.288.

[21] James Prior, *A Balance of Power*, (London, 1986), p.155.

[22] Paul Webb, *Trade Unions and the British Electorate*, (Aldershot, 1992), p.126; John Campbell, *Margaret Thatcher, Volume Two : The Iron Lady*, (London, 2003), pp.89-90.

[23] Prior, *Balance of Power*, p.158; Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), p.112.

[24] John MacInnes, *Thatcherism at Work : Industrial Relations and Economic Change*, (Milton Keynes, 1987), pp.54-55.

[25] Dave Lyddon, 'Glorious Summer', 1972 : the High Tide of Rank and File Militancy', *British Trade Unions*, pp.330-332.

[26] Henry Pelling, *A History of British Trade Unionism*, (Harmondsworth, 1967), p.232.

[27] MacInnes, *Thatcherism at Work*, p.55.

[28] Thatcher, *Path to Power*, pp.129-130.

[29] Young, *One of Us*, pp.225-226.

[30] *GH*, 20 February 1980; *DR*, 15 May 1980.

[31] Aitken, *The Bairns*, pp.8-9.

[32] GCURC : Archives, STUC Archive, GCM, January-March 1980, Press Statement on 7 December 1979, p.677 and pp.1225-1226.

[33] Aitken, *The Bairns*, pp.232-233 and p.265.

[34] *GH*, 1 May 1980.

[35] Campbell, *Iron Lady*, p.91 and p164.

[36] MacInnes, *Thatcherism at Work*, p.55.

[37] *Scottish Economic Bulletin*, No. 28, (Edinburgh, 1983), p.31.

[38] Gall, 'Trade unionism', p.55.

[39] *Hansard*, Sixth Series, Vol. 13, 9 November 1981, (London, 1981), col.311.

146

[40] Peter Riddell, *The Thatcher Era and its Legacy*, (Oxford, 1993), p.54.

[41] STUC GCM, March-April 1982, Press Statement on 29 January 1982, p.001824.

[42] STUC GCM, July-September 1982, Report of a Meeting with Norman Tebbit on 9 August 1982, pp.003268-003269.

[43] *GH*, 1 February 1982.

[44] Tony Lane, 'The Tories and the Trade Unions : Rhetoric and Reality', in Stuart Hall and Martin Jaques (eds.), *The Politics of Thatcherism*, (London, 1983), p.183.

[45] Gamble, *The Free Economy*, p.233; *The Employment Gazette*, Vol. 93, No. 1, (London, 1985), p.S45.

[46] Finlay, *Modern Scotland*, p.345.

[47] *Evening Times*, 25 February 1982.

[48] STUC GCM, July-September 1982, p.002627.

[49] MacInnes, *Thatcherism at Work*, p.55.

[50] Letwin, *The Anatomy*, p.142 and p.148.

[51] Webb, *Trade Unions*, p.22 and p.126.

[52] *GH*, 12 May 1984.

[53] STUC GCM, October-December 1984, Report of Seminar on Trade Unions and the Law, p.009298.

[54] Webb, *Trade Unions*, p.29.

[55] Thatcher, *Downing Street Years*, p.340; Peter Payne, 'The Decline of the Scottish Heavy Industries, 1945-1983', in Richard Saville (ed.), *The Economic Development of Modern Scotland*, (Edinburgh, 1985), p.88 and p.91.

[56] Payne, 'The Decline of the Scottish Heavy Industries', p.91.

[57] Robert Halliday, *The Disappearing Scottish Colliery : A Personal View of Some Aspects of the Scottish Coal Industry since Nationalisation*, (Edinburgh, 1990), p.17.

[58] Ian MacGregor, *The Enemies Within : The Story of the Miners' Strike, 1984-85*, (London, 1986), p.116.

[59] Young, *One of Us*, pp.366-367

[60] Maddox, *Maggie*, p.157.

[61] Thatcher, *Downing Street Years*, p.343 and pp.685-686.

[63] Campbell, *Iron Lady*, p.359.

[64] Carol Thatcher, *Below the Parapet : The Biography of Denis Thatcher*, (London,

1997), p.216.

[65] Martin Adeney and John Lloyd, *The Miners' Strike 1984-85 : Loss Without Limit*, (London, 1988), p.25.

[66] Thatcher, *Downing Street Years*, p.344.

[67] MacGregor, *Enemies Within*, p.169.

[68] Adeney and Lloyd, *The Miners' Strike*, pp.82-83.

[69] *GH*, 16 March 1984.

[70] Campbell, *Iron Lady*, p.356.

[71] Michael Crick, *Scargill and the Miners*, (Harmondsworth, 1985), pp.29-37.

[72] Christopher Harvie, 'Scotland after 1978 : from Referendum to Millennium', in R. A. Houston and W. W. Knox (eds.), *The New Penguin History of Scotland*, (London, 2002), p.503; Interview with Joe Hill on 9 January 2004.

[73] 'Pitting Friends and Enemies', *BBC Radio Scotland*, 23 February 2004 and 15 March 2004.

[74] Letwin, *The Anatomy*, p.150.

[75] Huw Beynon, 'Introduction', *Digging Deeper*, p.13.

[76] *GH*, 16 March 1984; *DR*, 7 March 1984.

[77] Young, *One of Us*, p.370.

[78] Gamble, *The Free Economy*, p.125.

[79] Young, *One of Us*, p.368.

[80] Adeney and Lloyd, *Miners' Strike*, p.241.

[81] *Hansard*, Sixth Series, Vol. 83, 17 July 1985, (London, 1985), col.300.

[82] Young, *One of Us*, p.370.

[83] *GH*, 12 July 1984.

[84] Brenda Maddox, *Maggie : The First Lady*, (London, 2003), pp.160-161.

[85] Seumas Milne, *The Enemy Within : The Secret War Against the Miners*, (London, 2004), pp.307-323 and pp.341-350.

[86] 'ibid', p.104.

[87] Campbell, *Iron Lady*, pp.362-363.

[88] Thatcher, *Downing Street Years*, pp.179-183.

[89] Campbell, *Iron Lady*, p.363.

[90] STUC GCM, April-June 1984, Minutes of General Council Meeting on 4 April

148

1984, p.007567.

[91] *GH*, 29 March 1984.

[92] Aitken, *The Bairns*, p.293, p.270 and p.275.

[93] STUC GCM, April-June 1984, p.007567.

[94] 'Pitting Friends and Enemies', 1 March 2004.

[95] 'ibid'.

[96] 'ibid'.

[97] Thatcher, *Downing Street Years*, pp.361-362.

[98] Adeney and Lloyd, *Miners' Strike*, pp.196-197.

[99] Campbell, *Iron Lady*, p.366.

[100] 'Pitting Friends and Enemies', 29 March 2004.

[101] Thatcher, *Downing Street Years*, p.376.

[102] *Hansard*, Sixth Series, Vol. 72, 4 February 1985, (London, 1985), col.623-624.

[103] Milne, *Enemy Within*, pp.9-13 and pp.388-389.

[104] 'Pitting Friends and Enemies', 29 March 2004.

[105] Letwin, *The Anatomy*, p.150.

[106] STUC GCM, July-September 1985, Report of Meeting with Secretary of State for Scotland on 7 June 1985, p.001459 and pp.001463-001664.

[107] *DR*, 4 March 1985.

[108] Aitken, *The Bairns*, p.279.

[109] *Hansard*, Sixth Series, Vol. 76, 27 March 1985 (Written Answers), (London, 1985), col.260; Halliday, *The Disappearing Scottish Colliery*, p.17.

[110] STUC GCM, July-September 1984, Press Statement on 25 June 1984, p.008146.

[111] STUC GCM, January-March 1985, Minutes of General Council Meeting on 9 January 1985, p.000354.

[112] *GH*, 22 March 1984.

[113] Aitken, *The Bairns*, pp.277-278.

[114] Maddox, Maggie, p.159.

[115] *Hansard*, 4 February 1985, col.678 and 692.

[116] Martin Westlake, *Kinnock : The Biography*, (London, 2001), pp.283-311 and p.309.

[117] Adeney and Lloyd, *Miners' Strike*, p.6.

[118] David Howell, 'Where's Ramsay MacKinnock?' : Labour Leadership and the Miners', *Digging Deeper*, p.197.

[119] Interview with Joe Hill; Interview with Jimmy Allison on 13 April 2004.

[120] Aitken, *The Bairns*, p.276.

[121] Beynon, 'Introduction', p.6.

[122] Campbell, *Iron Lady*, p.356.

[123] *GH*, 4 March 1985.

[124] Young, *One of Us*, pp.377-378.

[125] Gamble, *The Free Economy*, p.192.

[126] Campbell, *Iron Lady*, p.294.

[127] Webb, *Trade Unions*, p.126.

[128] *Labour's Manifesto 1987 : Scotland will win*', (Glasgow, 1987), p.10.

[129] John Leopold, 'Trade unions in Scotland : Forward to the 1990s?', *Scottish Government Yearbook 1989*, (1989), p.70.

[130] Neil Fraser and Adrian Sinfield, 'The Scottish labour force in recession', *Scottish Government Yearbook 1987*, (1987), p.158.

[131] Riddell, *The Thatcher Era*, p.53.

[132] Leopold, 'Trade Unions in Scotland', p.82.

[133] Webb, *Trade Unions*, p.79.

[134] *Scottish Trades Union Congress 88th Annual Report*, (Glasgow, 1985), piii; *Scottish Trades Union Congress 92nd Annual Report*, (Glasgow, 1989), piii.

[135] Leopold, 'Trade Unions in Scotland', pp.74-75, p.79, pp.81-82 and pp.86-87.

[136] Aitken, *The Bairns*, pp.285-287.

[137] Pelling, *A History of British Trade Unionism*, pp.206-207.

[138] Kavanagh, *Thatcherism*, p.237.

[139] Interview with Jimmy Allison.

[140] Riddell, *The Thatcher Era*, p.56; STUC GCM, October-December 1987, Letter from Roger Lyons, Assistant General Secretary of the Association of Scientific, Technical and Managerial Staffs, to Norman Willis, TUC General Secretary, on 14 October 1987, pp.002673-002674.

[141] Aitken, *The Bairns*, pp.288-289.

[142] John Foster and Charles Woolfson, 'Corporate Reconstruction and Business

150

Unionism : The Lessons of Caterpillar and Ford', *New Left Review*, 174, (1989), p.63.

[143] *GH*, 18 March 1989.

[144] Ian Lang, *Blue Remembered Years : A Political Memoir*, (London, 2002), p.77; *GH*, 18 March 1989.

[145] Riddell, *The Thatcher Era*, pp.47-48.

[146] *Hansard*, Sixth Series, Vol. 121, 3 November 1987, (London, 1987), col.817.

[147] Kavanagh, *Thatcherism*, p.131.

[148] *Scottish Economic Bulletin*, No. 40, (Edinburgh, 1989), p37; *Employment Gazette*, Vol. 99, No. 4, (London, 1991), S.43.

[149] STUC GCM, October-December 1987, p.002817.

[150] STUC GCM, April-June 1988, Conference motion on 1988 Employment Bill (Composite 1), p.001636.

[151] Employment Act 1989, *Public General Acts of 1989*, Chapters 26-39, (London, 1990), p.8, p.10, p.11 and p.13.

[152] Letwin, *Anatomy*, p.147.

[153] STUC GCM, April-May 1989, Bulletin of the STUC Youth Committee, Spring 1989, p.001613.

[154] *GH*, 8 July 1989.

[155] Gall, 'Trade unionism', p.68.

[156] Mark Irvine, 'Scotland, Labour and the Trade Union Movement : Partners in Change or Uneasy Bedfellows?', in Gerry Hassan (ed.), *The Scottish Labour Party : History, Institutions and Ideas*, (Edinburgh, 2004), p.223.

[157] Employment Act 1990, *Public General Acts of 1990*, Chapters 19-40, (London, 1991), p.2 and pp.5-6.

[158] STUC GCM, January 1990, Press Statement on 21 December 1989, p.000566 and pp.000319-000321.

[159] Webb, *Trade Unions*, p.206.

[160] Interview with Jimmy Allison.

[161] *Employment Gazette*, Vol. 99, S.43.

[162] MacInnes, *Thatcherism at Work*, p.83 and p.167.

[163] Webb, *Trade Unions*, p.126.

[164] Letwin, *The Anatomy*, p146

[165] MacInnes, *Thatcherism at Work*, p100

[166] Knox, *Industrial Nation*, p.292.

[167] Thatcher, *Downing Street Years*, p.275.

[168] Webb, *Trade Unions*, p.201.

[169] Farnham, 'Trade Union Policy', p72

[170] MacInnes, *Thatcherism at Work*, p.83.

[171] David McCrone, *Understanding Scotland : The Sociology of a Nation*, (London, 2001), p.167.

[172] Aitken, *The Bairns*, pp.299-300.

[173] 'ibid', p.300.

Chapter Four

'SOCIAL THATCHERISM'?[1] WELFARE PROVISION IN SCOTLAND, 1979-1990

Speaking in Liverpool, in 1976, Margaret Thatcher articulated her view of the welfare state, 'the appetite of the education service, and of health and welfare, has proved insatiable...we must try to put responsibility back where it belongs with the family and with the people themselves'.[2] The boundaries of the welfare state are open to interpretation, as is its founding point, but the term gained common currency in the 1940s.[3] Indeed, the spirit of the post-war consensus was enshrined in the welfare state and Thatcher's reforms proved immensely controversial. She was accused of 'Anglicising' Scottish education, privatising healthcare by stealth, and her overhaul of social security was branded as uncaring.

Structurally, the welfare state poses difficulties for historians, as its subject areas are disparate and diverse. For the purposes of this thesis, the welfare state is defined as encompassing social security, health and education. These three topics are analysed in separate but chronological sub-sections interlinked by an integrated introduction and conclusion. The chapter begins with an introductory section that charts Scottish welfare developments between 1970 and 1979. The first sub-section focuses on social security, the second examines Thatcher's NHS reforms, and the third looks at educational restructuring. Nicholas Timmins has adopted a similar approach in his recent 'biography' of the welfare state, The Five Giants (2001).

Scottish historians have tended to neglect this dimension of Thatcher's premiership, but comprehensive coverage of her welfare state reforms has been undertaken by Timmins, whilst Geoffrey Finlayson has examined her restructuring with reference to the voluntary sector. Michael Fry argues that post-war Scottish government, 'had been built by and for collectivism, for central planning of a welfare state', and Richard Finlay asserts that, 'on the whole, most people thought that it worked'.[4] Finlay also contends that, as a result of Thatcher's restructuring, 'the defence of such British institutions as the social security system and the health service, increasingly took on a nationalist air'.

Furthermore, Christopher Harvie asserts that Thatcher's efforts to create a

liberalised labour market, 'seemed aimed at that third of the population which struggled to survive on or below the poverty line'.[5] He incorrectly cites the 1985/86 teachers' strike as taking place between 1986 and 1987, but accurately identifies growing alienation amongst Scottish teachers, which he purports to be a direct consequence of 'government aggression and parental choice'.[6] Iain Hutchison argues that outwith St Andrews University, 'The Scottish universities, on the whole, resisted the intellectual enchantments of the New Right',[7] whereas James Mitchell's research entirely overlooks developments in the welfare state under Thatcher.

A Crumbling Consensus? The Welfare State, 1970-1979

By 1970 an identifiable consensus had appeared in the fields of social security and health. The main political parties differed only over the best means of delivering these services, and the Conservatives were content to shape the welfare state in their vision rather than to contemplate a fundamental overhaul. Education proved to be more divisive, but the Conservatives made no attempt to abolish the comprehensive system, and subsequently embellished it. Furthermore, the ethos of 'democratic intellectualism' remained evident within Scottish education and, following the Robbins Report, the pursuit of greater access to higher education was embraced by both parties. It appeared that a sustainable consensus on welfare provision had been constructed.

On becoming Conservative Party leader Thatcher challenged the orthodoxy of this consensus, asserting that the pursuit of equality was damaging the economy. In September 1975, Thatcher stated that, 'People would rather have a little less public service and more freedom of choice on how to spend the money they earn'.[8] Indeed, Thatcher surmised that the welfare state had eroded the vigorous virtues (see Introduction) by discouraging individual responsibility.

The Social Security Pensions Act 1975 further embellished the post-war consensus by providing for a superannuation scheme, known as the State Earnings-Related Pension Scheme (SERPS). It allowed individuals in private schemes, adjudged to be adequate by the state, to opt out of SERPS, but created an enhanced compulsory state scheme for all other workers.[9] The basic pension was to increase

annually in line with prices or wages, depending on which was higher. The Conservatives supported this measure, but planned on dramatically reducing its coverage.[10] In 1977, child benefit, a universal payment for all children, replaced family allowances.[11]

In 1972, the Scottish Health Service (SHS) underwent restructuring, establishing fifteen area health boards, divided into districts for administrative purposes.[12] The boards operated consensually with responsibility shared by the chief medical officer, the chief nursing officer, the board secretary and the finance officer.[13] The boards continued to provide private pay-beds which, by 1974, were losing £7 million per year.[14] In 1977, Labour established the Health Services Board (HSB) to oversee the phasing out of pay-beds in NHS hospitals.[15]

The minimum school leaving age was raised to sixteen in 1972. In 1977 the Munn Committee recommended reconstructing the third and fourth year secondary school curriculum, whilst the Dunning Report proposed the introduction of a single examination certificate, to be awarded to all pupils on completing the final year of compulsory schooling.[16] In an internal Conservative Party discussion paper on education, in March 1978, Nigel Lawson proposed radical reform, favouring the introduction of repayable student grants in order to deter 'weakly-motivated and marginal would-be students' from entering higher education.[17] Moreover, he supported the imposition of charges for pupils who attended school between the ages of sixteen and eighteen.

In 1979 only 5% of Scotland's secondary school population was educated in the private sector, compared to the British figure of 5.8%, and these proposals would have had little impact on fee-paying schools.[18] Nevertheless, they would have affected Scottish universities, such as Glasgow, which, by 1964, was attracting 30% of its students from working-class backgrounds.[19] Lawson's proposals contradicted 'democratic intellectualism', and the construct of the 'lad o' pairts'.[20] These proposals were omitted from the party's 1979 manifesto, but reveal the extent to which some Conservatives wished to break with the post-war consensus.

Indeed, the Conservatives' Social Services Policy Group favoured increased NHS prescription charges and was attracted to a health insurance system.[21] It also called for greater cooperation with the voluntary sector, tax relief on employers'

medical insurance, and the taxation of unemployment benefit. Andrew Gamble believes that the Conservatives' record on welfare reform was an influential factor in establishing the party's twentieth century political hegemony, and during the 1979 General Election, Thatcher went to great lengths to emphasise her commitment to the welfare state, but asserted that improvements had to be tied to economic performance.[22] The welfare state's central flaw, she believed, lay in its imposition of collectivism from above, impeding individual freedom and private enterprise. Enhanced individual responsibility, reduced dependency, minimised costs, greater choice and more voluntary involvement were her goals. This led to an assault on the values of the post-war consensus, which underpinned the welfare state.

(1) : LOOSENING THE SOCIAL SECURITY SAFETY NET

Social security was a central battleground in Thatcher's efforts to reduce dependency. Beveridge had asserted that his plans for the welfare state would become unworkable if unemployment passed 8.5% and, as unemployment increased in the 1970s, the social security system became increasingly complex and costly to administer. Labour set up an internal review of supplementary benefit in the midst of the IMF crisis (see Chapter 1). The review's recommendations published in July 1978, when the social security budget accounted for a quarter of total public spending, called for a simplification of benefits, less reliance on discretionary benefits and clearer rules of entitlement.[23] Being open to interpretation, these findings were acceptable to Thatcher, as the review had operated on a no-extra cost basis.

Thatcher began her restructuring, in 1980, by abolishing the Supplementary Benefits Commission (SBC), which she replaced with the powerless Social Security Advisory Committee. The Conservatives also broke the link between average earnings and pensions by specifying that pensions were to be uprated in line with the Retail Price Index (RPI),[24] which led to smaller pensions increases, as wages tended to rise faster than prices. Timmins alleges that this change had been agreed to in opposition.[25] Finally, unemployment, sickness and invalidity benefit and maternity allowances were cut, the first deliberate reduction in benefits since 1945.[26] These reforms resulted in a transfer of resources, with 1.75 million claimants losing out and

156

800,000 gaining.[27] Privately Thatcher confided to Patrick Jenkin, Health and Social Security (DHSS) Secretary, that, 'we will have to go back to soup kitchens'.[28]

Writing in 1983, Ian Gough contended that, 'The goal is to use market forces to reduce real wages and augment profits. A cut in the 'social wage' augments this pressure to reduce labour's share in the national income'.[29] Yet, Gough's perceptive analysis overlooks the moral dimension to Thatcher's beliefs, as she was convinced, 'that no one remained poor for long except by their own fault'.[30] These initial reforms were designed to castrate consensual bodies and constrain social security costs, which were rapidly rising as a result of widespread unemployment (see chapter 2). Thatcher had signalled her intention to overturn the post-war consensus on social security, but Timmins concludes, 'that these cuts were driven more by a desperate determination to reduce spending than by any logically coherent approach'.[31]

An overhaul of the existing dual system of housing benefits took place in 1982. Supplementary benefit claimants until now had their rent and rates covered by the DHSS, while those on low incomes could apply to their local authority for these rebates. Under this system a considerable number of rebates beneficiaries were better off moving onto supplementary benefit. The Social Security and Housing Benefit Act 1982, therefore, transferred the DHSS's responsibility for rent and rates rebates to local authorities. Owner-occupiers on supplementary benefit now had their rates covered by their local authority, with the DHSS meeting their mortgage repayments.[32]

This legislation increased the functions of local government at the behest of central government, and was designed to reduce public spending by transferring administrative costs to local authorities, which had their expenditure constrained by the Government (see chapter 5). Thatcher, however, was willing to jeopardise her efforts to constrain public expenditure by subsidising owner-occupiers in order to achieve her objective of a 'property owning democracy' (see chapter 5). Thatcher surmised that by subsidising these individuals, in the short-term, she would dissuade reliance on council housing, which the right-to-buy legislation was striving to transfer into individual ownership. She believed that owner-occupiers would rapidly regain their independence when the recession ended, thus providing an immediate reduction in public spending.[33]

In Scotland, social security expenditure was running at £523 per head in

1981/82, compared to £518 in England.[34] The number of Scots dependent on supplementary benefit rose from 450,000 in November 1979 to 770,000 in November 1982.[35] Thatcher made unemployment benefit taxable in July 1982, only restoring its value, after the cuts of 1980, in November 1983. Black economy activity denied the Government £3.5 billion of tax revenue in 1980 and, as unemployment escalated, social security spending reached £33 billion in 1982/83.[36]

Alarmed at this trend, Norman Fowler, Jenkin's replacement, announced 'the most fundamental examination of our social security system since the Second World War' in April 1984.[37] The review took the form of four panels with a remit to examine all areas of social security, with the exception of benefit levels. Its recommendations were to reflect a social security system capable of meeting genuine need. Its structure was to be consistent with the Government's economic strategy, and was to become simpler to understand and easier to administer.

In June 1985, all four reviews were published in a radical Green Paper. Means-tested family credit was to replace Family Income Supplement, and SERPS, which covered ten million individuals, was to be abolished. The latter was the brainchild of the head of the Downing Street Policy Unit, John Redwood.[38] Contrary to Thatcher's wishes, however, individuals were not compelled to join a private pension scheme, as Lawson was unwilling to burden private sector employers with compulsory pension contributions. Furthermore, income support, incorporating a system of personal allowances with additions for dependent children was to replace supplementary benefit. Fowler contended that this package would increase the disposable income of Britain's poorest families. This was questionable, as the Government intended simultaneously to cut their entitlement to housing benefit, whilst limiting the availability of free school meals.

At the heart of the Green Paper lay Thatcher's desire to encourage individual responsibility. Those under twenty-five were to receive a lower rate of benefit, and the housing benefit means-test was to be aligned with that for income support. Single payments for essential household items were to be replaced by a social fund that dispensed grants and interest-free loans. The universal provision of maternity and funeral grants was to cease, and maternity allowances were to be limited to those mothers who worked before and after pregnancy. Benefit recipients were to pay at

least 20% of their rates, with those individuals on income support receiving an inbuilt allowance to cover payments.

These proposals were intended to reduce social security administration and costs, and encourage individual responsibility. Furthermore, by extending the use of means-testing, Thatcher believed that benefits would be targeted at those most in need, alleviating the worst effects of the poverty and unemployment traps.[39] She was convinced that this package would reduce state dependency and increase individual choice. The STUC, however, contended that many workers would not qualify for private pension schemes because of age, ill health or the nature of their work.[40]

Scotland contained some of the most deprived areas of Britain, and had much to lose from social security streamlining. In 1985, 15.5% of the Scottish population was dependent on benefits, and 45.5% of Scottish households were in receipt of housing benefit compared to 34.7% of British households.[41] The STUC envisaged the review improving 'the position of some of the poorest people...by taking away resources from other poor people'. Indeed, statistics compiled by Gordon Brown appear to confirm this, as he calculated that 20,000 low wage families would be unable to claim family credit, and that 90,000 would lose housing benefit. The Scottish Council for Community and Voluntary Organisations (SCFCVO) added to the discontent over the review's findings by revealing that 1.64 million Scots were living in poverty or on the margins of poverty.

Despite only two positive responses being received from the sixty representative groups consulted,[42] the White Paper issued in December 1985 contained few alterations. Thatcher's most significant concession was to continue SERPS, whilst reducing the benefits of the scheme to those retiring after 1999. Furthermore, the Government boosted the financial services sector by enabling members of SERPS to transfer their existing contributions to a private pension scheme with a guarantee that the state would add 2% to their contributions until 1993.[43]

The *Glasgow Herald* welcomed some aspects of the proposals, but was suspicious of the Government's cost-cutting intentions, whilst the *Daily Record* accused the Government of 'trying to cut the Welfare State, not reform it'.[44] Between 1979 and 1985, the number of British families in receipt of supplementary benefit or

housing benefit increased from 2.59 million to 4.11 million, and the number of individuals on or below the poverty line rose by 55%.[45] With these reforms coming into force in April 1988, the Government was pressurised to alter the legislation further. One of the most controversial clauses provided for a reduction in housing benefit if claimants had more than £3,000 worth of savings, and withdrawal if the sum exceeded £6,000. This contradicted Thatcher's doctrine of 'hard work, self-reliance, thrift',[46] by penalising individuals with savings.

Faced with a backbench rebellion, the Government agreed to raise the capital limit to £8,000, benefiting 100,000 people and costing £30 million.[47] A transitional scheme was also introduced to compensate previous recipients of housing benefit for losses of greater than £2.50 per week, aiding 300,000 people at a cost of £70 million. In October 1986, Fowler increased the maximum period of disqualification for unemployed individuals who were deemed not to be pursuing employment, from six to thirteen weeks and, in April 1988, this rose to twenty-six weeks.[48]

The potential effect of these reforms on existing benefit recipients was contentious with 3.8 million claimants losing out and 2.16 million gaining. The legislation disproportionately affected the young with the Conservative-dominated House of Commons Social Services Committee estimating that single people under twenty-five lost up to £8.84 per week, and the Benefits Research Unit alleging that 81% of families with dependent children lost out.[49] This contradicted Thatcher's statement that, 'It is on the family that we in government build our own policies for welfare'.[50] Campbell Christie condemned the reforms as a 'moneylenders' charter'.[51]

Brown calculated that over one million families and households were losing more than £3 per week as a result of the 1988 Budget and social security reforms. When these initiatives were combined he claimed that the bottom 25% of the British population lost £600 million, while the top 5% received £2,500 million.[52] Thatcher viewed tax cuts as a stimulus to the economy, unlike benefits which redistributed wealth. According to John Campbell she was convinced, 'that the benefit of tax cuts and other incentives for the rich would 'trickle down' to benefit the entire economy'.[53]

When questioned in 1987, 72% of Scots believed that Thatcher looked after the interests of one class, and 54% stated that she was uncaring.[54] These attitudes

were influenced by high Scottish unemployment, but Thatcher's social security reforms reinforced such beliefs. The introduction of the poll tax in 1989 (see chapter 4) represented an acceleration in Thatcher's attempts to break the 'dependency culture',[55] but it also combined with the 1986 Social Security Act to increase the financial strain on the poorest sections of society. Thatcher failed to appreciate that her economic strategy contradicted the pursuit of individual responsibility as it increased unemployment, adding to state dependency. Neither the introduction of the community charge nor her restructuring of social security could compensate for a UK unemployment rate that peaked at 11.4% in 1986, or the existence of 55% male unemployment in Dalmarnock in Glasgow.[56] Campbell concludes, 'that in the midst of rising wealth, poverty was also increasing, creating a new and permanently excluded underclass'.[57]

Meanwhile, the abolition of single payments sparked furious debate. In 1985, the rate of DHSS single payments in Scotland was over three times higher than in England, and SCFCVO estimated that 300,000 Scots received single payments of an average value of over £100 each year.[58] The social fund, which replaced single payments, was criticised on the grounds that it forced impoverished families into debt, and that its 15% standard rate of repayment compelled individuals on income support to live below the poverty line.[59] The distribution of grants and loans was also made subject to the discretion of local DHSS officers, undermining the principle of universality. Thatcher believed that social fund repayments encouraged individual responsibility amongst benefit claimants, and exposed them to market forces. Moreover, she surmised that individuals who suffered hardship when unemployed would be more motivated to find work rather than remain dependent on the state.

Following the introduction of social fund grants a significant reduction in expenditure took place. Rutherglen, then part of Glasgow, received a social fund budget of £464,887 for grants and £1,095,068 for loans in 1987/88, compared to the sum of £3,115,881 that it had received through single payments in 1986/87.[60] Nevertheless, Scotland continued to fare significantly better than England. St Helens, a depressed industrial town on Merseyside, received a social fund grants budget of £240,016 and a loans budget of £568,334, compared to its single payments quota of £1,556,602 in 1986/87.

Thatcher encapsulated the break from the post-war consensus in an interview with *Women's Own* magazine in October 1987, when she stated that, 'there is no such thing as society...no government can do anything except through people, and people must look to themselves first...There's no such thing as entitlement, unless someone has first met an obligation'.[61] However, by 1986, the black economy in Britain was consuming around 5% of GDP, as benefit recipients supplemented their incomes through illegal tax-free work.[62]

State dependency remained more entrenched in Scotland than elsewhere in Britain, and it showed little sign of receding. This was partially attributable to Scotland's higher than average rate of unemployment, but fails to account for Scotland's advantage over equally depressed areas, such as Merseyside. This divergence can be found in Scotland's retention of its regional authority structure. Regional councils, such as Strathclyde, employed Welfare Rights Officers, established Special Joint Initiatives with district authorities, and placed newspaper advertisements encouraging benefit uptake, maximising the number of claimants.[63] This was more difficult in England, where local authorities received 20% less in Rate Support Grant than Scottish councils, more councils were Conservative-controlled, and where the Greater London Council and Metropolitan County Councils' abolition in 1986 removed the equivalent tier of English local government (see chapter 4).

From September 1988 unemployed school-leavers aged sixteen and seventeen had to take a place on a Youth Training Scheme or forego their benefit.[64] In October regulations were implemented forcing the unemployed to prove that they were seeking work or have their benefit curtailed. Another controversial tactic was the freezing of child benefit between 1987 and 1990, leaving many impoverished families reliant on means-tested family credit. Thatcher had favoured its outright abolition, but feared the political consequences amongst middle-class voters.[65] By 1990, Labour estimated that child benefit was worth 12% less than in 1979.[66]

'Offering dependency in place of independence'?[67] Thatcher's Social Security Legacy

Thatcher succeeded in overturning the post-war consensus on social security by

increasing the use of means-testing, reducing benefit levels, and abandoning many discretionary benefits. This was designed to differentiate between the 'deserving' and the 'undeserving' poor, and Thatcher contended that these measures would alleviate the poverty and unemployment traps. Gough argues that, 'this was intended to alter the class balance of forces to raise the rate of exploitation', but Thatcher, 'believed that inequality was not just inevitable but necessary, indeed positively beneficial, as a stimulus to enterprise, a reward for success and a penalty for failure or lack of effort'.[68]

Nevertheless, this labyrinth of benefit alterations failed to reverse the upward trend in social security spending. Between 1979 and 1989 social security expenditure rose over 30% ahead of inflation, and the numbers dependent on means-tested benefits increased from 4.4 million in 1979 to 8.2 million in 1988.[69] Thatcher's restructuring also failed to win a majority of support amongst either the British or Scottish electorate. When questioned in April 1989, 54% of Britons and 60% of Scots stated that their ideal was, 'A country which emphasises the social and collective provision of welfare'.[70]

During Thatcher's premiership Scotland had suffered higher rates of unemployment than many parts of the UK, leading to greater dependence on social security. This and the activities of Scotland's regional councils were significant factors in the more positive disposition of Scots to social security. Indeed, Scots such as Brown were at the forefront in defending the UK social security system from Thatcher's reforms, as they objected to Thatcher restructuring a British institution that provided for Scotland's social needs. Yet, there was little support for a separate Scottish social security system in the Constitutional Convention.

Consequently, Finlay's assertion that this opposition took on 'a nationalist air' should not be over-emphasised In effect, these representations demonstrated Scotland's commitment to the post-war consensus on social security. By 1988/89 the social security budget stood at £47.58 billion, representing 31% of all public spending and, in 1989, 500,000 Scots were in receipt of social security benefits.[71] The post-war consensus had been ruptured, but the problem of dependency was more acute than ever.

(2) 'SAFE IN OUR HANDS'?[72] THATCHER'S REFORM OF THE SCOTTISH HEALTH SERVICE

The NHS epitomised the spirit of the post-war consensus to a greater extent than any other adjunct of the welfare state. Its free-at-the-point-of-need service had become enshrined in British and Scottish life, and those principles had never been seriously questioned by any Conservative administration. However, the NHS was a state-run monolith that was heavily trade unionised, and this offended Thatcher's belief in market forces, consumer choice and individual responsibility.[73] To overturn this consensus she had to either replace the NHS with a health insurance scheme or remould the largest employer in western Europe into a market-orientated entity.[74]

During the 1979 General Election, Thatcher gave a commitment to maintain NHS expenditure,[75] limiting the Government's options for reform. The Conservatives also inherited a Royal Commission on the structure of the NHS, endorsing its tax-based funding and calling for the abolition of charges.[76] This report highlighted the inequitable distribution of resources between and within health boards, and called for improved preventive health measures, including the initiation of health education programmes. Furthermore, it recommended that the powers of the HSB should be increased, but emphasised that the NHS should streamline its structures to experience the full benefits of government spending.

These proposals were complemented by the publication of the Black Report in August 1980, which concluded that inequalities in health had widened during the 1970s.[77] Its study of mortality rates between 1970 and 1972 demonstrated that unskilled individuals were two and a half times more likely to die before retirement age than their professional counterparts, and that unskilled parents' babies were twice as likely to die at birth or in the first month of life as professional parents' babies. Black called on the Government to bridge this gap by reintroducing free school milk, offering universal free school meals, curbing tobacco advertising and improving health education.

However, Jenkin described Black's recommendations as, 'unrealistic in present or any foreseeable economic circumstances' and, in her first Commons speech as Prime Minister, Thatcher asserted that, 'there is no such thing as a free

service in the Health Service'.[78] She strongly favoured the use of private medicine, believing that it enhanced choice and relieved pressure on the NHS. Indeed, the Conservatives immediately contradicted the Royal Commission's proposals in the 1979 Budget, by increasing prescription charges from twenty pence to forty-five pence. By 1983, the cost of prescriptions had escalated to £1.40.[79]

Between May 1979 and January 1980 the number of pay beds in Scotland dropped from 114 to 95.[80] The 1980 Health Services Act, which abolished the HSB and empowered the Scottish Secretary to reintroduce pay-beds into SHS establishments, sought to stem this decline.[81] Health boards were also permitted to raise cash from voluntary sources if they wished to supplement their budgets. At the beginning of 1980, NHS consultants' contracts were changed, allowing full-time consultants to earn up to 10% of their gross salary from private practice.

Moreover, the Scottish Secretary was no longer required to finance all health board expenditure, and health boards were directed to work within their allocated budgets.[82] George Younger informed health boards that if they could not keep their administrative costs below 14%, then they would have to find comparable savings. In November 1980, Russell Fairgrieve, Scottish Health Minister, raised the possibility of employing private companies to deliver services in SHS establishments.[83] Nevertheless, the Government endorsed Black's health education proposals and, in 1980, the Scottish Health Education Group was formed to promote health education throughout Scotland.[84]

These initial measures directly challenged the post-war consensus, as Thatcher strove to protect and expand private sector provision, whilst enforcing financial discipline on Scotland's health boards. This enabled consultants to devote a greater proportion of their time to private work, limiting their availability for NHS patients. Between 1981 and 1983 surgical waiting lists in the SHS rose from 65,000 to 88,000.[85] Some Scottish health boards were antagonistic towards the Government, resenting spending constraints, and the limitations imposed by this on their autonomy. Scottish consultants formed an integral component of civil society, and because of the limited size of the private sector in Scotland they had less to gain from Thatcher's reforms than their counterparts in London.

In January 1982 Younger informed the STUC that he supported greater private

sector involvement in the NHS if it could be proved to benefit the customer.[86] By 1981/82, expenditure on health and personal social services in Scotland was £344 per head compared to £273 in England.[87] In 1983, 44% of male Glaswegians, and 43% of female Glaswegians were smokers, and almost one-third of all deaths in the Greater Glasgow Health Board area were due to heart disease.[88] Furthermore, it was estimated that there were 10,000 heroin users in Glasgow, adding to the burden on the SHS, and posing a stern test for health educationalists.

In September 1982, an explosive Central Policy Review Staff report examining the replacement of the NHS with an insurance-based scheme was leaked to the press.[89] Thatcher claims that she was 'horrified' by the report, but Young states that Thatcher was the most enthusiastic proponent of this radical proposal.[90] She only circumnavigated the storm of public outrage by asserting that, 'The NHS is safe in our hands'. When questioned in 1983, 63% of Britons identified additional health spending as one of their top two priorities.[91] This illustrates the political barriers faced by Thatcher, as she considered the best means of restructuring the NHS. She was attracted to a system of health insurance, but had to accept that the electorate strongly supported the NHS. Young concludes that, 'The NHS was one pillar of post-war creation which proved unamenable to the grand assumption that almost any of the constructs of that era could be dismantled with impunity'.[92]

Thatcher gave a further boost to the private health sector, in 1982, by exempting individuals earning less than £8,500 from paying tax on the value of private healthcare premiums provided by their employers.[93] She also allowed employers to offset employees' health insurance premiums against their business's liability for corporation tax. Effectively this denied the Exchequer extra finance that could have been put towards the NHS. By encouraging the uptake of private insurance, however, Thatcher believed that she was reducing state dependency, and relieving pressure on the NHS without enduring the political difficulties that surrounded a fundamental overhaul.

The Government gradually unpicked the post-war consensus throughout 1983. Fowler announced central control of NHS manpower numbers in January and,[94] in February, launched an inquiry to be headed by Roy Griffiths, deputy chairman of the supermarket chain, Sainsbury's. He was to analyse the effective use and management

of manpower and related resources in the NHS, and Griffiths' findings were published on 25 October. Recommendations included the creation of a Health Services Supervisory Board, with strategic responsibility for the objectives and resources of the NHS, and the establishment of a full-time multi-professional NHS Management Board, subordinate to the Supervisory Board, to oversee implementation of the strategy.[95]

The most controversial proposal surrounded the introduction of general managers, who were to carry overall management responsibility for achieving each health authorities' objectives, and were to have substantial freedom to design local organisational structures. Griffiths also proposed to involve consultants to a greater degree in local management through the allocation of workload related management budgets, and by extending the review process to Unit level.

The Griffiths Inquiry represented a new tactical departure for Thatcher. Prior to the 1983 General Election, she had pledged to retain the NHS but had given no commitment to maintaining expenditure or its existing form. She, therefore, resolved to reform the NHS from within by introducing private sector business structures. Thatcher believed that general managers would increase accountability within the NHS, and streamline decision-making. The delivery of patient care was regarded as a transaction between the state and taxpayer, and Timmins describes this as, 'the most important single change to the NHS since 1948'.[96] Thatcher was convinced that these changes would reduce costs and target resources more effectively, but they also required increased central government control. Far from reducing the parameters of the state, Thatcher's introduction of general managers reinforced them.

In July 1983, Younger opted to cut £16.4 million from the SHS budget, in response to demands that he reduce Scottish Office spending by £33 million,[97] angering healthcare professionals, operating under growing financial restraints and central government control. Yet, the pace of NHS reform in Scotland lagged behind that of England. The Griffiths Inquiry had only referred to the SHS in a covering letter.[98] Half of Scotland's health boards opposed Griffiths' proposals,[99] but Younger largely adhered to the Government's suggestions for English health authorities. The appointment of general managers was to be completed before the end of 1985, and the examination of Unit structures, management information and budgeting systems

was to have taken place before the end of 1986.[100] However, unlike England and Wales, health board general managers were to be responsible to the Accounting Officer at the Scottish Home and Health Department (SHHD) for board finances, creating additional Scottish Office control.

General managers were in place at all health boards by the end of 1985, but a consequence of appointing Unit general managers was to end the line management responsibilities of the Chief Area Nursing Officer, the Treasurer and Chief Administrative Medical Officer over Unit staff.[101] In the first quarter of 1987 Unit general managers took up their posts, but only 10% of them came from outwith the NHS. Thatcher's overriding objective had been to break the system of consensual management that existed in the NHS, which she believed added to costs and created a barrier to market forces and choice. In doing so, she ran the risk of alienating healthcare professionals by diminishing their autonomy. The STUC voiced suspicions that general managers would act as Government agents, emphasising that the Inquiry's lack of Scottish content demonstrated the need for a Scottish Assembly.[102]

Prior to this, in June 1984, John MacKay, Scottish Health Minister, had issued a circular to all health boards, 'to stimulate further progress towards seeking tenders for services'.[103] Competitive tendering was one of Thatcher's flagship policies for her second term, and involved health authorities putting out to tender service contracts that had previously been provided by NHS employees.[104] This competition was intended to improve efficiency, and introduce private sector companies to the NHS. Thatcher hoped that this would undermine trade union influence, and make industrial action more difficult to organise. When it became apparent that the directive was not legally binding five health boards including, Greater Glasgow, announced that they would not be implementing MacKay's demands.[105] These boards accounted for 55% of expenditure on domestic and catering services, and they entered into discussions with staff and unions to find savings and improve efficiency.

MacKay claimed that competitive tendering would make savings of £9 million per year, but he had previously admitted to the STUC, in March 1983, that savings in the SHS could not be guaranteed.[106] Nevertheless, in September 1984, Younger ordered Fife Health Board to put private pay-beds into its hospitals against the wishes of board members and, in November, the Government withdrew a range of

proprietary drugs, previously freely available, removing professional and financial autonomy from General Practitioners (GP) and doctors. By July 1985, MacKay had informed the five rebel health boards that he would set them cost saving targets of 10% on domestic, catering and laundry services' expenditure.[107] The *Glasgow Herald* attacked MacKay for pursuing this agenda, 'So much for the argument that the Government is not...imposing real cuts on NHS spending...the Government's obsessive parsimony in these areas of public spending has long passed the point of reason'.[108]

The Scottish private health sector remained considerably smaller than its English counterpart. In UK terms, 1980 witnessed the largest rise in private health insurance, as subscriptions increased by 26%, and this continued into 1981 with a further rise of 13%.[109] Only British United Provident Association (BUPA) had headquarters in Scotland and, in 1982, BUPA's Edinburgh branch was the second most successful of its twenty-one outlets.[110] Yet, in 1982, only 3% of Scots subscribed to private insurance schemes compared to 7.7% for England, and 13% in outer metropolitan London.[111] Ross Hall hospital was opened in Glasgow in 1983 and, in 1984 BUPA unveiled its Murrayfield hospital in Edinburgh.

Ross Hall encountered particularly intense opposition, with the Blood Transfusion Service (BTS) refusing to handle blood supplies for the hospital until it gave an undertaking not to charge patients for blood. The BTS also refused to provide Murrayfield with technical assistance on the grounds that this would affect its service to NHS patients. Between 1979 and 1984, BUPA estimated that there had been a 49.6% increase in the numbers subscribing in Scotland. Thereafter the Scottish growth rate steadied around 5%.

By 1985, Britain spent only 0.8% of its GDP on private healthcare compared to 1.8% in West Germany and 1.7% in France.[112] When questioned during the 1987 General Election, Thatcher created a storm of controversy by stating that, 'I...insure to enable me to go into hospital on the day I want, at the time I want and with the doctor I want'.[113] Between 1979 and 1988, the number of Britons covered by private health insurance doubled to just over 10% of the population.[114] However, as a result of widespread unemployment and income tax reductions, the Government saw its income drop, adding to pressure on NHS funding. In April 1985, therefore, the

Government ended the universal provision of free spectacles and, in July 1986, it introduced vouchers for the unemployed and those on low incomes, to provide them with spectacles.[115] Finally, the 1986 Social Security Act banned local authorities from providing universal free school milk.[116]

Towards Privatisation? The Scottish Health Service, 1987-1990

Between 1978/79 and 1986/87 real expenditure on the NHS increased by 26% and, by 1987, spending was running at £415 per head in Scotland compared to £336 in England.[117] Nevertheless, Labour claimed that SHS expenditure had been cut by 1.8% between 1982 and 1986, and a 1986 Social Services Committee enquiry appeared to support this claim, concluding that the NHS was underfunded by £1.3 billion.[118] This discrepancy arose, as NHS costs tend to rise at a faster rate than inflation because of wage demands, the rising price of drugs, and the development of new treatments.[119]

The NHS was declared 'technically bankrupt' in July 1987,[120] but Thatcher did not envisage fundamental restructuring occurring until her fourth term. She claimed that the NHS, 'was being funded with unprecedented generosity',[121] but growing waiting lists and understaffing, provoked a barrage of media criticism. In January 1988, she announced, 'the review that nobody wanted'.[122] The principal objective of the review was to identify how greater value could be achieved from existing resources, and it took the form of a ministerial review group that was chaired by Thatcher.[123] Malcolm Rifkind was only consulted as the review drew to a conclusion.[124]

In the wake of her third election triumph, Thatcher replaced MacKay, with her staunchest Scottish ally, Michael Forsyth. By the end of September 1986, only 2% of Scottish health boards had awarded contracts for their support services compared to 43% of English health authorities,[125] and Forsyth was entrusted with improving this record. In October 1987, he arranged a meeting between health board chairmen and managers, and representatives of Grant Thornton Management Consultants, as well as the trade associations for contract cleaners and caterers. This was followed by a letter to all health boards, demanding that, at least, two blocks of domestic and catering contracts per health board were to be put out to tender by April 1988.[126]

NHS trade unions, in Scotland, called industrial action over the implementation of competitive tendering, in January 1988. Forsyth refused to alter his timescale for the implementation of contracting out and, in February 1988, he announced that all health boards had agreed to invite tenders for in-house services. The STUC speculated that private companies were planning to use trainees from Government training schemes to reduce costs, but Forsyth stated that wages should be determined by the market.[127] In March 1988, 58% of Scots thought that the privatisation of hospital services would result in a deterioration in the NHS, and only 14% believed that there was too much reliance on state health provision.[128] The *Glasgow Herald* speculated that, 'savings may be at the expense of lower-paid workers...something which should be regarded as an absolutely unacceptable condition'.[129]

Meanwhile, Thatcher's NHS review stimulated a frenzy of activity amongst New Right think-tanks. The CPS, and the Conservative Political Centre focused on the concept of an internal market that had been devised by an American systems analyst, Professor Alain Enthoven, which was to involve health authorities buying and selling services.[130] The internal market was intended to separate the act of purchasing healthcare from that of providing it to enable resources to follow the patient in a form of transaction. Thatcher, however, remained attracted to the introduction of a health insurance scheme.[131]

A similar examination of community care had been entrusted to Roy Griffiths, who reported back in March 1988. Community care spending in Scotland rose by 43% between 1979/80 and 1988/89, but Griffiths criticised the existing system which loosely operated through the NHS, local authorities and DHSS.[132] He stipulated that one minister should have sole responsibility for community care, and that finance should be provided through ring-fenced state grants. Moreover, social service authorities were to be given a strategic, enabling role, rather than a providing one, and he called for, 'the maximum use of voluntary and private sector bodies to widen consumer choice, stimulate innovation and encourage efficiency'. Finally, the report envisaged transferring responsibility for social care from health authorities to local government, subject to the findings of the NHS review.

Amid this conglomeration of ideas, Forsyth had expanded competitive

tendering significantly. He increased the number of new domestic services contracts from three in 1987 to sixty in 1989, and new catering service contracts rose from three in 1987 to forty-seven in 1989.[133] Forsyth estimated that the first round of tendering would save £5.5 million,[134] but the robustness of in-house services prevented a large-scale influx of private contractors. Of the 164 contracts awarded by December 1989, 81% were won by in-house bids.[135] Paradoxically, the largest private sector presence was located in the Greater Glasgow area, where twenty-one of its fifty-two contracts were won by private firms.

Indeed, controversy was generated by its award of domestic contracts to Initial Health Care Services (IHCS) and Hospital Hygiene Services (HHS). HHS had failed to deliver one-third of the contracts it had undertaken up to April 1987, and IHCS had been identified as inadequate in 45% of its contracts.[136] This added to public misgivings over contracting out, and undermines Shirley Robin Letwin's assertion that competitive tendering improved the quality of service provision.[137] Furthermore, since 1983, IHCS's owners, British Electric Traction (BET), with Norman Tebbit as a director, had donated £105,000 to the Conservatives. Two Scottish Conservatives, Allan Stewart and Lord James Douglas Hamilton, MP for Edinburgh West, also had considerable shareholdings in BET.[138]

By March 1991, 68% of domestic contracts and 67% of catering contracts in Scotland had been put out to tender,[139] which compared favourably with progress in England. The only exception was in laundry services, where there was only one health board-wide contract. The reduction in health board expenditure was significant and, by June 1989, total savings stood at £12,033,995.[140] Greater Glasgow made the largest contribution towards this figure, but many critics of competitive tendering highlighted the hidden costs involved in the process. Ayrshire and Arran Health Board calculated that, in 1988, it had spent £51,000 on tendering costs for only four contracts.

Furthermore, the STUC claimed that the first and second rounds of competitive tendering had resulted in 2,000 redundancies, costing £4.8 million in redundancy and early pension payments. The Treasury gave health boards a financial incentive to embrace contracting out, allowing them reclaim VAT paid out as a result of competitive tendering. This contradicted Thatcher's objective of reducing public expenditure, but she was convinced that incentives were necessary if public sector

employment was to be reduced and efficiency improved.

On the other hand, Thatcher accepted that any wholesale change to the funding of the NHS was not feasible because of its political consequences,[141] and the NHS review chose the less radical option of reform from within. In January 1989, a White Paper recommended the development of an internal market, to be facilitated by the creation of Hospital Trusts, operating independently of health authorities and generating income by selling their services to health boards and GPs.[142] GPs were also to be given the opportunity to manage their own fundholding practices, which were to purchase hospital services. If a GP operated within budget, their practise was to be allowed to keep its underspend, and this principle was also applied to drugs budgets. Patients were to be provided with sufficient information to enable them to choose their GP, and GPs who overspent their budgets by more than 5% were to be compelled to repay their overspend the following year.

The White Paper encouraged fundholding GPs and self-governing hospitals to patronise the private sector and Thatcher succeeded, against Lawson's wishes, in introducing tax relief on private medical insurance for individuals over sixty. A national medical audit, involving fellow doctors assessing the quality of medical care provided by their colleagues, was to be created and extended to all hospitals. Moreover, Thatcher introduced new GPs contracts, which paid doctors according to the number of patients on their surgery register, and compelled them to work, at least, twenty-six hours each week.[143] GPs were also required to meet targets for the number of patients screened or vaccinated, and their prescription and referral rates were to be scrutinised by central government. Finally, doctors in inner-city practices were to be given bonuses of up to £10,000 to attract GPs to impoverished areas.

Only one chapter of the White Paper was devoted to Scotland. It proposed the appointment of a Chief Executive for the SHS, and Donald Cruickshanks took up this position in August 1989.[144] This made the Chief Medical Officer for Scotland, the senior medical official who advised the SHHD, answerable to the chief executive.[145] The Government also intended to appoint general managers as health board members, and suggested that the size of health boards should be reduced, and include greater business input.

The STUC contended that the White Paper's provisions, 'have been dreamt up

by right-wing theologians and Government Ministers who do not even use the NHS'.[146] This was untrue, as the Health Secretary, Kenneth Clarke, patronised the NHS, much to the consternation of Thatcher.[147] Furthermore, the STUC alleged that the reduction and change in composition of health board membership would result in the removal of trade union representatives and, by 1991, there were no STUC nominees on Scotland's health boards, compared to thirty-two in 1979.[148]

This restructuring sought to graft free market mechanisms onto a public sector entity, with the intention of generating greater competition and reduced costs. However, it offered little improvement in consumer choice, as patients who switched GP remained at the discretion of their GPs' decision-making. These reforms also alienated many healthcare professionals, as government scrutiny increased and GPs were compelled to undertake a minimum level of work. The prospect existed of a two-tier NHS developing, in which fundholding GPs were given preferential treatment, and some hospitals specialised in the most profitable services, whilst others were burdened with the expensive treatment of chronic illnesses.[149] Moreover, the introduction of drugs' budgets was criticised, as GPs could prescribe the cheapest medicine to contain costs and achieve financial bonuses.

In Scotland, the introduction of a Chief Executive was interpreted as a downgrading of the position of the Chief Medical Officer for Scotland.[150] According to Bryan Christie the internal market 'was seen in Scotland as a solution to a problem affecting the south-east of England. How could competition be promoted in Scotland where large parts of the country are served by only one local hospital?'. Furthermore, Robin Cook asserted that, 'I view with profound distaste the allocation of health care discussed in the patter of a salesman',[151] and Labour emphasised that it would devolve responsibility for the SHS to a Scottish Assembly. The *Glasgow Herald* contended that, 'there are serious potential conflicts between the improved quality of care which the White Paper envisages and the market orientated assumptions that pervade it'.[152] This reform added to the growing alienation of Scottish civil society, and led to the Constitutional Convention placing great emphasis on securing devolved control of the SHS.[153]

The Government's decision to abolish free dental examinations, from January 1989, and to stop free universal eye-testing, in April 1989, intensified these

misgivings.[154] Children aged sixteen and below, the unemployed and those on low incomes continued to receive these services at no cost, partially transferring the financial burden for these individuals from the state to the chargepayer. Between 1980 and 1989 the number of courses of dental treatment in Scotland increased from 2,549,000 to 3,144,000 but, after the introduction of charges, this figure fell to 2,293,000 in 1990.[155] This undermined the NHS's ability to prevent future illness, and failed to reduce state dependency. When questioned, in February 1989, 65% of Scots thought that the Government's proposals would make the SHS worse.[156] However, SHS spending had risen by 34% between 1979 and 1989,[157] and Thatcher contended that this illustrated her commitment to the NHS.

The British Medical Association launched a campaign against the Conservatives' plans, estimating that 80% of GPs were sceptical about the proposals. Indeed, David Willetts alleges that Thatcher had to be dissuaded from abandoning the implementation of the internal market by Clarke.[158] Thatcher's continuing sensitivity towards the NHS contradicts Steve Iliffe's contention that it represented post-war social democracy's, 'greatest ideological and organisational weakness', and her statement in the White Paper's foreword that, 'The National Health Service will continue to be available to all, regardless of income, and to be financed mainly out of general taxation', illustrates Thatcher's inability to fully overturn the post-war consensus on health.[159]

The findings of the review acted as a catalyst in Thatcher's attempts to reform community care. In November 1989, a White Paper identified local authorities as the main community care providers, and guaranteed increased state support for carers.[160] Thatcher called for greater private and voluntary sector provision, which was encouraged by a clause that allowed individuals to retain social security benefits if they entered a private residential home, but withdrew payments if they chose to stay in public residential care. The Scottish Secretary was also given powers to inspect residential homes, give directions, hold enquiries, and intervene in areas of community care if and when it was deemed necessary.[161] The Government rejected Griffiths' concept of ring-fencing community care spending, and no effort was made to set national norms or appoint a minister for community care.

Caring for People gave incentives for community care to be transferred from

the public to the private sector, and encouraged those in need of care to harness the resources of the state to prolong their independence. Thatcher believed that this would lead to greater individual and family responsibility, and less dependence on public sector facilities. Indeed, by giving local authorities a central role in community care, the Government ensured that it could control expenditure whilst divorcing itself from the effects of local decision-making.

COSLA attacked the Government's incentives for the use of private residential care, and rejected a greater role for the voluntary sector, whilst Robin Cook asserted that the proposals were, 'intended to reduce available choice by obliging local authorities to privatise their homes so that they may qualify for subsidy from public benefits'.[162] In some rural areas of Scotland there were no private sector facilities, and in other parts of Scotland there was insufficient private sector provision, leaving individuals in these areas at a disadvantage and discrediting the Government's assertions regarding improved choice. Indeed, Finlayson asserts that the voluntary sector resented the Government's efforts to increase voluntary involvement in services that had previously been dominated by the state.[163]

Thatcher's final SHS initiative related to health education policy, as she created a Special Health Board to set national targets and objectives for health education.[164] It was to train health board and local authority personnel, whilst coordinating health education programmes with each health board. Health boards were to construct local health strategies, involving family practitioner services. This encapsulated the changed ethos of the SHS under Thatcher, as increasing emphasis was placed on individual responsibility for health. Insufficient numbers of Scots, however, were heeding this advice, and Scotland's appalling record of ill-health persisted.

Patients or Consumers? Thatcher's Overhaul in Perspective

As Thatcher left office, in November 1990, her influence on the NHS was unmistakable. It had embraced private sector business practices, and consigned its consensual management structures to the past. Prescription charges stood at £3.05, covering 4.5% of the gross cost of the NHS compared to 2% in 1979.[165] The

withdrawal of free universal eye-testing and dental check-ups undermined the founding principles of the NHS, partially transferred costs from the state to the chargepayer and damaged the effectiveness of preventive medicine, adding to NHS spending in the long-term. Contrary to Peter Riddell's contention that Thatcher's health record was 'in many ways...impressive',[166] existing inequalities in health between Britain's social classes also widened. Between 1981 and 1985 the number of individuals on low incomes who died before retirement age was 27% above the British average, rising to 31% between 1986 and 1990.[167] In stark contrast, the health of middle-ranking and high-earners marginally improved over this period.

Rather than harness the Black Report's recommendations to address these problems, Thatcher offered financial incentives for the use of private medicine. This acted as a subsidy to the private medical sector, and deprived the NHS of additional resources to increase the number of available beds in the SHS, which had fallen from 60,356 in 1981 to 54,689 in 1990.[168] Nevertheless, Thatcher was convinced that the private sector relieved pressure on the NHS, and surmised that its expansion would erode opposition to the introduction of a state-run health insurance system.

By 1990, 11% of the British population subscribed to private health insurance schemes.[169] The NHS remained the largest employer in western Europe, however, and the percentage of GDP consumed by health spending rose from 4.9% in 1979 to 5.2% in 1990.[170] Indeed, far from reducing the parameters of the state in healthcare, the appointment of general managers and chief executives added to central government control, and between 1980 and 1990, the number of administrative staff in the SHS rose from 13,255 to 15,923.

The NHS's continued reliance on general taxation highlights Thatcher's inability to overturn the post-war consensus on health, and places in doubt Charles Webster's assertion that, 'the cumulative effect of the changes introduced after 1979 were quite as profound as the reforms instituted...after the Second World War'.[171] The British public had little enthusiasm for health insurance, creating a conundrum that Thatcher was unable to solve. Many Conservative voters, were unwilling to contribute towards private insurance when their taxation contributions helped to fund the NHS. In 1987, 68% of Britain's highest earners and 72% of middle-ranking earners supported the continuation of a universal NHS.[172] Thatcher, therefore, accepted that

gradual reform had to take place within the existing system, and Timmins states that, 'the NHS remained the best cost-control device available'.[173]

Paradoxically, her three election victories both hindered and accelerated this incremental process of change. During each campaign Thatcher committed the Conservatives to retaining the NHS, but subsequent reforms fuelled suspicions over privatisation. Income tax cuts also limited the finance available to the NHS, and spending constraints inhibited improvements in the quality of NHS treatment. Furthermore, by enabling consultants to undertake a greater private sector workload, Thatcher reduced their availability within the NHS, unnecessarily adding to NHS waiting times. This process facilitated private sector growth, but it angered taxpayers who felt obliged to utilise the private health sector. This added to public misgivings over Thatcher's intentions for the NHS and, in June 1989, 73% of Britons believed that the establishment of an internal market was the first stage towards privatisation.[174]

When questioned in 1987, 28% of Scots named Britain's health and welfare systems as their main source of national pride compared to 16% for the rest of the UK.[175] This illustrates, once again, the operation of a dual Scottish and British identity, which resulted in Scots defending a collectivist British institution that provided for their health needs. Thatcher's reforms were perceived as a threat to the existence of the NHS, and she alienated many Scottish doctors by imposing spending constraints, increased engagement in financial decision-making, and greater central government control.[176] Scottish healthcare professionals formed a sizeable component of civil society, adding to its disenchantment with Thatcher. Moreover, those Scots who were in lower-paid NHS employment were adversely affected by the introduction of competitive tendering, and the Government's efforts to contain wage costs.

Yet, the SHS lagged behind the pace of reform elsewhere in Britain, and fared considerably better than the NHS in England. Scotland's share of health expenditure was protected by the Barnett formula and, in 1989, 7.5% of Scottish GDP was devoted to the SHS.[177] Furthermore, by 1990, the SHS employed one in fifteen of the Scottish working population, creating support for the NHS across the social spectrum. However, these feelings were not confined to Scotland and, in March 1990, 73% of Britons thought that the NHS was not safe in the Conservatives' hands.[178] Therefore,

much to Thatcher's frustration, the NHS retained the allegiance of all constituent parts of the UK.

Finlay accurately concludes that, in Scotland, the defence of the NHS, increasingly took on a distinctly Scottish character. The NHS was not only a vital pillar of the post-war consensus, it also helped to justify Scotland's place within the Union. For many Scots, Thatcher's restructuring placed its continued existence in doubt, damaging Scottish perceptions of the British state (see chapter 6), and this led the Constitutional Convention to place great emphasis on winning devolved control of the SHS. Devolution offered Scottish healthcare professionals the opportunity to opt out of Thatcher's restructuring, whilst retaining the benefits of the Barnett formula and UK-wide pay bargaining, an option that did not exist for their English counterparts. In attempting to expand the private sector, and generate greater choice and cost-efficiency within the NHS, Thatcher unintentionally alienated civil society and fuelled demands for Home Rule.

(3) 'THE JEWELS IN THE CROWN'?[179] SCOTTISH EDUCATION UNDER THATCHER, 1979-1990

Compared to the NHS, the Scottish education system was an unparalleled symbol of Scotland's autonomy within the Union, with teachers and academics forming an integral component of civil society. Contrary to Riddell's assertion that, 'it had been commonly agreed in British politics that something should be done to raise standards', the Scottish system was widely perceived to be superior to its counterpart in England and Wales.[180] The introduction of a comprehensive system had been less controversial in Scotland and, by 1979, it had been accepted by the overwhelming majority of Scots.[181] Nevertheless, Thatcher was determined to challenge the post-war consensus by increasing parental choice, and streamlining Britain's universities.

In January 1980, the Government unveiled its plans for an Assisted Places' scheme, which was to increase educational opportunities for the poorest families who could not afford to send their children to private schools. The scheme enabled them to do so at the state's expense, alleviating demand on public sector schooling.[182] Timmins claims that the 'wets' attempted to sabotage the scheme and succeeded in

reducing its intended scale.[183] Thatcher also set up the Scottish Joint Negotiating Committee (SJNC) to arbitrate in teachers' pay disputes, contradicting her desire to exclude trade unions from Government decision-making by creating a collective bargaining body that comprised local authority, trade union and Scottish Education Department (SED) representation.[184] Furthermore, all of these reforms added to public expenditure and state bureaucracy.

The Parents' Charter, a ground-breaking initiative, was contained in the Education (Scotland) Act 1981, and compelled Scotland's regional authorities to relax school catchment zones, and provide school examination results, enabling parents to choose their children's school.[185] By giving parents greater choice, Thatcher envisaged an education market appearing, in which well-run schools would flourish and attract large numbers of pupils, whilst under-performing schools would be forced to improve to avoid closure. Those parents living in the existing catchment area were to be given first priority and excess capacity was then made available through the Charter. School councils were to consider applications and parents whose requests were unsuccessful could appeal to a committee of their regional council which contained non-council members. This reform was intended to enhance family responsibility, whilst loosening the grip of Scotland's regional authorities over education. Nevertheless, Conservative supporters gained little from the Charter, as Scotland's most academic local authority schools were principally located in Conservative-voting areas.

The EIS described the Assisted Places Scheme as 'socially divisive and almost entirely irrelevant', contending that the Parents' Charter favoured the 'well-to-do at the expense of the under-privileged'.[186] This accusation was inaccurate, as all social classes could utilise the Charter, enabling parents living in a catchment area with under-performing schools to send their children to a school with a better academic record. The Parents' Charter, Labour asserted, would create a selective tier of Scotland's best comprehensives, but the Charter did not take a child's academic ability into account, discounting this argument. The Glasgow Herald dismissed the Charter as an 'Irrelevant exercise', and the Times Educational Supplement Scotland (TESS) branded the Assisted Places Scheme as, 'the most divisive educational scheme for many years'.[187]

The Parents' Charter came into effect in February 1982, and Scottish parents responded positively to its implementation. Between 1981/82 and 1984/85 placing requests doubled from 10,456 to 20,795, and 93.8% of secondary school requests were granted. Wide regional variations, however, distorted Thatcher's vision of a market-orientated education sector, as rural areas with few schools gained little benefit from the Charter. Indeed, the popularity of this reform failed to increase support for the Scottish Conservatives.

Higher and further education were Thatcher's next targets. In August 1980, Younger announced that Hamilton and Callander Park primary teacher training colleges would close.[188] Britain's universities were also targeted, and between 1980/81 and 1986/87 Scotland's universities saw their spending cut by 16.69%.[189] Keith Joseph's appointment as Education Secretary, in September 1981, intensified this climate of retrenchment, and from 1981, the University Grants Commission (UGC) began to grade university departments according to the quality of their research whilst inaugurating a series of subject reviews.[190] Some reviews recommended the closure of departments and the restriction of others to undergraduate teaching.

One solution to higher education's funding difficulties was to introduce student loans to subsidise the existing grants system. Yet, prior to the 1983 General Election, this proposal was abandoned. Cecil Parkinson, the Conservative Party Chairman, expressed fears that it would deter working-class students from attending university.[191] The issue re-emerged in the summer of 1984, when Joseph agreed a package with Lawson and Younger to abolish the minimum level of grant for the wealthiest students whilst increasing parental maintenance contributions for students of parents in the middle or upper-middle income scales.[192] Half of the Government's savings from this measure were to be redistributed to the poorest students, but Joseph's proposals caused uproar on the Conservative backbenches, as middle-class families were to be financially disadvantaged. Concerned about the political repercussions of this reform, Thatcher forced Joseph to abandon his plans, undermining the Government's efforts to overturn the post-war consensus, and further exacerbating the funding crisis in higher education.

Meanwhile, in July 1984, Younger had appointed the Scottish Tertiary

Education Advisory Council (STEAC), containing representatives from higher education, industry and commerce, 'to consider and report on the future strategy for higher education in Scotland'.[193] STEAC reported back in December 1985, recommending that control of Scottish higher education finance should be devolved to the Scottish Office, a separate Scottish sub-committee of the UGC should be established, and a Scottish Higher Education Planning Council should be created. These demands were rejected, and STEAC was dissolved. Some Scottish vice-chancellors campaigned for a Scottish sub-committee of the UGC, but the UGC urged them to focus on improving Scottish higher education. This highlighted growing unrest amongst a sector of civil society that had unanimously opposed devolution in 1979, and increased anxiety over Scottish educational autonomy.

The concept of education vouchers intrigued the Government.[194] Parents were to exchange them in return for the schooling of their choice in either the public or the private sector. A plethora of means-tested and non-means-tested schemes were proposed, with Joseph and Thatcher being attracted to means-tested vouchers, which limited government expenditure.[195] However, they feared the consequences of transferring education costs to middle-class voters, and Oliver Letwin, an adviser to Joseph, contends that Department of Education and Science (DES) civil servants obstructed any possible reform. Therefore, Thatcher and Joseph abandoned the voucher scheme. Once again, Thatcher had placed political priorities ahead of her attack on the post-war consensus because of concerns over the attitudes of middle-class Conservative voters.

In 1981, Allan Stewart announced that he favoured altering the two-thirds rule for sacking an 'incompetent' teacher.[196] These views ran contrary to the ethos of 'democratic intellectualism', which assigned school teachers and academics elevated status within Scottish society because of their contribution to the nation's education.[197] Moreover, Stewart's stance illustrates the extent to which the Scottish Conservative Party had abandoned its Unionist roots (see chapter 1).

Stewart's views provoked a hostile response from Scotland's teachers, and speculation regarding the introduction of teacher assessments heightened tension. The EIS was by far Scotland's largest teaching' union, with a membership of 45,000 by 1984, comprising 80% of Scotland's teachers.[198] By contrast, in England and Wales,

there was a proliferation of unions, and the largest teaching union, the National Union of Teachers (NUT), claimed less than half of teachers as members. Conflict subsequently arose over the implementation of the findings of the Munn and Dunning Reports, which were to be introduced between 1984 and 1989,[199] requiring the cooperation of the teaching profession in curricular development.

A consultative paper on the funding of this reform was launched in September 1982, and the SED estimated that it would cost £17 million per year gradually to phase the new curriculum into place. Spending on Scottish education had risen from £13.86 billion in 1980/81 to £17.16 billion in 1983/84,[200] and Younger emphasised that this precluded any rise in teachers' pay. In June 1983, Stewart was appointed as Scottish Education Minister, which was interpreted by the teaching profession as a provocative gesture. Tensions further heightened in December 1983, when the EIS drew up a pay claim of 9.5% for 1984/85 and, in February 1984, the STUC contended that the SED's timescale and the resources available were unrealistically limited.[201]

The General Secretary of the EIS, John Pollock, called for an independent pay review, in April, and his demand was bolstered by the support of the Scottish Secondary Teachers' Association (SSTA).[202] The deadlock hardened on 29 September when the EIS national council voted to boycott curriculum development in protest at inadequate staffing levels, and on 23 November, the EIS outlined its plans for strike action. This was to involve one all-day national strike, and three days of rolling strikes on a regional basis.

On 4 December, the SJNC's working party on teachers' workload ratcheted up tension stating that Scottish teachers were overworked and undervalued. Significantly this report had been written by a collective bargaining body, established by Thatcher, which included the teachers' local government employers, as well as trade unionists. Nevertheless, in mid-December Younger announced that there would be no independent pay review. Both sides were now deeply entrenched and on 20 December the EIS announced that in an 85% poll, more than 75% of teachers had voted to give the EIS leadership powers to escalate industrial action.

The EIS had adhered to the Government's preferred mechanisms regarding public sector industrial action (see chapter 3), and strike action began in January 1985, with the EIS targeting the constituencies of Scottish Office ministers, and in the

third week of January, EIS members voted by a margin of six to one to withdraw from all examinations procedures.[203] The tactical advantage of the EIS's curricular boycott was that its members did not lose any pay, because they were not in breach of their contracts. At the end of March, 5,000 teachers demonstrated at Younger's constituency in Ayr, prompting Stewart to describe the EIS's policy of targeted action as a 'quite unprecedented tactic of victimisation'.[204] Yet, by May, it became clear that the EIS's curricular boycott had been successful, as many schools reverted to O-Grade English and Maths, rather than Standard Grade, as had been intended.

COSLA offered teachers a 15% rise over three years based on a new pay and conditions package on 29 August, but 71% of EIS members rejected this deal. The greatest impediment to a settlement was the Government's insistence that additional finance had to be tied to job specification, which included the possible introduction of teacher assessments. Thatcher, furious at the lack of progress, held a meeting with Scottish Office ministers prior to Christmas, at which David Ross alleges she asked Younger to explore the possibility of removing educational responsibility from regional authorities.

Malcolm Rifkind replaced Younger in January, and entered St Andrew's House with a brief to resolve the increasingly embarrassing dispute.[205] Rifkind met the teaching unions at the end of January, and was informed that intransigence in February would result in an escalation of action in March. On 6 March 1986, Rifkind announced the establishment of an Independent Committee of Inquiry, with a remit to establish a basis for pay, conditions of service, and management of the teaching profession in Scotland.[206]

This was not a full-scale capitulation by Rifkind, as the Committee was only to consider options that did not contradict the Government's plans for public expenditure. The *Glasgow Herald* stated that Rifkind's offer, 'was not one that the teachers could dismiss out of hand without a considerable loss of credibility'.[207] Nevertheless, Pollock insisted that the strike would continue unless the regional authorities offered a two-year pay deal in the interim. On 18 March the SJNC met and agreed to offer the teachers 14.95% over two years, including backdating, on the proviso that strike action ceased.[208] This package was accepted by the teaching unions, and the dispute ended a year and three months after it had begun.

The significance of this strike was considerable as, for the first time since she came to power, Thatcher had been outmanoeuvred by a trade union. The EIS ensured that its members continued to receive their full salary, enabling it to maintain the initiative throughout the strike. Moreover, the teaching profession formed an integral component of civil society, and the dispute accelerated the Conservatives' gradual alienation of Scottish middle-class voters. The conduct of the strike heightened Thatcher's distrust of local authorities, leading to greater central government control, as the SED completed the curricular development that teachers refused to undertake. This strengthened Thatcher's resolve to devolve greater power to parents, and diminish the educational responsibilities of local government.

Scotland's teachers fared considerably better than their English counterparts who had engaged in less uniform strike action over the same period. In 1987 the Government passed the Teachers' Pay and Conditions Act, which abolished collective bargaining, replacing it with the Interim Advisory Committee on Teachers' Pay.[209] It was to operate within spending guidelines laid down by the Treasury, and had the power to impose pay settlements on the teaching profession. Thatcher could have enacted identical legislation in Scotland, but opted not to do so. This undermined her efforts to overturn the post-war consensus, as Scotland's collective bargaining machinery remained in place.

Closing Ranks : Scottish Education, 1987-1990

Thatcher was returned to power in June 1987 on a manifesto that promised radical education reforms in England and Wales, but made no specific commitments in Scotland. The 1988 Education Reform Act altered the ethos of English and Welsh education by empowering all schools to opt-out of local authority control, and it established a national curriculum with various testing phases.[210] Lawson wanted to remove education from the responsibility of local authorities,[211] whilst Thatcher believed that these reforms would impose grammar school standards on the comprehensive system facilitating greater parental choice.

The Act also abolished academic tenure in universities, which had previously ensured job security for academics, and it replaced the UGC with the Universities

Funding Council (UFC).[212] Between 40% and 60% of the UFC's membership was to be drawn from higher education, and it was to perform a similar task to the UGC whilst improving efficiency and lowering costs. These reforms illustrate Thatcher's pragmatic acceptance that the state would remain the foremost provider of education for the foreseeable future. However, the manner in which she sought to contain public spending and control the content of teaching was questionable, as she centralised power at the 'self-righteously socialist' DES.[213]

In Scotland, Forsyth's appointment as Education Minister, after the 1987 General Election, illustrated Thatcher's desire to instigate further reform. His first task was to draft legislation for the introduction of school boards, mirroring the boards of governors that already existed in England and Wales. School boards were to have extensive rights to be informed and consulted about their schools' educational, disciplinary and financial policies and achievements, and were to participate in the appointment of senior staff.[214] Forsyth portrayed this restructuring as a mechanism to improve democracy in Scottish schools, facilitating greater communication between parents and education authorities.[215] Furthermore, he proposed the creation of a national system of testing, which was to enable parents to uniformly scrutinise the performance of schools.

The introduction of school boards was expected to cost an additional £12 million per year, contradicting Thatcher's desire to contain public spending. Nevertheless, Forsyth envisaged school boards in an ideological role. He hoped to diminish the power of Scotland's predominantly Labour-controlled regional authorities by giving parents a greater input into the running of schools. Furthermore, school boards were essential if Scotland was to introduce grant-maintained schools, which operated in England and Wales outwith local authority control, receiving their funding directly from central government.[216]

The STUC contended that, 'The general thrust...is towards a much tighter central control...Such an approach is profoundly undemocratic; alien to the traditions of Scottish education; and is, therefore, rejected by the STUC'. However, the STUC was mistaken as, since the creation of the SED, Scottish education had experienced greater central direction than the English and Welsh system. Furthermore, elected school boards that covered groups of schools had existed in Scotland until 1918.[217]

The national curriculum had the potential to undermine 'democratic intellectualism', but only if it was based on a narrow set of subjects, as desired by Thatcher and Forsyth, who were dismayed by the SED's development of an expansive curriculum.[218] Yet there was no tradition of parental involvement in Scotland, because 'democratic intellectualism' operated on the premise that teachers were best qualified to take decisions affecting education provision. By October 1989 only 15% of Strathclyde's secondary schools had constituted school boards, whilst Shetland and the Western Isles had none.[219]

Education was further politicised in the first six months of 1988 by the proposed closure of Paisley Grammar School by Strathclyde Region, as it attempted to reduce costs. Paisley Grammar was a successful school with a capacity rate of over 80%, and parents and former pupils, including the Conservative supporting journalist, Andrew Neil, set up an action group, calling on the Government to revive its power to consider parental appeals against school closures.[220] According to Thatcher, it was she who took the initiative by sending a personal minute to Rifkind demanding that action be taken to save the school but, in a letter to Donald Dewar, Rifkind denied any prompting from Thatcher.[221] Regulations subsequently empowered the Scottish Secretary to intervene in school closures when a school roll was greater than 80% of its capacity.[222]

Meanwhile, a substantial expansion had taken place in Scottish private education. Between 1979/80 and 1989/90 the number of independent schools increased from 96 to 121, and their rolls doubled from 16,400 to 33,100.[223] This period of growth took place at a time of falling pupil numbers and, by 1990, the Assisted Places Scheme was contributing £6.67 million to fee-paying schools in return for the education of 2,834 children. Indeed, Scotland's increase outstripped that of Britain, which was starting from a higher threshold, as the percentage of British pupils in the fee-paying sector rose from 5.8% in 1979 to 6.7% in 1991.[224] Paradoxically, the Parents' Charter may have acted as an impediment to even greater private sector growth, as it enabled those parents who had considered sending their children to fee-paying schools to utilise excess capacity in Scotland's most popular local authority schools.

Nevertheless, concern grew in Scottish educational circles that Thatcher was

intent on assimilating Scotland's education system with that of England and Wales. Subsequently, the Forum on Scottish Education (FSE) was established, which aimed to safeguard comprehensive education, calling for greater resources.[225] It stated that Scotland's education system should be 'locally and democratically controlled, within an appropriate national framework'. The Rev. Ian MacDonald became chairman, and the Forum was supported by the Church of Scotland Education Committee, the EIS, the SSTA, and the Catholic Education Commission (Scotland).[226]

This body emphasised that Thatcher's reforms in England and Wales were inapplicable to Scotland, because local authority provision was of a higher standard than elsewhere in the UK. In 1987/88, 23% of Scottish school leavers held three or more Highers, but only 16% of British school leavers held two or more A-Levels.[227] Indeed, by 1990, 24% of Scots attended university, whereas the British figure lagged behind at 15%.[228] Yet, by 1993, 82% of pupils in Springburn, 77% in Maryhill, and 72% in Bailleston failed to achieve five credit or general grades in their Standard Grade exams.[229] Moreover, in Scotland, the percentage of working-class university students fell from 26% in 1980 to 18% in 1990.[230] The involvement of Scotland's churches gave the Forum added moral authority, and heightened the increasingly nationalist defence of Scotland's education system.

The Self-Governing Schools (Scotland) Act 1989 intensified Scottish discontent. It was intended to enable schools to operate independently within the state sector in a similar fashion to grant-maintained schools in England, and it was closely linked to the establishment of school boards. Self-governing schools were to have their own board of management on which parents, teachers, the headteacher, and members of the local community would sit.[231] The Government stated that they would be free to develop some aspects of the curriculum, and to promote any desired ethos within the school. All parents were to be balloted before the decision to become self-governing was endorsed, and the Scottish Office was to provide these schools with grants that were to be deducted from the budget of the appropriate education authority.

Simon Jenkins asserts that the opting-out legislation was intended, 'to achieve the goal of ridding education of local democracy', but he misinterprets Thatcher's vision, as she intended to rid education of socialism not democracy.[232] Forsyth hoped

that school boards would rapidly desire greater powers, and self-governing status was intended to provide these parental bodies with financial autonomy. This corresponded with Thatcher's goal of creating enabling councils (see chapter 5), and was designed to reduce poll tax bills. Thatcher also believed that self-governing schools would reduce the possibility of strike action, as they were able to offer separate contracts with differing pay and conditions to the local authority sector.

The FSE stated that, 'Inappropriate changes should not be imported from England', and the STUC believed that self-governing schools were primarily concerned with centralising control of Scottish education.[233] Extra tension was added to the parliamentary debate by the involvement of Conservative MPs, who represented English constituencies. Edward Leigh, MP for Gainsborough and Horncastle, justified their presence with the statement, 'We must have a contribution to make because we can inform Scottish members about what has been happening in England'.[234] However, Alex Salmond posed the question, 'Is it not possible that Scottish and English parents take a different view of these things?'. According to Thatcher's memoirs, Rifkind was opposed to self-governing schools on the grounds that there was no demand for this provision, but she insisted that he proceed with the reform.[235] The EIS derided this measure as 'Anglicisation', and at the time of writing (2004) only two Scottish schools have voted to become self-governing, whilst 16% of English secondary schools had become grant-maintained by 1997.[236]

The Scottish Conservatives' dependency on English support to enact Scottish Office legislation only served to strengthen the EIS's accusations regarding 'Anglicisation'. Yet, these claims were inaccurate, as the introduction of school boards, national testing and self-governing schools were intended to facilitate the creation of an education marketplace, encouraging competition and enterprise. Both school boards and self-governing schools were designed to promote greater parental choice and less local authority control. Moreover, national testing sought to enable parents to gauge the progress of their child whilst highlighting under-performing schools.

These reforms ran contrary to the ethos of 'democratic intellectualism', but were not intended to threaten Scotland's separate education system. On the contrary, Thatcher believed that this restructuring was essential if the post-war consensus on

education was to be broken throughout Britain. However, because there was little Scottish electoral or professional demand for these measures, the EIS and opposition parties branded this centralisation of power as 'Anglicisation'.

Meanwhile, Britain's universities and polytechnics had been forging closer links with industry and, by 1989, 6% of their funding was received from industry and commerce.[237] This process was complemented by the Government's decision, in November 1988, to introduce student loans. Between 1978/79 and 1987/88 the value of student grants had fallen by 12%, and Thatcher favoured replacing the grants system with loans in order to make students more sensitive to market forces.[238] She also believed that Britain's leading universities should be empowered to charge the fees that they felt were appropriate to their particular institution.

Such a wholesale break with the post-war consensus might, however, have sparked middle-class resentment over the additional financial burden entailed in the abolition of grants. Therefore, from the start of session 1990/91, grants were to be frozen, housing benefit for students was to cease, and loans of up to £420 were to be made available to all students. The loans were to be interest free, increasing in line with inflation, and the proportion of student finance covered by loans was gradually to rise.[239] Loans would be repayable once a student's earnings had reached 85% of the national average wage, and a period of between five and ten years was allowed for repayment.

This reform represented the first stage in the abolition of grants and the abandonment of the principle of free universal higher education. Yet, by introducing loans, Thatcher contradicted her moral belief that individuals and families should remain financially independent and debt free (see chapter 2), as loans created short-term financial dependency on the Exchequer, and added to the growing number of Britons with debt problems. Moreover, the introduction of loans failed to facilitate the creation of a higher education marketplace, as there was no differentiation between the costs of different universities. This political concession to middle-class Conservative voters emasculated Thatcher's vision of inter-university competition, and illustrated the extent to which middle-class Britons remained committed to the post-war consensus on higher education.

The number of staff at Scotland's universities fell from 5,132 in 1979/80 to

4,470 in 1989/90.[240] The Government contended that, as the monopoly purchaser of university services, it had the right to decide what was taught, how many staff were required and the scale of research that each university should undertake.[241] It abandoned subject reviews, concentrated on performance indicators, and required all universities to establish a system of staff appraisal.[242] Contrary to perceptions of 'Anglicisation', the UFC created a Scottish Committee that was to consider, in conjunction with the SED and the Scottish Secretary, the demand for higher education in Scotland, and the implications of this for the balance of provision amongst the university, grant-aided and local authority sectors.[243] Membership of the Scottish Committee was heavily drawn from the business community, as Thatcher attempted to mould the UFC into a management board. Nevertheless, this conflicted with Scotland's tradition of 'democratic intellectualism', which entrusted academics with decision-making.

Letwin contends that, 'Although the policy was clearly inspired by the Thatcherite commitment to making Britain flourish, that aim was implemented in a fashion that violated all other Thatcherite commitments'.[244] However, the only viable political option that corresponded with Thatcher's economic strategy was to centralise control of universities' spending levels, priorities and teaching methods. This failed to deliver the results that Thatcher intended, as its implementation was reliant upon the SED, which had a vested interest in extending its powerbase through rigorous checks and measures that significantly added to bureaucracy.[245] Furthermore, many of the UFC's members from the business community had little knowledge or experience of universities, hindering their efforts to improve efficiency and lower costs, whilst its academic members had a vested interest in maintaining expenditure. Writing in her memoirs, Thatcher concedes that the Government's education critics 'had a stronger case than I would have liked'.[246]

'Anglicisation' or Centralisation? An Overview of Thatcher's Education Reforms

Thatcher's influence on Scottish education was profound, as she oversaw the introduction of parental choice and a substantial expansion in private education. Her

most successful reform was the Parents' Charter and by 1989/90 the number of placing requests under this scheme had risen to 24,901.[247] Yet Thatcher's desire to overturn the post-war consensus on education was thwarted by the attitudes of middle-class voters. She was unable to introduce means-tested education vouchers because of the financial costs likely to be imposed on middle-class parents, and Thatcher abandoned her plans to replace student grants with loans, as middle-class Conservative voters supported state subsidisation of higher education.

In Scotland, self-governing schools failed to win a similar degree of support to grant-maintained schools in England, and school boards did not provoke the upsurge in parental participation anticipated by the Government. While this restructuring reduced the powers of Scotland's local authorities, resulting in greater central control by the SED, comprehensive schools remained predominant. A similar pattern emerged in higher education, as Britain's universities saw their financial autonomy heavily constrained by central government targets and spending cuts.

Scotland was more resistant to Thatcher's education policies than elsewhere in the UK, because of its distinctive education system. The Government's foremost opponent was the EIS, which used its strength amongst Scottish teachers to resist the Conservatives' restructuring in a more uniform fashion than the disparate English and Welsh teaching unions. It was concerned that Thatcher's consumer-orientated initiatives were introducing a greater degree of scrutiny and accountability to the teaching profession, contradicting Scotland's tradition of 'democratic intellectualism'. Furthermore the Government's public questioning of the quality of the teaching-force created a climate of resentment and distrust.

According to Lindsay Paterson, 'Scottish educational professionals have tended not to trust lay people to interfere in their practice',[248] and this unrest manifested itself in the 1985/86 Scottish teachers' strike. The EIS gradually cultivated a campaign against the 'Anglicisation' of Scottish education, which gained momentum after the 1987 General Election. This can be partly attributed to Thatcher's revitalised efforts to reform Scottish education and the appointment of Forsyth to oversee this restructuring, but it was also politically opportune to do so, with the Conservatives' mandate to govern Scotland under scrutiny.

Indeed, it can be argued that the EIS was the only trade union that Thatcher

failed to castrate during her premiership, as its membership and militancy grew without legislative or economic hindrance. The Government aided the EIS's position by establishing the SJNC, contradicting Thatcher's trade union strategy through the creation of a collective bargaining body. This was in stark contrast to her imposition of centrally-controlled pay settlements on English and Welsh teachers, and discredits the EIS's assertion that Thatcher intended to 'Anglicise' Scottish education. In reality, Thatcher believed that Scotland had to pursue similar policies to those of England and Wales if the post-war consensus was to be broken, and a spirit of enterprise was to flourish amongst the next generation.

However, Thatcher's attempts to expand democracy through the extension of parental choice unintentionally infringed on Scotland's tradition of 'democratic intellectualism'. Thatcher failed to appreciate that, in Scotland, the interests of democracy were seen to be best served by pursuing a broad curriculum in a meritocratic system under the guidance of education professionals, whereas her reforms attacked this principle by encouraging parental and business input. Furthermore, the Parents' Charter did not significantly benefit Conservative-voting areas, and was unable to provoke an upsurge in support for the Scottish Conservatives. Yet there is no evidence to suggest that Thatcher intentionally imposed her reforms on Scotland for English nationalist reasons. Indeed expenditure on Scottish education rose to £18 billion in 1988/89, whilst the percentage of the Scottish Office budget consumed by education increased from 24.9% in 1979/80 to 25.9% in 1987/88.[249]

Scottish teaching professionals formed a crucial component of civil society, and Thatcher's restructuring added to civil society's growing alienation. Since the 1960s, social progression in Scotland had been more heavily interlinked with educational achievement than in England,[250] which meant that many middle-class Scots' experience of education corresponded with the 'lad o' pairts' construct. Moreover, the Scottish middle-class tended to study at Scottish universities, which reinforced middle-class pride in Scotland's distinctive education system. This conflicted with Thatcher's belief in social progression through the medium of entrepreneurial activity, and created the preconditions for civil society to mount a nationalist campaign of opposition to Thatcher's restructuring and spending cuts.

After 1987 the Government's education reforms combined with the introduction of the poll tax to create the perception that Thatcher was 'anti-Scottish' and that she was intent on 'Anglicising' Scotland. The Scottish Conservatives appeared to confirm these assertions by abandoning any attachment to 'democratic intellectualism', which damaged the party's credibility amongst many middle-class Scots. Unrest with the Government's education policies was fed into the campaign for Home Rule, and the Constitutional Convention placed great emphasis on securing devolved control of Scottish education.[251] Thatcher's failed efforts to overturn the post-war consensus on education infringed upon Scotland's separate educational traditions, alienating civil society and amplifying demands for devolution.

'SOCIALISING THE NATIONAL INCOME'?[252] THATCHER'S IMPACT ON THE WELFARE STATE IN SCOTLAND

Thatcher's attempts to overhaul the welfare state and rupture the post-war consensus were fatally hindered by the Conservatives' lack of strategy and vision. Whilst in opposition very little detailed thought had been given to the welfare state beyond the need to improve efficiency, increase consumer choice and contain costs. This lack of preparedness was exacerbated by Thatcher's personal discomfort when discussing welfare state issues and, after the 1987 General Election, the Government hurriedly undertook reforms intended to graft private marketplace mechanisms onto the welfare state.

Thatcher's sole success in overturning the post-war consensus was in the field of social security, but this failed to prevent a dramatic rise in dependency, because of the effects of mass unemployment. Deprivation greatly increased as a result of these changes and, by 1990, 20% of British households were living in poverty.[253] This resulted in the emergence of an 'underclass' in the poorest areas of Britain, and between 1981 and 1991 the percentage of households in Springburn with child dependents that contained no working adults rose from 7% to 32%.

Nevertheless, the New Right was dismayed by Thatcher's cautious approach, and Finlayson believes that the most marked difference between her premiership and the consensus era was in terms of rhetoric.[254] Yet Thatcher's inertia reflected middle-

class support for key tenets of the post-war consensus on health and education, such as the universal provision of free medical treatment, schooling and higher education. These attitudes represented a significant barrier to Thatcher's assault on the consensus, as middle-class voters were contributing towards the welfare state via income tax, and they demanded the best possible service for the lowest rate of tax.

These voters were potential Conservative supporters, and Thatcher was unwilling to damage her electoral prospects through unpopular initiatives, such as health insurance and education vouchers, which directly transferred costs from the state to the individual. Thatcher, therefore, compromised her ideological beliefs by increasing central government control and scrutiny in order to maximise efficiency and enable further income tax reductions. Forsyth concedes that the Conservatives' desire to radically overhaul the welfare state was thwarted by political reality.[255]

In Scotland, healthcare and education professionals were integral members of civil society, and the centralisation process infringed upon the autonomy of these groupings. Nevertheless, Thatcher did not intend to 'Anglicise' Scottish education or the SHS. On the contrary, her Scottish reforms mirrored those in England and Wales, because Thatcher was determined to attack the post-war consensus throughout Britain. The Scottish Conservative Party was impotent and directionless throughout this process. It failed to devise any separate Scottish policies, and abandoned the Unionists' strong belief in 'democratic intellectualism'.

Forsyth was the only Scottish Conservative minister who took the initiative on welfare state reform, but his intensified pursuit of the objectives implemented by Thatcher elsewhere in Britain, heightening fears over 'Anglicisation'. Scotland had more to lose from the Conservatives' restructuring than other parts of Britain, because of its higher rates of welfare dependency, chronic levels of ill-health, and distinctive education system. Paterson's assertion, however, that Scots remained more committed to the public sector than the English,[256] should not be over-emphasised with regards to the NHS or higher education, as both retained the support of a growing majority of the British electorate.

The welfare state had been a mechanism for social mobility in Scotland since the 1960s and Finlay estimates that, by the mid-1980s, at least 250,000 working-class Scots had progressed into white collar jobs as a result of the welfare state.[257] These

individuals used the Scottish education system to become teachers, healthcare professionals and civil servants, and the Scottish middle-class resented the threat that Thatcher's reforms posed to the structure and ethos of the welfare state. This unified the interests of the Scottish working-class and middle-class to a greater extent than in England, where entrepreneurial activity provided higher levels of social progression.

The post-war consensus on the welfare state largely remained in place, and Scotland continued to enjoy additional health and education expenditure through the Barnett formula, but Scottish perceptions of the British state were damaged by Thatcher's restructuring. It appeared that Scotland could no longer guarantee that its social needs would be adequately met by the British state, and civil society was alarmed at the erosion of its welfare state powerbase. This led to civil society embracing devolution as a means of preserving the values of the post-war welfare state whilst retaining Scotland's spending advantage.

[1] Margaret Thatcher, *The Downing Street Years*, (London, 1995), p.147.

[2] Margaret Thatcher, *Let Our Children Grow Tall*, (London, 1977), pp.82-83.

[3] Nicholas Timmins, *The Five Giants : A Biography of the Welfare State*, (London, 2001), p.6.

[4] Michael Fry, *Patronage and Principle : A Political History of Modern Scotland*, (Aberdeen, 1987), p.251; Richard Finlay, 'Unionism and the Dependency Culture : Politics and State Intervention in Scotland, 1918-1997', in Catriona M. M. Macdonald (ed.), *Unionist Scotland, 1800-1997*, (Edinburgh, 1998), p.113.

[5] Christopher Harvie, *No Gods and Precious Few Heroes : Scotland since 1914*, (Edinburgh, 1993), p.167.

[6] Christopher Harvie, 'Scotland after 1978 : from Referendum to Millennium', in R. A. Houston and W. W. Knox (eds.), *The New Penguin History of Scotland*, (London, 2002), p.517.

[7] I. G. C. Hutchison, *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001), p.143.

[8] Thatcher, *Let Our Children*, pp.9-10, p.18.

[9] Eileen Evason, 'British Pensions Policies', in John Ditch (ed.), *Introduction to Social Security : Policies, Benefits and Poverty*, (London, 1999), p.121.

[10] *Hansard*, Fifth Series, Vol. 893, 12 June 1975, col.724-729; Thatcher Papers, THCR (2/6/1/159), Social Services Policy Groups Report, 16 June 1976 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>, June 2004>.

[11] Peter Alcock, 'Development of social security', *Introduction to Social Security*, p.65.

[12] Roslyn Ford, 'Health Services', in John English (ed.), *Social Services in Scotland*, (Edinburgh, 1988), pp.61-62.

[13] Bryan Christie, 'Doctors, Medicine and Health', in Magnus Linklater and Robin Denniston (eds.), *The Anatomy of Scotland*, (Edinburgh, 1992), p.56.

[14] GCURC : Archives, CPGB (Scottish Committee) Archive, *Condition Critical - Private Medicine and the NHS*, (London, 1982), p.21.

[15] Norman Johnson, *Reconstructing the Welfare State : A Decade of Change, 1980-1990*, (Hemel Hempstead, 1990), p.71.

[16] *Assessment for All : Report of the Committee to Review Assessment in the Third and Fourth Years of Secondary Education in Scotland*, (Edinburgh, 1977), p.75.

[17] Bodleian Library, CPA, Leader's Steering Committee (78) 68, Public Expenditure on Education by Nigel Lawson, 23 March 1978, p.2.

[18] Ken Jones, *Education in Britain : 1944 to the Present*, (Cambridge, 2003), p.79 and p.112.

[19] James Kellas, *Modern Scotland : The Nation since 1870*, (London, 1968), p.86.

[20] This construct emerged in the nineteenth century and it cited the example of a young boy who was able to use his intellectual capacity to rise from humble origins to university and then onto a position of authority because of the meritocratic nature of the Scottish education system.

[21] Thatcher Papers, MSS (2/6/1/159)

[22] Andrew Gamble, *Between Europe and America : The Future of British* Politics, (Houndmills, 2003), pp.167-168; John Campbell, *Margaret Thatcher, Volume One : The Grocer's Daughter*, (London, 2000), p.381.

[23] GCURC : Archives, STUC Archive, GCM, December 1981-February 1982, Letter from Hugh Rossi, Minister of State for Social Security, to James Milne on 26 November 1981, p.001307; Ruth Lister, *Social Assistance : The Real Challenge*, (London, 1978), p.3 and p.15.

[24] *Times*, 25 November 1980.

[25] *GH*, 7 January 1980; Timmins, *Five Giants*, p.361.

[26] Churchill Archives Centre, Cambridge, Kinnock Papers, Folder 52, Changes in National Insurance Benefits 1979-1988.

[27] Francis McGlone, 'Away from the Dependency Culture? Social Security Policy', in Stephen Savage and Lyndon Robins (eds.), *Public Policy Under Thatcher*, (London, 1990), pp.161-162.

[28] Timmins, *Five Giants*, p.371.

[29] Ian Gough, 'Thatcherism and the Welfare State', in Stuart Hall and Martin Jaques (eds.), *The Politics of Thatcherism*, (London, 1983), p.155.

[30] John Campbell, *Margaret Thatcher, Volume Two : The Iron Lady*, (London, 2003), p.247.

[31] Timmins, *Five Giants*, pp.374-375.

[32] Johnson, *Reconstructing*, p.39.

[33] Kinnock Papers, Folder 52, Changes in National Insurance Benefits.

[34] National Library of Scotland, SCUA Archive, Acc. 11368/114, *The Campaign Guide 1983*, (London, 1983), p.336.

[35] Geoff Norris, 'Poverty in Scotland', in Gordon Brown and Robin Cook (eds.), *Scotland : The Real Divide*, (Edinburgh, 1983), p.29 and p.38.

[36] CPA, CRD 4/7/93, Budget Submission by Chris Mockler on 12 January 1981; Kinnock Papers, Folder 73, A New Anti-Poverty Programme, January 1985, p.11.

[37] *Reform of Social Security*, Cmnd. 9517, (London, 1985), preface, pp.2-3, p.24, pp.29-30, pp.32-34 and pp.38-39.

[38] Timmins, *Five Giants*, pp.394-395 and p.400.

[39] The poverty trap primarily refers to those families or couples who are in low wage employment. These families and couples often suffer if they receive a wage rise, as it increases their income tax and NI payments as well as removing their entitlement to means-tested benefits; The unemployment trap refers to those individuals and families that are unemployed, but would receive little or no improvement in their finances by returning to work, as they would lose their entitlement to benefits.

[40] STUC GCM, October-December 1985, Draft Response to Government Green Paper "Reform of Social Security", pp.002090-002091, pp.002102-002104 and p.002549.

[41] STUC GCM, January-March 1986, Facing the Facts : Scotland and the Social Security Review, p.000566.

[42] McGlone, 'Away from the Dependency Culture?', p.164 and p.167.

[43] Johnson, *Reconstructing*, p.44 and p.57.

[44] *GH*, 17 December 1985; *DR*, 17 December 1985.

[45] Kinnock Papers, Folder 26, House of Commons Library Statistical Section, Information on Low Income Families.

[46] *GH*, 14 May 1988.

[47] Johnson, *Reconstructing*, pp.44-45 and p.49.

[48] Kinnock Papers, Folder 52, Changes in National Insurance Benefits.

[49] McGlone, 'Away from the Dependency Culture?', p.168.

[50] *GH*, 23 May 1988.

[51] STUC GCM, April-June 1988, Press Statement on 11 April 1988, p.001794.

[52] Kinnock Papers, Folder 26, Labour Party News Release by Gordon Brown on 24 May 1988.

[53] Campbell, *Iron Lady*, p.546.

[54] James Mitchell and Lynn Bennie, 'Thatcherism and the Scottish Question', *British Elections and Parties Yearbook 1995*, (1996), p.97.

[55] Thatcher, *Downing Street Years*, p.627.

[56] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), p.232; Michael Keating, *The City that Refused to Die : Glasgow : The Politics of Urban Regeneration*, (Aberdeen, 1988), p.171.

[57] Campbell, *Iron Lady*, p.247.

[58] STUC GCM, October-December 1985, p.002550; STUC GCM, January-March 1986, p.000570.

[59] Johnson, *Reconstructing*, pp.50-51.

[60] Kinnock Papers, Folder 26, Social Security Research Note, May 1988.

[61] David Willetts, *Modern Conservatism*, (London, 1992), p.48.

[62] Stephen Smith and Susanne Wied-Nebbeling, *The Shadow Economy in Britain and Germany*, (London, 1986), p.88.

[63] Ronald Young, 'Social Strategy in Strathclyde - Where Now?', *Local Government Studies*, Vol. 13, No. 3, (1987), p.8; Timmins, *Five Giants*, p.397.

[64] McGlone, 'Away from the Dependency Culture?', p.169.

[65] Campbell, *Iron Lady*, p.548.

[66] Kinnock Papers, Folder 52, Child Benefit - Recent Developments.

[67] Thatcher, *Downing Street Years*, p.625.

[68] Gough, 'Thatcherism and the Welfare State', p.164; Campbell, *Iron Lady*, p.247.

[69] SCUA Archive, Acc. 11368/116, *The Campaign Guide 1989*, (London, 1989), p.300; Johnson, *Reconstructing*, p.47.

[70] Kavanagh, *Thatcherism*, p.299; David McCrone, 'Opinion polls in Scotland, August 1988 to July 1989', *Scottish Government Yearbook 1990*, (1990), p.285.

[71] Michael Hill, *Social Security Policy in Britain*, (Aldershot, 1990), p.78.

[72] John Mohan, *A National Health Service? : The Restructuring of Health Care in Britain since 1979*, (London, 1995), p.56.

[73] Thatcher, *Downing Street Years*, p.607.

[74] GCURC : Special Collections, The Gallacher Memorial Library (GML), *Defending the NHS*, (London, 1984), p.3.

[75] Thatcher, *Downing Street Years*, p.49.

[76] *Report of the Royal Commission on the National Health Service*, Cmnd. 7615, (London, 1979), p.342, pp.357-358, p.374 and pp.376-377.

[77] Peter Townsend and Nick Davidson (eds.), *Inequalities in Health : The Black Report*, (London, 1983), foreword, p.51, p.206, p.211, p.213 and p.215.

[78] *Hansard*, Fifth Series, Vol. 967, 15 May 1979, (London, 1979), col.81.

[79] Campbell, *Iron Lady*, p.49 and p.170.

[80] STUC GCM, January-March 1980, p.578.

[81] Johnson, *Reconstructing*, p.71.

[82] STUC GCM, June-August 1980, Report of a Meeting with Argyll and Clyde Health Board on 21 August 1980, p.813.

[83] STUC GCM, January-February 1981, Report of a Meeting with Russell Fairgrieve on 14 November 1980, p.000044.

[84] *Health Education in Scotland : A National Policy Statement*, (Edinburgh, 1990), p.3.

[85] Claire Donnelly, 'Private health care in Scotland', *Scottish Government Yearbook 1986*, (1986), p.183.

[86] STUC GCM, March-April 1982, Report of a Meeting with George Younger and Allan Stewart on 14 January 1982, p.001799.

[87] SCUA Archive, *The Campaign Guide 1983*, p.336.

[88] *Glasgow - Health of a City*, (Glasgow, 1984), p.9.

[89] *GH*, 18 September 1982.

[90] Thatcher, *Downing Street Years*, p.277; Young, *One of Us*, pp.300-301.

[91] Nick Bosanquet, 'An ailing state of National Health', in Roger Jowell, Sharon Witherspoon and Lindsay Brook (eds.), *British Social Attitudes : The 5th Report*, (Aldershot, 1988), p.95.

[92] Young, *One of Us*, p.523.

[93] Johnson, *Reconstructing*, p.72.

[94] Stephen Harrison, *National Health Service Management in the 1980s*, (Aldershot, 1994), p.35.

[95] *The National Health Service Management Inquiry*, (London, 1983), p.3, p.5, pp.6-7 and p.12.

[96] Timmins, *Five Giants*, p.407.

[97] *Defending the NHS*, p.43.

[98] Harrison, *National Health Service*, p.177.

[99] Peter Williamson, 'Management reform of the NHS in Scotland : English plans, Scottish interpretation?', *Scottish Government Yearbook 1992*, (1992), p.192.

[100] STUC GCM, July-September 1984, The General Management Function in the National Health Service in Scotland : Proposals for Discussion, p.008044.

[101] Williamson, 'Management reform', pp.193-194.

[102] STUC GCM, October-December 1984, Draft Response to Government Consultative Paper "The General Management Function in the National Health Service in Scotland", p.008527.

[103] Ruth Fletcher, 'Competitive tendering : A move for efficiency or an attack on the NHS?', *Scottish Government Yearbook 1990*, (1990), p.135.

[104] Nigel Lawson, *The View From No. 11 : Memoirs of a Tory Radical*, (London, 1992), p.199.

[105] Robin Milne and Robert Wright, 'Competitive tendering in the Scottish National Health Service : Was it compulsory, and did it make a difference?', *Scottish Affairs*, 31, (2000), p.136.

[106] STUC GCM, October-December 1984, p.009235 and p.008754; STUC GCM, April-August 1983, Comments on SHHD Draft Circular on the Uses of Commercial Contractors in the Provision of Domestic, Catering and Laundry Services in the NHS, p.005141.

[107] Milne and Wright, 'Competitive tendering', p.136.

[108] *GH*, 6 July 1985.

[109] Johnson, *Reconstructing*, p.72.

[110] Donnelly, 'Private health care', p.173 and pp.176-177.

[111] John Hulbert and Alastair Glen, 'NHS expenditure in Scotland : Fair shares?', *RS*, 38, (1989), p.24.

[112] SCUA Archive, *The Campaign Guide 1989*, p.276.

[113] Campbell, *Iron Lady*, p.520.

[114] Johnson, *Reconstructing*, p.72.

[115] Charles Webster, *The National Health Service : A Political History*, (Oxford, 1998), p.157.

[116] Social Security Act 1986, *Public General Acts of 1986*, Chapters 50-59, (London, 1987), p.1567.

[117] SCUA Archive, Acc. 10424/161, *The Campaign Guide 1987*, (London, 1987), p.265; SCUA Archive, *The Campaign Guide 1989*, p.452.

[118] Kinnock Papers, Folder 405, Brief on Scotland, 12/3/87; Shirley Robin Letwin, *The Anatomy of Thatcherism*, (London, 1992), p.199.

[119] Johnson, *Reconstructing*, pp.90-91.

[120] Timmins, *Five Giants*, p.432 and p.452.

[121] Campbell, *Iron Lady*, p.548.

[122] Timmins, *Five Giants*, p.456.

[123] Ian Kendall and Graham Moon, 'Health Policy', *Public Policy Under Thatcher*, p.112.

[124] Webster, *The National Health Service*, p.186.

[125] Milne and Wright, 'Competitive tendering', p.136 and p.139.

[126] Fletcher, 'Competitive tendering', pp.138-139.

[127] STUC GCM, July-September 1988, p.002463.

[128] David McCrone, 'Opinion polls in Scotland, July 1987 to September 1988', *Scottish Government Yearbook 1989*, (1989), p.342.

[129] *GH*, 20 February 1988.

[130] Webster, *The National Health Service*, p.187; Kendall and Moon, 'Health Policy', pp.108-109.

[131] Campbell, *Iron Lady*, p.549.

[132] *Caring for People : Community Care in the Next Decade and Beyond*, Cmnd. 849, (London, 1989), p.79; *Community Care : An Agenda for Action - A Report to the Secretary of State for Social Services by Sir Roy Griffiths*, (London, 1988), pp.1-2 and p.7.

[133] Milne and Wright, 'Competitive Tendering', p.139.

[134] STUC GCM, October 1989, Scottish Office News Release on 25 July 1989, p.003549.

[135] STUC GCM, February-March 1990, *NHS Privatisation Bulletin*, p.000656.

[136] STUC GCM, July-September 1988, p.003363.

[137] Letwin, *Anatomy*, p.214.

[138] STUC GCM, April-May 1990, *NHS Privatisation Bulletin* p.001450.

[139] Milne and Wright, 'Competitive Tendering', pp.141-142.

[140] Fletcher, 'Competitive Tendering', pp.146-148.

[141] Thatcher, *Downing Street Years*, p.610.

[142] *Working for Patients : The Health Service*, Cmnd. 555, (1989, HMSO, London), pp.22-24, p.49, p.52, pp.55-57, p.65, p.69 and p.80.

[143] Letwin, *Anatomy*, p.220.

[144] STUC GCM, October 1989, p.003616.

[145] Christie, 'Doctors, Medicine and Health', p.57.

[146] STUC GCM, February-March 1989, Press Statement on 31 January 1989, p.000988.

[147] Campbell, *Iron Lady*, p.171.

[148] Keith Aitken, *The Bairns O' Adam : The Story of the STUC*, (Edinburgh, 1997), p.291.

[149] STUC GCM, April-May 1989, The STUC's Preliminary Response to the Government White Paper "Working for Patients", p.031483.

[150] Christie, 'Doctors, Medicine and Health', pp.57-59.

[151] *Hansard*, Sixth Series, Vol. 163, 7 December 1989, (London, 1989), col.512.

[152] *GH*, 1 February 1989.

[153] *Towards Scotland's Parliament : A Report to the Scottish People by the Scottish Constitutional Convention*, (Edinburgh, 1990), p.9.

[154] Webster, *The National Health Service*, p.158 and p.194.

[155] *Scottish Health Statistics 1991*, (Edinburgh, 1991), p.115.

[156] McCrone, 'Opinion polls', pp.285-286.

[157] SCUA Archive, *The Campaign Guide 1989*, p.452.

[158] Campbell, *Iron Lady*, p.553.

[159] Steve Iliffe, 'Dismantling the Health Service', *The Politics of Thatcherism*, p.250; *Working for Patients*, foreword.

[160] *Caring for People : Community Care in the Next Decade and Beyond*, Cmnd. 849

(London, 1989), p.5, pp.27-28 and p.80.

[161] STUC GCM, February-March 1990, p.000624 and p.001328.

[162] *Hansard*, 7 December 1989, col.514.

[163] Geoffrey Finlayson, *Citizen, State, and Social Welfare in Britain*, (Oxford, 1994), p.386.

[164] *Health Education in Scotland*, p.4, pp.18-19 and pp.20-21.

[165] Johnson, *Reconstructing*, p.86; Webster, *The National Health Service*, p.157.

[166] Peter Riddell, *The Thatcher Era and its Legacy*, (Oxford, 1993), p.137.

[167] Mary Shaw, Daniel Dorling, David Gordon and George Smith, *The Widening Gap : Health Inequalities and Policy in Britain*, (Bristol, 1999), p.110.

[168] *Scottish Health Statistics 1991*, p.78, p.133 and p.143.

[169] Campbell, *Iron Lady*, p.554.

[170] Letwin, *Anatomy*, pp.199-200.

[171] Webster, *The National Health Service*, p.143.

[172] Bosanquet, 'An ailing state of National Health', p.97.

[173] Timmins, *Five Giants*, p.459.

[174] Johnson, *Reconstructing*, p.93.

[175] David McCrone, *Understanding Scotland : The Sociology of a Stateless Nation*, (London, 1992), p.143.

[176] *GH*, 11 April 1989; *GH*, 13 April 1989.

[177] Christie, 'Doctors, Medicine and Health', pp.53-54.

[178] Campbell, *Iron Lady*, p.553.

[179] Peter Jones, 'Education', *The Anatomy of Scotland*, p.97.

[180] Riddell, *The Thatcher Era*, p.142; Michael Adler, Alison Petch and Jack Tweedie, 'The origins and impact of the Parents Charter', *Scottish Government Yearbook 1987*, (1987), p.297.

[181] Jonathan Hearn, *Claiming Scotland : National Identity and Liberal Culture*, (Edinburgh, 2000), p.122.

[182] STUC GCM, January-March 1980, p.882 and p.884.

[183] Timmins, *Five Giants*, p.381.

[184] Donald Mackinnon, June Statham and Margaret Hales, *Education in the UK : Facts and Figures*, (Milton Keynes, 1999), p.59; Education (Scotland) Act 1980,

Public General Acts of 1980, Chapters 44-54, (London, 1981), p.60.

[185] Adler et al., 'The origins and impact', pp.300-302 and pp.307-308.

[186] STUC GCM, January-February 1981, p.000277.

[187] *GH*, 4 March 1980; *TESS*, 1 February 1980.

[188] STUC GCM, September-October 1980, Press Statement on 7 August 1980, p.985.

[189] William Stewart, *Higher Education in Post-war Britain*, (London, 1989), p.245.

[190] The UGC was established in 1919 to distribute government grants to all British universities on an equitable basis; Johnson, *Reconstructing*, p.118.

[191] Lawson, *The View*, p.601.

[192] Andrew Denham and Mark Garnett, *Keith Joseph*, (Chesham, 2001), pp.369-371 and pp.391-392.

[193] *Future Strategy for Higher Education in Scotland : Report of the Scottish Tertiary Education Advisory Council*, Cmnd. 9676, (Edinburgh, 1985), p.9, p.82 and pp.88-89.

[194] Kavanagh, *Thatcherism*, p.82.

[195] Thatcher, *Downing Street Years*, p.591.

[196] The two-thirds rule prevented local authorities from sacking a teacher unless two-thirds of education authority members present at a meeting to discuss a dismissal ratified the decision; David Ross, *An Unlikely Anger : Scottish Teachers in Action*, (Edinburgh, 1986), p.25.

[197] Jones, 'Education', p.100.

[198] Andrew McPherson and Charles Raab, *Governing Education : A Sociology of Policy Since 1945*, (Edinburgh, 1988), p.209.

[199] Ross, *Unlikely Anger*, p.29.

[200] *Public Expenditure to 1988-89 : A Commentary on the Scotland Programme*, (Edinburgh, 1986), p.50 and p.86.

[201] STUC GCM, April-June 1984, p.007380.

[202] Ross, *Unlikely Anger*, p.65, p.74, pp.86-87, p.92, p.98 and p.101.

[203] *GH*, 28 January 1985.

[204] Ross, *Unlikely Anger*, p.122, p.124, p.134 and p.145.

[205] *TESS*, 31 January 1986.

[206] *Hansard*, Sixth Series, Vol. 93, 6 March 1986, (London, 1986), col.459.

[207] *GH*, 7 March 1986.

[208] Ross, *Unlikely Anger*, p147

[209] Teachers' Pay and Conditions Act 1987, *Public General Acts of 1987*, Chapters 1-26, (London, 1988), pp.1-5.

[210] Education Reform Act 1988, *Public General Acts of 1988*, Chapters 39-46, (London, 1990), pp.2039-2041, pp.2085-2088, pp.2172-2174 and pp.2169-2170.

[211] Lawson, *The View*, p.608.

[212] Mackinnon, Statham and Hales, *Education in the UK*, p.62.

[213] Margaret Thatcher, *The Path to Power*, (London, 1995), p.166.

[214] *School Management : The Government's Conclusions*, (Edinburgh, 1988), p.4.

[215] STUC GCM, January-March 1988, p.000136, p.000138 and p.000633.

[216] Thatcher, *Downing Street Years*, pp.570-571.

[217] For further information on Scottish education prior to 1945 see; McPherson, 'Schooling', p.87; James Scotland, *The History of Scottish Education, Volume Two : From 1872 to the Present*, (London, 1969); Kellas, *Modern Scotland*, pp.76-100.

[218] Jones, 'Education', pp.112-113.

[219] *TESS*, 20 October 1989.

[220] *TESS*, 15 January 1988.

[221] Thatcher, *Downing Street Years*, p.620; *TESS*, 12 February 1988.

[222] *TESS*, 17 June 1988.

[223] *Scottish Abstract of Statistics 1991*, No. 20, (Edinburgh, 1991), p.72 and p.76.

[224] Jones, *Education in Britain*, p.112.

[225] STUC GCM, July-September 1988, p.003062 and p.003068.

[226] STUC GCM, February-March 1989, p.001251.

[227] STUC GCM, October 1990, The Educational Challenge for Scotland - The Next Steps, Scottish Council (Development and Industry), June 1990, p.003983.

[228] *Scottish Abstract of Statistics 1991*, p.80.

[229] Shaw et al., *The Widening Gap*, p.26.

[230] Lindsay Paterson, *Scottish Education in the Twentieth Century*, (Edinburgh, 2003), p.158.

[231] Self-Governing Schools etc. (Scotland) Act 1989, *Public General Acts of 1989*, Chapters 26-39, (London, 1990), p.2, pp.6-7, pp.13-14, pp.15-19 and pp.20-21.

[232] Jenkins, *Accountable to None*, p.124.

[233] STUC GCM, June-July 1989, Forum on Scottish Education Press Release on 22 March 1989, p.002286; STUC GCM, February-March 1989, p.001222.

[234] *Hansard*, Sixth Series, Vol. 155, 20 June 1989, (London, 1989), col.171.

[235] Thatcher, *Downing Street Years*, p.621.

[236] *TESS*, 14 October 1988; Jones, *Education in Britain*, p.116.

[237] Johnson, *Reconstructing*, p.119 and pp.121-122.

[238] Thatcher, *Downing Street Years*, pp.598-599.

[239] Mackinnon, Statham and Hales, *Education in the UK*, p.136.

[240] *Scottish Abstract of Statistics 1991*, p.84.

[241] Campbell, *Iron Lady*, p.399.

[242] Johnson, *Reconstructing*, pp.118-119.

[243] STUC GCM, June-July 1989, pp.002264-002265.

[244] Letwin, *The Anatomy*, p.274.

[245] Timmins, *Five Giants*, pp.440-442.

[246] Thatcher, *Downing Street Years*, p.599.

[247] *Scottish Abstract of Statistics 1991*, p.77.

[248] Lindsay Paterson, *The Autonomy of Modern Scotland*, (Edinburgh, 1994), p.172.

[249] *Public Expenditure to 1988-89*, p.86; Arthur Midwinter, Michael Keating and James Mitchell, *Politics and Public Policy in Scotland*, (London, 1991), p.113.

[250] Stewart, *Higher Education*, pp.280-281; R. D. Anderson, 'The Scottish University Tradition : Past and Future', in Jennifer Carter and Donald Withrington (eds.), *Scottish Universities : Distinctiveness and Diversity*, (Edinburgh, 1992), p.73; Paterson, *The Autonomy*, p.168 and p.170.

[251] *Towards Scotland's Parliament*, p.7.

[252] Thatcher, *Let Our Children*, p.5.

[253] Shaw et al., *The Widening Gap*, p.144 and p.159.

[254] Finlayson, *Citizen, State, and Social Welfare*, pp.399-400.

[255] Interview with Lord Forsyth on 11 November 2003.

[256] Paterson, *The Autonomy*, p.170.

[257] Richard Finlay, *Modern Scotland, 1914-2000*, (2004, Profile, London), p.350.

Chapter Five

'THE RUNAWAY TRAIN'?[1] SCOTTISH LOCAL GOVERNMENT IN THE THATCHER ERA

Writing in her memoirs in 1993 Margaret Thatcher outlined her interpretation of Scotland's ills, 'On top of decline in Scotland's heavy industry came socialism - intended as a cure, but itself developing quite new strains of social and economic disease'.[2] According to Thatcher, no area of Scottish society displayed symptoms of this 'disease' more than local government, which had played an integral role in advancing the post-war corporatist consensus.[3] Britain's local authorities consumed huge sums of public finance, and were responsible for the administration of the rates, a property tax despised by the 'New Right'.[4] Thatcher's attempts to overthrow the consensus in local government spanned her entire premiership, and provided a combination of great success and critical failure. This section examines Thatcher's reform of Scottish local government, and will include analysis of the community charge or the poll tax, as it was notoriously known.

Local government has largely been overlooked by Scottish historians when analysing the Thatcher years, and effectively has been monopolised by Arthur Midwinter. In contrast, the poll tax has received widespread critical analysis, inextricably linked to Thatcher's downfall as Prime Minister, and categorised alongside the *Titanic* as a famous 'historical blunder'.[5] Much popular mythology surrounds the tax in Scotland, and it is a widely held opinion that Scotland was used as a 'guinea pig' to test the charge's suitability. Alice Brown, David McCrone and Lindsay Paterson have embellished this interpretation of events by concluding that the introduction of the community charge in Scotland was the end product of Thatcher's desire to use Scotland as a 'test bed' for rating reform.[6] This chapter challenges and discounts this theory by analysing the origins of the poll tax in Scotland.

Analysis of Scottish local government during Thatcher's premiership is extremely limited, and sometimes open to interpretation. Gerald Warner states that the poll tax was an 'equitable reform' that was distorted by 'Black propaganda', while Christopher Harvie wrongly asserts that the sale of council houses was the brainchild of George Younger.[7] In reality, Peter Walker and Michael Heseltine were responsible

for designing this scheme whilst in opposition. Richard Finlay provides comprehensive coverage of rating reform, and describes Scotland's local authorities as, 'the last significant remnants of the corporatist Welfare State'.[8] Yet, in suggesting that Thatcher wanted councils to raise their revenue through rates increases, he misinterprets the message underlying her reduction in central government grants. On the contrary, Thatcher wanted local authorities to find cost savings within their own budgets.

Harvie overemphasises the input of Douglas Mason, and overlooks the importance of the rating review team appointed by Thatcher in autumn 1984. On the other hand, James Mitchell examines the poll tax thoroughly, but fails to emphasise the Scottish Conservative Party's complicity in its introduction to Scotland.[9] Finally, Michael Fry highlights Younger's 'strict control of local authorities',[10] and attributes this to the need to conform with Thatcher's wishes, but fails to scrutinise Thatcher's reform of local government in sufficient depth, undermining his perceptive analysis.

Charting the Route : Scottish Local Government, 1969-1979

In 1966 Labour established a Royal Commission on Local Government in Scotland, which reported back in 1969, proposing a two-tier system of seven regional authorities and thirty-seven district councils.[11] All important functions were to be held at regional level, excluding housing, which was to be a district council responsibility, and both tiers were to hold taxation powers. After much debate the Conservatives passed the Local Government (Scotland) Act 1973, which led to the creation of nine regional councils, fifty-three district councils, and three all-purpose island councils in 1975.[12]

One controversial aspect of this restructuring was the creation of Strathclyde Region, containing almost half of Scotland's population. Paradoxically, Labour opposed the creation of Strathclyde, which encompassed the party's electoral heartland in the west of Scotland, but the Conservatives pressed ahead with a measure designed to bolster the interventionist power of local government. This reform increased public sector employment and expenditure in Scotland, contradicting Edward Heath's goal of containing public spending.

Heath introduced national rent and rates rebates through the Housing Finance Act 1972,[13] and the Housing Financial Provisions (Scotland) Act 1972 established a standard, market-related pricing system for all rented housing. Rent and rates rebates were designed to aid those individuals who could not afford their rent,[14] but they also created the preconditions for a growth in state dependency.

As Shadow Environment Secretary, Thatcher's remit had included local government. During the October 1974 General Election she proposed the discounted sale of council houses, a scheme of which Peter Walker was the architect, with the reservation that this might create resentment amongst middle-class homeowners. She also pledged to abolish the rates in response to the 1973 English and Welsh revaluation, but was concerned that a direct replacement had not been identified.[15] An innovative suggestion related to overspending councils, with her proposal that central government should fix spending limits when distributing block grants to local authorities. Prior to 1979, Thatcher's knowledge of local government, its spending requirements, and the rating system had increased considerably.

In 1975 the changing economic climate saw Labour's Environment Secretary, Anthony Crosland, inform local authorities that 'the party was over'.[16] Furthermore, he appointed a Committee of Inquiry into Local Government Finance under the chairmanship of Sir Frank Layfield, which reported back in May 1976, recommending that a local income tax should replace the rates.[17] Labour, however, dismissed Layfield's findings and, in accordance with the IMF inspired spending guidelines introduced in 1976/77, Scottish local authority spending was reduced from £2,644 million in 1975/76 to £2,411 million in 1978/79.[18]

By 1979, however, UK local government expenditure still accounted for 28.1% of public spending and 12.4% of Gross National Product (GNP), with Scottish councils receiving 67.8% of their expenditure via central government grants in 1979/80, compared to 61% in England.[19] This was a manifestation of everything disapproved of by Thatcher in the consensus. Local government's spending priorities were consuming vast sums of taxpayers' money with the approval of Parliament. If the frontiers of the state were to be rolled back then Scotland's local authorities were in the front-line.

Applying the Brake : Local Spending and the Rates, 1979-1984

On entering office Thatcher passed the Tenants' Rights etc. (Scotland) Act 1980, giving council house tenants of three or more years standing the right to buy their property at two-thirds of its market value, with a further 1% discount for each year of tenancy.[20] For those tenants who were unable to buy outright, a two year option to buy at the original price was available on payment of £100.[21] The motivations behind the right-to-buy legislation were two-fold. Thatcher hoped that the legislation would transform Britain into a 'property owning democracy', undermining Labour's powerbase in local government, as council tenants generally voted Labour, whereas owner-occupiers were more inclined to back the Conservatives.[22] The Environment Secretary, Michael Heseltine, an architect of this scheme, enacted identical legislation for England and Wales.[23]

Iain Sproat, the Conservative MP for Aberdeen South, claimed that the Act would 'change the political landscape of our country', and enable Scots 'to fulfil our old tradition of individual independence, and to enjoy the freedom which ownership brings'.[24] Malcolm Rifkind, who oversaw its passage through the Commons, asserted that far from being involved in a process of centralisation, the Government was transferring power to the ordinary tenants, who were under no compulsion to utilise the legislation.[25] On the other hand, Labour challenged Rifkind on the grounds that council housing policy should be left at the discretion of local authorities. In 1981, public housing constituted 52% of Scotland's housing stock, compared to 28% in England.[26] This represented the largest share of public housing outwith the Eastern Bloc.[27] By September 1982, 28,535 sales had been completed under the Tenants' Rights Act,[28] but a 'property owning democracy' remained a distant ideal in Scotland.

Meanwhile, Thatcher attempted to constrain local authority spending. Local government was financed through a combination of central government grants, and the rates. The Rate Support Grant (RSG) provided the main source of local authority support, with the Scottish Secretary having the power to set the ratio consumed by each component of the RSG.[29] Furthermore, the Housing Support Grant (HSG) came into operation in 1978/79, allocating grant in relation to the expenditure and rental income of each authority.[30] HSG was calculated on the basis of a councils' need to

spend on debt charges, management and maintenance, and its potential income. The Housing Revenue Account (HRA) covered house building, modernisation and land purchase, and the Non-Housing Revenue Account dealt with aid to the private sector through improvement grants, and lending for house purchase and improvement. Councils had to submit a Housing Plan every four years outlining their intended capital expenditure.

Initially Younger attempted to continue with Labour's policy of laying down spending guidelines. In 1979/80, however, a number of local authorities clearly overshot their spending targets.[31] This can largely be attributed to the Government's miscalculation of the projected rate of inflation when allocating RSG, as it estimated that inflation would go no higher than 4.3%, whereas the councils budgeted for an inflation rate of 10.2%. In practice, inflation increased to 12%, producing unexpected distortions in council budgets.

In 1980 Heseltine introduced financial penalties for overspending English and Welsh councils, and established a strict formula for calculating RSG.[32] Therefore, as Younger struggled to control high-spending authorities he came under increasing pressure to enforce his spending limits more tightly. In 1980/81, Lothian Region had planned expenditure amounting to 6.6% over the Government's target, but ended the financial year 11.7% in excess of Scottish Office guidelines. In order to facilitate this increase in spending, taking place in tandem with rising interest rates, cuts in grant, and high inflation, Lothian pushed its rates up by 41%.

Younger's solution was to pass the Local Government (Miscellaneous Provisions) (Scotland) Act 1981, empowering himself to withdraw RSG from selected authorities where he considered their estimated expenditure to be 'excessive and unreasonable'.[33] Younger already possessed these powers through the Local Government (Scotland) Act 1966, but the new legislation enabled him to reduce grant prospectively. Furthermore, the 1981 Act specified that the Scottish Secretary was to take into account the previous year's expenses, general economic conditions and 'other financial, economic, demographic, geographical and like criteria' when assessing expenditure.

Prior to the enactment of this legislation, Scotland's councils had considerable freedom in designating their expenditure requirements, but from 1981 onwards, the

financial wisdom of the Scottish Office prevailed over that of Scotland's local authorities. Unlike the situation in England and Wales, the Scottish Secretary had a great deal of discretion placed at his disposal. This piece of legislation represented a clear example of centralisation, laying the foundations for Thatcher's assault on the corporatist consensus in local government.

James Milne interpreted the Act as a Conservative tool, 'to carry its public sector wage freeze into practice'.[34] The new legislation did not have the desired effect, however, as several local authorities defied Younger. In 1981/82 planned expenditure was 14% over the Government's target, and Scotland's regional authorities ended the financial year overdrawn by £82 million.[35] Lothian was a principal offender, with planned spending of 24.7% above the guidelines, but other authorities, such as East Lothian District, were equally culpable. Moreover, Stirling and Dundee Districts compounded their failure to work within budget by sanctioning huge rates increases of 122% and 150%.

Younger, infuriated by this defiance, announced in July 1981 that selective action was to be taken against seven Labour-controlled councils.[36] Lothian, Stirling and Dundee were not surprised, as they had set out to challenge the Government, but according to Midwinter, the rest 'were genuinely astonished to find themselves there'.[37] Due to their disparate ideological standpoints, the seven authorities failed to agree on a common strategy, and Rifkind attempted to exploit divisions by offering each council the opportunity to repay a proportion of its overspend to either ratepayers or the Scottish Office. The only council to reimburse its ratepayers was Renfrew, with the rest agreeing that, as an act of ideological defiance, any repayments should be made to the Scottish Office.

Lothian had the greatest difficulty, as Younger planned to reduce its grant by £53 million. In a period of nine months, this was to entail a reduction of four years' worth of expenditure.[38] Lothian asserted that it had a local mandate to increase spending, and launched a campaign in defence of its spending priorities, unlike Stirling District, which stated that it could cope with a £1 million reduction in its budget. The most potent argument deployed by Lothian contended that the proposed grant reduction would force the Region to cut 20,000 jobs. When it lobbied Parliament, the Labour leader of the Greater London Council (GLC), Ken

Livingstone, offered organisational assistance.

Younger eventually elected to cut Lothian's budget by £30 million, with the other authorities suffering only fractional reductions in their grant, enabling him to demonstrate that the new legislation was workable, whilst ensuring that the loss of grant was not significant enough to generate large-scale redundancies for which he would be held accountable. In December 1981, Scottish local authorities employed 255,900 workers and, by November 1982, Scotland had 20% more local authority employees per head of population than England and Wales.[39]

On the other hand, Younger was aware that he had failed to curb rates increases, causing great distress amongst Conservative voters. At the 1980 Scottish Conservative conference, Arthur Bell had described the rating system as 'absurd and evil', and proposed establishing a national lottery, to help finance local expenditure.[40] Thatcher had promised to review the rating system, while in opposition and, in December 1981, the Government published a Green Paper, *Alternatives to Domestic Rates*. This resembled the Layfield Committee Report; however, there was one difference. Heseltine's review examined the option of a poll tax, which was elevated to equal status with a local income tax, a sales tax, and property taxes.[41] The Green Paper concluded that, in the meantime, the status quo was to remain in place, and rejected a poll tax on the grounds that it would require a complex system of administration and rebates. However, it did praise the perceptibility of the tax with the electorate. The STUC asserted that a poll tax was not a 'practical proposition' unless it was used to supplement another tax, and the Scottish Tenants' Organisation believed that a poll tax would need to be 'accompanied by a complex rebates system'.[42]

In the wake of the review's findings, Younger tightened his grip over rate levels. The Local Government and Planning (Scotland) Act 1982 empowered the Scottish Secretary to 'cap' rates by requiring local authorities with 'excessive and unreasonable' spending plans to reduce their rates.[43] This power could be used instead of, or in addition to, the power to reduce RSG. It could, however, only be exercised after a debate and vote in Parliament on a report for each penalised authority. Furthermore, the Act allowed Younger to omit any category of expenditure he saw fit, when proposing a grant or rate reduction. This enabled him to penalise any authority

opting for spending priorities unacceptable to him. The Act also restricted the use of borrowing to prevent money being advanced from loans funds to cover any deficiency arising from the difference between a reduced rate, which an authority had set for it, and the rate initially determined by the authority in question. This move centralised substantial power in Edinburgh, making Scotland the clear pacesetter in control of the rates.

At the 1982 regional elections the Conservatives retained control of Grampian and Tayside, but trailed well behind Labour, which held sway in the populous regions of Central, Fife and Strathclyde.[44] In Lothian, however, Labour lost its majority and refused to form a coalition administration, resulting in the Conservatives uniting with the Liberal/SDP Alliance to run the Region. Indeed, events in Lothian appear to contradict the conclusions of Midwinter, Michael Keating and Mitchell, who state that, 'some of the most dramatic rates increases owed little to local authority decisions',[45] as Brian Meek pledged to reduce the rates and expenditure. Meek was unwilling to meet Younger's demands, because he agreed with the outgoing Labour leadership that a £45 million cut would lead to redundancies.[46] This jeopardised the credibility of the Scottish Office's spending criteria, and undermined the logic of central government setting specific figures for each council. Meek brokered a £30.7 million reduction in grant, and a rates level of 100p, rather than 116p. Stirling District, by this stage isolated, struck a deal to drop its rates by 4p, and accepted a grant cut of £832,000. Younger was progressively enforcing his will on Scotland's local authorities and, in so doing, he was severely limiting the fiscal autonomy previously enjoyed by local government.

When the House of Commons Environment Committee undertook a further rates review, the concept of a poll tax came under scrutiny once more. The Committee's report, in July 1982, concluded that a poll tax could be used as a supplementary tax, but recommended strongly, 'that a Poll Tax, even at a low level, should not be introduced'.[47] This was the second dismissal of rating reform within six months and, on the Committee's advice, Thatcher switched her attention to the introduction of 'rate-capping' in England and Wales.[48]

Younger also sought to further increase his 'rate-capping' powers. While Thatcher pressed ahead with her plans for England and Wales in the Rates Act 1984,

Younger was placing an even more radical Bill before Parliament, which was to expand on the 1982 Act by empowering Younger to set general rate limits for whole classes of authorities.[49] The Rating and Valuation (Amendment) (Scotland) Act 1984 was intended to be the final part of Thatcher's legislative drive to curb exorbitant rates increases, but its powers were never utilised by a Scottish Secretary. Despite the Government's contention that high non-domestic rates deterred potential employers, and discouraged enterprise, there was little concrete evidence to substantiate its claims. Indeed, Cambridge University's Department of Land Economy published a report in 1985, stating that its researchers were 'able to detect little if any influence of rates on the location of jobs'.[50] However, non-domestic rates had risen from 21.2% of Scottish local government income in 1979/80 to 26.3% in 1983/84,[51] which cannot have assisted attempts to attract new employers.

Another critical part of the 1984 legislation, which was not included in the English and Welsh Rates Act, empowered Younger to limit by Order the amount a local authority could budget to contribute from its rate fund to the HRA.[52] In 1981/82 a Housing Expenditure Limit had been introduced, linking each local authorities' capital allocations to its rate fund contribution.[53] This was a device to prevent Labour-controlled councils building new houses and using the rates to subsidise council house rents. In the first three years of Conservative rule HSG fell by 59%, and by 1984/85, 74% of council housing finance was derived from rents, compared to 47% in 1979/80.[54] However, by 1985, 812,000 Scottish households were in receipt of housing benefit, resulting in the Government redistributing these savings towards rent rebates.[55]

Between 1979 and 1983 capital expenditure on council housing dropped by 33%, and when these cuts combined with the effects of the right-to-buy legislation, serious imbalances in council house stocks emerged. Between 1981 and 1986, district council waiting lists increased from 137,054 to 181,125, and homelessness applications rose from 15,955 in 1981/82 to 26,329 in 1985/86.[56] Moreover, in 1986 the Scottish Office identified that out of Scotland's 843,000 council houses, 356,725 needed to be modernised, 234,074 suffered dampness or condensation, and 153,746 needed major or structural repair.[57]

David Alexander contends that Thatcher's policies led to the 'residualisation'

of Scotland's public housing stock,[58] and a growing stigma becoming attached to council housing. On the surface, Alexander's analysis is correct, but he fails to explore the underlying logic behind the Government's housing policies. Thatcher was convinced that all council estates were 'bad',[59] and believed that by increasing council house rents, dependency would be reduced, as those council house tenants who did not receive housing benefit would be stimulated into purchasing their own home. In Thatcher's eyes, public sector housing was to operate as a safety net for those incapable of owning their own home, but was never to be treated on equal terms to ownership.

The extent of Thatcher's commitment to expanding home-ownership was underlined by her decision to increase the maximum limit for Mortgage Income Tax Relief (MITR) to £30,000 in 1983.[60] Thatcher had no ideological objection to subsidising home purchasers, as she believed that ownership was intrinsically linked to individual liberty. She also surmised that the Conservatives would benefit electorally, as at the 1983 General Election, 42% of British council house purchasers voted Conservative, compared to 22% of council house tenants.[61]

In England, the Metropolitan Councils and the GLC, which had been responsible for the majority of overspending there, were abolished as Thatcher constrained local government spending and influence. Surprisingly, she chose not to extend these plans into Scotland, enabling Scotland's high-spending regional authorities to continue in existence for the duration of her premiership. Between 1979 and 1983 Strathclyde Region's rates increased by 127%, and in 1986/87 Strathclyde and Lothian accounted for above 80% of overspending in Scotland.[62]

Thatcher was particularly enthusiastic over the abolition of the GLC, which had acted as a bulwark against her economic and social policies, asserting that its abolition would lead to savings of £1 billion.[63] Masterminding high-profile legal and media campaigns against the Government's plans, the GLC proved very difficult to disband. With the support of the House of Lords, it remained in place until 1 April 1986,[64] when its powers over waste disposal, the police, and the fire service were transferred to non-elected Boards appointed by central government. A similar process occurred in the areas covered by the Metropolitan Councils, and Andrew Gamble plausibly asserts that, 'The logic of government policy pointed to the eventual

abolition of local government altogether'.[65]

In effect a dual track local government policy was operating, as a genuine desire for uniformity in British local government would have resulted in Scotland's regional authorities being discarded. Indeed, England's Metropolitan Councils had every right to feel discriminated against, because their rates' levels and spending increases were no worse than those of the Scottish regions. Furthermore, Scotland's most populous regional authorities, such as Strathclyde and Fife, were largely Labour-controlled, and were engaged in the promotion of 'socialist' policies.[66] By abolishing these authorities, Thatcher would have significantly diminished 'socialist' influence, and localised opposition to her policies to a far greater extent. Inaction prolonged the life of the post-war consensus in Scotland, when she was attacking it with great fervour south of the Border.

Switching the Engines of Finance : The Replacement of the Rates

Thatcher had hoped that the 1984 Rates Act would curtail unsustainable rates increases in England and Wales, but the Militant-controlled Liverpool City Council fought a legal battle against the Government, highlighting significant shortcomings in the rate capping system. Thatcher responded to Liverpool's challenge, and to her conflict with Livingstone by sanctioning the establishment of another rates review prior to the 1984 Conservative conference. There was very little Cabinet enthusiasm for a review, but in the aftermath of the conference she became, 'more convinced than ever of the fundamental absurdities of the present system'.[67] This was a period of attrition, as she battled left-wing councils on one front, and the NUM on another. Furthermore, in a Scottish context, the Conservatives only retained outright control of four districts at the 1984 district elections, compared to Labour's haul of twenty-five.[68] Amid these difficulties it was imperative that her vigour for continuing reform was demonstrated.

The review team's remit covered the funding and structure of local government, as well as its electoral arrangements.[69] At this point, it held no more chance of finding a solution to the Conservatives' rating difficulties than had previous attempts. However, by 1985, Scotland was to be at the forefront of the search for an

alternative to the rates. According to Scots law a national rating revaluation had to take place every five years, unlike in England and Wales, where there was no specified legal time limit. Scotland's most recent revaluation had been in 1978, whereas England last underwent this process in 1973. Younger had postponed revaluation in 1983 with the consent of the opposition parties and the Convention of Scottish Local Authorities (COSLA), because of the impending General Election but, by 1984, had concluded that further postponement would be 'dishonest and unfair and damaging to someone'.[70] The new rate poundages were to come into effect in the spring of 1985.

In the summer of 1984, Younger was informed that the impact of revaluation on domestic ratepayers was going to be more extreme than the Conservatives had expected. He attempted to pre-empt this blow by increasing domestic rate relief (DRR), and by 1985/86 the total consumed by DRR was £102 million, compared to £14.3 million in 1984/85. This clearly redistributed RSG away from poorer areas, increasing subsidy to wealthy residential parts of Scotland. The business sector also benefited from an additional £50 million from the Treasury's Contingency Fund, which was allocated to businesses whose valuation had increased, at least, three-fold and required special legislation. A limit of £10,000 per business was placed on the subsidy, and Nigel Lawson described this as an act of 'exceptional' generosity.

Nevertheless, even after adjustments, domestic rates rose by an overall figure of 8% across Scotland, and in Conservative-voting areas, such as Bearsden and Eastwood, rates bills shot up by as much as 40%.[71] This also undermined Thatcher's drive to expand owner-occupation in Scotland, as council house sales fell between 1984 and 1986.[72] James Goold branded revaluation, 'a huge vote loser', and he asserted that 'Scotland suffers, whilst England does not'. Scotland's business community had mixed fortunes, as industrial rates fell by 10.7%, and commercial rates dropped by 1.3%, but some high street shops saw significant increases.

CBI (Scotland) stated that, 'revaluation and local authority rate increases impose a charge far beyond anything paid by competitors in England...If that is the only way we are going to get radical change in the rating system it seems a helluva way to run a railroad'.[73] Donald Stewart of the SNP echoed these sentiments by describing the Scots as 'guinea pigs' for measures that would be unacceptable in the

Conservative heartlands of southern England.[74] While Thatcher was obliged under Scots law to undertake a revaluation, there is a decipherable strain of logic to Stewart's argument. Thatcher had pledged to abolish the rates in 1974 after the effect of the 1973 revaluation in England and Wales, and the 1981 rates review had also analysed the possible impact of revaluation south of the Border. It indicated that revaluation would lead to 'Substantially reduced' rates for large-scale, old, labour-intensive factories in the Midlands and northern England, which the Government hoped to phase out of the economy.[75]

The rates of southern based firms, 'shops in primary locations', new offices and small factories on modern industrial estates, and 'modern oil refineries' were expected to rise substantially, and Thatcher was relying on expansion in these sectors to replace the jobs lost in manufacturing. Equally significantly, as a result of the explosion in southern English house prices since 1973, it was inevitable that the domestic rates burden would be increased in the south as well.[76] This was politically unacceptable to Thatcher, as the bulk of the Conservatives' electoral support was located in this area, and she is alleged to have told Heseltine, 'There's no problem...We're not doing it'.[77]

Therefore, she knew the effect that revaluation was likely to have in Scotland. She could have stalled revaluation or alternatively the Conservatives could have passed legislation to overturn the legal requirement that revaluation had to take place every five years. Thatcher did neither, but most of the blame for this inaction should be laid at the door of Younger, who 'insisted' on revaluation taking place. Even after the predicted effect of revaluation was analysed in the summer of 1984, and Goold urged the Government to think again, Younger made no attempt to abort revaluation.[78] Thatcher was largely preoccupied with the miners' strike and abolishing the GLC and Metropolitan Councils. Younger should have ensured that this politically damaging revaluation was abandoned, but resorted instead to lobbying the Treasury for extra finance to cushion the blow. Given the Scottish Conservatives' precarious electoral position in 1984, it was incompetent of Younger to sanction a revaluation increasing the rates of Conservative voters by up to 40%. Lawson asserts that, 'the politics were uncharacteristically badly handled by George Younger'.[79]

At this time, only 1.4 million Scots contributed directly towards the rates,[80]

dispelling the image of a nation in revolt. In reality, revaluation alienated the bedrock of Scottish Conservative support in the business sector, and amongst homeowners in prosperous areas. The 812,000 Scottish households that received housing benefit, and had differing proportions of their rates paid by the state, were largely unaffected by the turmoil over revaluation. Nevertheless, revaluation was one of the few issues over which the Scottish Conservatives asserted themselves during Thatcher's premiership. As Thatcher describes in her memoirs, 'Scottish ministers, businessmen and Tory supporters began with one voice to call for an immediate end to the rating system'.[81]

Amid this furore, the fact that revaluation had carried out its intended task was almost entirely missed. Revaluation reflected the changes that had taken place in Scotland's industrial capacity, employment levels, and the housing market since 1978. During Thatcher's time in office, Scotland's manufacturing base had been dramatically eroded (see chapter 2), but by 1985, there were signs that the service industries and the commercial sector were on the verge of expansion. Hence, it was only natural that revaluation would reflect this redistribution of economic strength. On the other hand, Thatcher's drive to create a property owning democracy, through the right-to-buy legislation, had slowly gained momentum and, by 1987, owner-occupation had risen to 42% in Scotland.[82] This had led to an increase in house prices and demand for housing; inevitably this trend was reflected by significant rates increases in wealthy residential areas.

Meanwhile, as panic gripped the Scottish Conservative Party, the review team had made significant progress. From the outset, it had operated differently to previous reviews, ignoring input from figures such as Sir Frank Layfield.[83] This was a clear indication of Thatcher's break from the post-war consensus, as she excluded those whom she considered as prejudiced by previous involvement in local government. This represented a huge risk on her behalf. Kenneth Baker and William Waldegrave were the review team's central ministerial figures.

The review's remit was underpinned by two objectives, guiding it towards a radical overhaul of the rating system. Firstly, a system was to be devised that was highly perceptible to the electorate, and secondly, the optimum number of electors were to be exposed to the financial realities of their council's spending priorities. At this time, it was estimated that as few as fourteen million Britons out of an adult

population of forty million were paying rates, and of every pound spent by Britain's local authorities only twenty pence was paid for by domestic ratepayers. An ideologically compatible alternative to the rates was essential if Britain was to be transformed into an entrepreneurial, self-reliant nation with low taxation. It was this political criterion that led the review team towards a poll tax.

Christopher Foster, a local government finance expert at the London School of Economics, was the foremost supporter of a poll tax, and pushed it to the front of the review team's agenda. In November 1984 the review team had raised the poll tax option with Scottish Office civil servants, but their discussions 'fell on extremely stony ground'.[84] Nevertheless, in the period between December 1984 and March 1985, the poll tax became increasingly attractive. This was partly down to a process of elimination, as Thatcher was steadfastly opposed to a local income tax, and her interest in a local sales tax had cooled substantially since leaving opposition. In 1981, Younger had been the only Cabinet member to support a local income tax, and by 1985 he was willing to examine any alternative to the rates.

Initially, a poll tax had been envisaged as a supplement to the rates, but by the spring of 1985 it was seriously considered as an outright replacement. By early March 1985, a fully-fledged tax had emerged, known as the 'personal charge' or the 'resident's charge'. At this stage it was envisaged that a poll tax would run in tandem with the rates for a period of ten years before completely replacing them. This proposal was put before almost half the cabinet at a meeting at Chequers on 31 March 1985, but neither Lawson, nor any representatives of local government attended.[85] Michael Ancram and Younger represented Scottish Office interests at the meeting. On hearing the proposals for a poll tax, Younger is alleged to have exclaimed, 'all my political life I have been waiting for this',[86] and William Whitelaw echoed his sentiments. Lawson was staunchly opposed to the proposals, but did not openly challenge Thatcher over the tax in Cabinet, choosing instead to register his disapproval in a memorandum, whilst attempting to convince Baker that the scheme was unworkable. In the face of Lawson's opposition, the pace of reform quickened at the Scottish Conservative conference in May, when Younger proclaimed that, 'the status quo is not an option', and Thatcher pledged to rectify the 'anomalies and unfairness that are inherent in the present system'.[87]

On 6 January 1986, the proposals went before the full Cabinet for the first time. The Green Paper stated that a poll tax was to be gradually introduced over the course of a decade in England and Wales, and it contended, for no explicit reason, that this process could be carried out within three years in Scotland.[88] A 'safety net' was also to be temporarily established to limit the expected transfer in resources from high spending authorities to those with low levels of expenditure. Moreover, a national business rate (NBR), which was to be set by central government, was proposed, but the Green Paper accepted that this would not be immediately applicable in Scotland because of higher non-domestic rates levels. Furthermore, the RSG was to be replaced by a Revenue Support Grant which, unlike the RSG, was only to comprise a needs element and a standard grant. This was designed to provide a uniform level of contribution towards the cost of local services. The projected start of this process was 1989 or 1990 and, at the insistence of Scottish Conservatives, it was agreed that Scotland would pioneer the new tax.[89]

The Green Paper won Cabinet approval in the space of fifteen minutes, and not even Lawson bothered to protest. This could, however, be largely attributed to the dramatic events that unfolded at this Cabinet meeting, when Heseltine walked out over the Westland affair prompting an on-the-spot reshuffle (see chapter 2).[90] As a result of this controversy, the decision to proceed with the poll tax proposals received far less public scrutiny than it might have had under different circumstances. *Paying for Local Government* was launched on 28 January 1986.[91]

Scottish Conservative councillors were consulted by Ancram and, according to the former Conservative Group leader on COSLA, Struan Stevenson, they informed him that the community charge would prove uncollectable if the poorest sections of society were not exempt from payment.[92] Ancram replied that on his last visit to an Edinburgh council estate, all the tenants had a colour television and a video recorder, which meant they could afford to pay.

The STUC dismissed the Green Paper entirely, maintaining its support for a local income tax.[93] It concluded that the Government would be better advised to maintain the present rating system, because it 'retained an element of fairness'. Donald Dewar described the Bill as, 'a combination of the ludicrous and the menacing', and the SNP leader, Gordon Wilson, asserted that the new tax was

'fundamentally unfair'.[94] On the other hand, COSLA criticised the Government's proposals on the grounds that they were open to widespread evasion, and warned that the NBR would lead to 'a massive redistribution of resources from some areas to others'.[95] The strongest support for the scheme came from CBI (Scotland), which described the decision to harmonise business rates as, 'long overdue and very welcome', but expressed disappointment that 'it will take so long to implement them fully'.[96]

Scotland's newspapers were also highly critical of the proposed legislation. The *Glasgow Herald* described the Bill as 'fundamentally flawed', and the Government's proposals received negative coverage in the *Daily Record* under the headline, 'Stump up - or else!'.[97] Ominously, the traditionally supportive British press was also largely hostile.[98] On 29 January 1986, the *Times'* editorial expounded the, 'Benefits of Rates',[99] and the *Financial Times* was of a similar standpoint. In a November 1986 survey, only 26% of Scots and 53% of Scottish Conservative voters were found to be in favour of a poll tax compared to 50% of voters in England and Wales, and 62% of Conservatives south of the Border.[100]

Younger's replacement, Malcolm Rifkind, was undaunted by this opposition to the community charge, and the Scottish Conservatives pushed for legislation to be in place before the next general election. Leading Scottish MPs, such as Michael Forsyth, played an important role in convincing Thatcher to allow Scotland to pioneer the new tax, and Forsyth was responsible for the publication of *The Case for a Poll Tax* in April 1985, a pamphlet produced in conjunction with Douglas Mason, calling for the Government, 'to introduce a poll tax as a replacement for the rates in Scotland first'.[101] Nevertheless, Timothy Raison, Conservative MP for Aylesbury, wrote in the *Guardian* that, 'As an English MP I cannot help being relieved that Scotland is to be the legislative pacemaker or guinea pig', predicting that, 'Those who so much dislike the level of their current rates may find that a change could mean worse'.[102] At the 1986 regional elections, the Scottish Conservatives failed to hold outright control of a single region.[103]

Scottish Office civil servants were staunchly opposed to the new tax, and drafting the Abolition of Domestic Rates etc. (Scotland) Bill became 'something of a nightmare'.[104] The Scottish Office complained of a lack of interest from its colleagues

at the Department of Environment (DoE), and Ancram developed serious reservations over aspects of the tax. Furthermore, as the Bill passed through Parliament it received a significant alteration. Instead of phasing the community charge in over three years, Ancram agreed to introduce the tax universally in 1989, thus dismissing the Green Paper's conclusion that, 'the change could not sensibly take place in a single year'.[105] The Bill gained the Royal Assent on 15 May 1987.

Therefore, the Government intended, in one fell swoop, to increase the number of Scots who paid local taxes from 1.4 million to 3.9 million.[106] It was estimated that 60,000 young Scots would be liable to pay directly for local services for the first time. David Willetts argues that this contradicted Thatcher's aim of reducing the tax burden on individuals, as the community charge brought millions of additional Britons into the taxation system.[107] By January 1987, 80% of Scots were opposed to the introduction of the poll tax in Scotland ahead of the rest of Britain.[108]

Ancram lost his seat at the 1987 General Election. Yet, according to Rifkind, the poll tax was not a significant factor in the Scottish Conservatives' electoral collapse. South of the Border, the campaign was dominated by the defence issue, and little was heard of Thatcher's 'flagship' policy.[109] Only in the aftermath of Thatcher's victory did the Scottish political community turn its full attention towards the new tax.

Generating Momentum : Scottish Opposition to the Poll Tax

The community charge was a gift to the Conservatives' Scottish opponents, and with the Conservatives' mandate to govern in Scotland under scrutiny (see chapter 6), it became a frontline issue. The charge was condemned on the grounds that it increased the tax bills of the poor in order to subsidise those of the rich, and Finlay states that it was cited as 'hard evidence' of Thatcher's hostility towards the poor.[110] Labour launched the 'Stop It' campaign in October 1987, urging Scots to disrupt the registration system for the poll tax with legal queries, and by returning registration forms in a partially completed state.[111] In October 1988, it was estimated that over 95% of registration forms had been returned in this manner.[112] The STUC established the Anti-Poll Tax Steering Committee (APTSC) in February 1988,[113] and both

groupings worked closely together.

The APTSC was a cross-party organisation, consisting of politicians, pressure groups and clergy. The involvement of Scotland's churches was extremely significant, allowing the Committee to seize the moral high ground, and giving an air of respectability to the tax's opponents. Prior to joining the Committee, in December 1987, the Roman Catholic Archbishop of Glasgow, Thomas Winning, the convenor of the Church of Scotland's Church and Nation Committee, Maxwell Craig, and the Episcopal Bishop of Glasgow, Derek Rawcliffe, issued a joint statement asserting that the poll tax would, 'do nothing to maintain respect for the democratic values of which we are justly proud'.[114]

This attempt to unite Scottish civil society predated the establishment of the Constitutional Convention, and sought to establish a broad-based consensus against the community charge. On 14 April 1988, however, the SNP 'suspended their involvement'.[115] The Nationalists opposed the poll tax on the grounds that it contravened the terms of the Treaty of Union, and were determined to follow a policy of non-payment.[116] The SNP was intent on embarrassing Labour, claiming that 100,000 non-payers could stop the tax.[117] Nevertheless, this was an error on the Nationalists' behalf, as the party lost an opportunity to divide the Labour Party from within, and exploit Scottish Labour's attachment to the British party agenda.

Jimmy Allison believes that the debate over non-payment created serious divisions in the Labour Party.[118] However, during the 1988 Scottish Labour conference, it was decided by a majority of two to one not to lead a campaign of civil disobedience. Dewar and Neil Kinnock feared that Labour's credibility would be damaged by undertaking these tactics, but the party's Scottish Executive only narrowly voted against a policy of non-payment, with MPs such as, George Galloway, Dennis Canavan, and John McAllion, defying the Scottish Executive's decision, and joining the 'Committee of one hundred leading Scots', who refused to pay the charge.[119]

Scottish Labour Action, which was founded at the 1988 conference,[120] also campaigned heavily for non-payment. Its spokesman, Ian Smart, argued that non-payment would force the Government to suspend or abolish the poll tax. Moreover, he chose to link the community charge with the campaign for Home Rule, stating that,

'Neither can be ignored any longer'.[121] The most high profile Labour 'rebel' was Dick Douglas, who resigned as chairman of the Scottish Labour MPs after attacking the party leadership's stance on the poll tax at the 1988 conference.[122] He was expelled from the Labour Party in March 1990, and eventually defected to the SNP in October 1990.

Labour's policy of civil disruption was largely ineffective, and the efforts of regional authorities to compile poll tax registers of those liable to pay the charge were only hindered in a minimal way. Most councils reported registration rates in the high nineties,[123] and even when a 2.1% fall in the electoral register was taken into account, it was clear that the 'Stop It' campaign would fail. Indeed, in a memorandum to the leaders of Glasgow District Council on 20 June 1988, Peter Russell, the personal assistant to Pat Lally and Jean McFadden, stated that the campaign name was 'unrealistic', and that it was 'inevitable' that the poll tax would be introduced in Scotland.[124] Furthermore, Russell opposed challenging the Scottish Conservatives' mandate to introduce the tax, and proposed a campaign strategy to, 'set the Poll Tax into the overall political and moral context : one which displays the Labour Party's virtues and the Tory Party's vices'.

This approach had proved extremely effective at the 1988 Scottish district elections, when Labour made its opposition to the community charge the central issue of the campaign.[125] The Conservatives' only retained control of three district councils,[126] whilst Labour remained the majority party in twenty-four districts. The extent of the crisis facing Thatcher was illustrated by the result in the Conservative 'fortress' of Eastwood, which was located to the south of Glasgow.[127] Jim Fletcher became Labour's first ever representative on the District Council, and his victory was reliant upon anti-Conservative voting. It was becoming apparent that the poll tax was helping to mould a loose anti-Conservative alliance between the opposition parties in Scotland, which ironically bore a close resemblance to the anti-socialist coalitions that had operated to the Unionists' advantage between the 1920s and 1950s (see chapter 1).

As the 'Stop It' campaign began to lose momentum, the APTSC took the initiative. The community charge was due to come into force on 1 April 1989 in Scotland, and the Committee undertook numerous activities highlighting opposition

to the tax. However, events like the 'Week of Action' between 10 and 17 September received 'only patchy support', and the STUC complained that it was bearing the brunt of the anti-poll tax work and costs.[128] One legacy of the 'Stop It' campaign was its 300,000 strong anti-poll tax petition, which was delivered to Downing Street on 1 February 1989.[129] The delegation that accompanied the petition included Campbell Christie, Canon Kenyon Wright of the Scottish Churches Council and Norman Shanks of the Church of Scotland. At no point during the campaign south of the Border did trade unionists and the clergy cooperate so closely.

One of the largest demonstrations took place in Edinburgh on 1 April 1989, attended by 30,000 people.[130] An innovative tactic of the APTSC was to involve the youth of Scotland through a music event held at the Usher Hall under the title 'Rock Against the Poll Tax'. Meanwhile, militant anti-poll tax campaigners assembled under the banner of the Strathclyde Anti-Poll Tax Federation (SAPTF), which was led by the Trotskyist, Tommy Sheridan. Sheridan was heavily involved with the Militant Tendency within the Glasgow Pollok Constituency Labour Party, and Militant members had taken control of the SAPTF in the summer of 1988.[131] The Federation also contained an unusual mix of Communist Party members, anarchists and members of the Socialist Workers' Party, who believed that the Government could be defeated by extra-parliamentary opposition.[132]

It strongly advocated civil disobedience, and non-payment.[133] However, Militant members excluded the other groupings from committee positions, and the Federation lobbied Scotland's regional authorities in an attempt to prevent them collecting the poll tax. This brought Sheridan into direct conflict with the STUC, and the Labour Party establishment. Christie, a fellow non-payer of the charge, responded to Sheridan in unequivocal terms, 'this policy position, far from defeating the Poll Tax will merely lead to the surcharging and disqualification of the Councillors and Council Officials we are depending on giving...assistance to those who find themselves in genuine hardship due to the Poll Tax...your call for unity is very shallow and hypocritical'.[134]

Nevertheless, the Federation attracted the support of several individual trade union branches.[135] Furthermore, according to Sheridan, 15,000 Scots and nearly 5,000 supporters from England and Wales attended a rally on 4 March 1989.[136] From April,

the Federation focused on preventing and disrupting warrant sales for those who had refused to pay. Sheridan was expelled from the Labour Party in December 1989, and went on to become leader of the Scottish and British Anti-Poll Tax Federations.[137] He was eventually jailed after breaching an interim interdict banning him from attending or impeding warrant sales.

Yet, this much-hyped opposition to the new tax would have been rendered impotent if the community charge had succeeded in providing the savings that Thatcher believed to be guaranteed. In fact, Rifkind was convinced that the poll tax would present greater difficulties for Labour, which had to contend with the Militants within the party, and the Nationalist challenge outwith. When Ian Lang announced the first grant settlement for the community charge on 4 November 1988, which he estimated would range from £193 per adult in Tayside to £221 in Strathclyde and £247 in Lothian, he confidently predicted that the figures, 'give lie to the many absurd and misleading predictions about community charge levels'.

The Scottish Local Government Information Unit (SLGIU) disputed these figures,[139] and in April 1989 the poll tax level in Tayside was £241, in Strathclyde it was £219, and in Lothian it reached £305. These figures were distorted by the impact of the safety net. Strathclyde received £31.7 million of additional grant at the expense of Scotland's other regional councils, helping it to reduce its charge by £18 per adult.[140] At district level, £23.4 million was redistributed, reducing the charge in Glasgow by £55 per adult. The mechanics of the safety net contradicted Thatcher's belief in rewarding prudent councils, as it prevented Conservative-run councils reaping the rewards of their cost efficient budgeting. It also undermined her attempts to introduce a greater degree of market discipline to Scotland's local authorities, by cushioning the effect of the charge on high-spending councils.

A similar misjudgement was made over the relaxation of penalties for overspending councils. Contrary to Finlay's claim that Thatcher intentionally reduced central government grants to Labour-run councils in order to 'raise poll taxes',[141] local authority expenditure actually rose by 13% in cash terms prior to the introduction of the charge. This contradicted the review team's belief that all councils would be forced to work within budget, as they would be held accountable for any tax increases. The system was, in fact, open to abuse as overspending by councils in the

inaugural year would ensure increased budgets in forthcoming years, and many were protected by the safety net. Moreover, the councils believed that the Government would be blamed for the increase in spending, because it had introduced the new tax. Thatcher resolved this problem by retaining powers to cap the community charge of any local authority that set its tax rate at an 'excessive and unreasonable' level, but in doing so she undermined the entire concept of accountability that had underpinned the poll tax.[142]

Another point of conflict arose over the Government's decision to defer the introduction of the NBR in Scotland until non-domestic rates levels had converged with those of England and Wales. A further complicating factor was the disparity between central government grant in Scotland and England. Between 1979/80 and 1988/89, RSG fell from 67.8% of relevant expenditure to 51.5% in Scotland, whereas by 1990/91 the English Revenue Support Grant only accounted for 29% of spending.[143] In order to circumnavigate this anomaly, the 1989 Local Government and Housing Act gave the Scottish Secretary the power to set a common business rate for each council in Scotland. Rifkind indicated that he would use this power to ensure that Scotland's business rate increased in line with the RPI until business rates could be harmonised with those of England and Wales. This was an important deviation from the English and Welsh legislation, and maintained the uneven trend of development that had been prevalent in British local government during Thatcher's premiership. Furthermore, it continued the process of centralisation that embellished the powers of the Scottish Office at the expense of Scotland's local authorities.

Midwinter and Clare Monaghan contend that the nationwide application of the NBR in April 1990, 'would have led to an inequitable and intolerable burden being imposed on Scottish businesses'.[144] However, the reaction of the Scottish business community appears to contradict their analysis. CBI (Scotland) had been staunchly in favour of the early implementation of the NBR from the outset of rating reform.[145] An All Scotland Rates Action Appeal, which had Iain Lawson as a joint organiser, was established, claiming that Scottish businesses were paying 300% more in rates than their English counterparts.[146] The Scottish Council (D&I) also joined this chorus of discontent, highlighting the fact that service industries, which the Government was promoting as the future of Scotland's economy, were paying two to two and a half

times more in business rates than they would do in England.[147]

The creation of the NBR was designed to castrate left-wing councils, as Scotland's local authorities could no longer set their own business rates. Thatcher hoped that this reform would create fertile conditions for a growth in entrepreneurial activity. Moreover, she viewed local government as a stronghold of socialism, and was angered that local taxation powers could be used to further the aims of socialism.[148] By removing a principal source of income from Labour-controlled councils, through the centralisation of non-domestic rates, she surmised that she could disarm one of the principal agents of socialism. Thatcher was convinced that high spending local authorities would be forced into accepting the discipline of the market. Alternatively large community charge increases by Labour-controlled authorities would lead to their replacement by low spending, Conservative administrations.[149]

Nevertheless, despite opposition to the poll tax throughout Scottish society, non-payment of the community charge did not initially break out on a huge scale and, by September 1989, non-payment was averaging 16.8% across the Scottish regions.[150] The cost of collection also increased dramatically. In 1988/89 the Government had spent £14.093 million collecting the rates in Scotland, but by 1990/91 the cost of collecting the poll tax and non-domestic rates amounted to £43.558 million.[151] However, not everyone in Scotland was liable to pay the full poll tax, and as a result of a rebate scheme launched in April 1988, around 30% of the adult population in Scotland, most of whom were on low incomes, were only expected to pay a proportion of the community charge.[152] A strict '57 day' rule was operated by the Government that prevented councils backdating a rebate beyond fifty-seven days.

On the other hand, the SNP, which had rejoined the APTSC in May 1989, was criticised over its 'debilitating strategy' by the STUC.[153] In Grampian, the Nationalists proposed the direct deduction of the poll tax from claimants' benefits, and the SNP Chair of Finance on the Council stated, 'we can make a bad law work efficiently or inefficiently. We intend to make it work efficiently'.[154] This presented difficulties to the Nationalist leadership, and highlighted the extent to which the party's standpoint on the charge differed on a regional basis.

Hitting the Buffers : The Impact of the Community Charge in Scotland

and Britain

As Scotland came to terms with the effect of the poll tax, Thatcher was encountering growing dissent from within her own party over the implementation of the community charge in England and Wales. Sir George Young, Heseltine and Raison, were outright opponents of the tax. In a famous statement, Heseltine warned that, 'Responsibility for the poll tax will be targeted precisely and unavoidably at the Government who introduced that tax. That tax will be known as the Tory tax'.[155]

Many of the debates centred on issues, such as the charge's capacity to tax those at the bottom of the income scale. Thatcher opted to treat this dissent in a similar fashion to that over her economic strategy in 1980/81 (see chapter 1), in the belief that the end-result would vindicate her stance, but this needlessly created a strong personal connection between Thatcher and the success of the tax. The one significant alteration to the English and Welsh legislation was the abandonment of dual-running. The recently deposed former MP for Aberdeen South, Gerry Malone, was at the forefront of this campaign, and made an impassioned speech at the 1987 Party conference urging Thatcher to throw caution to the wind.[156] Nicholas Ridley was responsible for piloting the Bill through the Commons, and after an unexpectedly awkward passage the Local Government Finance Bill received the Royal Assent in July 1988.[157]

Conservative backbenchers, however, were outraged by the expected effect that the safety net was set to have on the redistribution of resources, and Conservative Central Office produced poll tax figures, showing that voters in marginal constituencies would suffer huge tax increases. Having already secured £33 billion, Ridley, unwilling to further breach Thatcher's public spending constraints, refused to ask for the additional £1 billion needed to keep bills affordable. This ensured future difficulties for Thatcher, as voters in the marginal constituencies of 'middle England' had provided the electoral foundations from which she had attacked the post-war consensus. By mid-February 1990 it was rumoured that the average charge could be as high as £350.

With panic engulfing much of England, the *Glasgow Herald* wrote a swingeing editorial, 'The whingeing English', commenting with 'ironic amusement'

on 'the squeals now emanating from the fat heartlands of the Tory vote'.[158] The *Herald's* comments are extremely illuminating, highlighting one of the most basic errors made by Thatcher in her handling of the community charge. At no point did the Government seriously analyse the impact of the poll tax in Scotland when preparing for its implementation in England. The Scottish Office had encountered similar difficulties, and its advice could have aided officials at the DoE. If Scotland was Thatcher's 'guinea pig', then she neglected to examine the results of her experiment.

At the budget in March 1990, the new Chancellor, John Major, provoked further controversy by extending the savings limit for community charge rebates from £8,000 to £16,000.[159] The Treasury, however, in rushing to implement this package overlooked Scottish poll tax payers, and Rifkind informed Thatcher that his position would be untenable if £4 million of Scottish Office funding was not sanctioned to finance this scheme in Scotland.[160] This oversight added to the Scottish Conservatives' difficulties, as it appeared that the Government was treating Scottish poll tax payers as an afterthought. Given the widespread perception that Thatcher did not understand or care about Scotland's interests,[161] this event represented a public relations disaster for the Government.

English and Welsh opposition to the community charge came to a head at an anti-poll tax rally in London on 31 March 1990. Between 50,000 and 100,000 people attended the protest,[162] which resulted in a full-scale riot in Trafalgar Square. In a simultaneous rally in Glasgow the police praised the behaviour of protestors.[163] Nevertheless, the inflammatory comments of Sheridan prior to the events were widely criticised, as he clamoured 'The force of people power will force Mrs Thatcher to stand down and then the whole house of cards will fall'.[164] Thatcher's interpretation of the protest was scathing, 'an 'underclass'...had been dragged back into the ranks of responsible society and asked to become not just dependents but citizens. The violent riots...was their and the Left's response'.[165]

In England and Wales, the reality of the community charge in operation compounded Thatcher's difficulties, as many councils set exorbitant poll tax rates. Community charge bills were averaging £363 per adult and, almost immediately, the Government announced its intention to cap twenty authorities, sixteen of which were Labour-controlled. A superficial review of the poll tax was also undertaken, but

Thatcher had no intention of jettisoning her 'flagship' policy. Indeed, she examined the possibility of introducing universal capping, only to be thwarted by the legal complexities involved in this procedure.

A critical driving force behind Thatcher's desire for universal capping was the impact that the poll tax was having on inflation (see chapter 1). The community charge was calculated as part of the RPI, which had a very significant bearing on inflation. Higher than expected charge levels combined with unforeseen increases in local authority expenditure to create an upsurge in inflation and, by October 1990, inflation had reached 10.9%.[166] Yet, Thatcher was oblivious to the fact that universal capping would have destroyed the entire concept of local accountability, which was essential if the community charge was to operate effectively.

The level of non-payment in England and Wales was considerably lower than in the first year of the poll tax in Scotland. By 31 March 1991 English and Welsh local authorities had collected 91% of the collectable charge, whereas the previous year Scotland had a non-payment level of 12.3%.[167] Indeed, by the second year of the charge, and its inaugural year in England and Wales, non-payment in Scotland had risen to 25.7%.[168] Therefore, rather than attacking dependency, the poll tax was actually contributing towards a deterioration in levels of individual responsibility.

Between 1990/91 and 1991/92, the number of Scots registered to pay the charge fell from 3,818,617 to 3,745,436, and at the 1992 General Election it is estimated that 700,000 Britons omitted themselves from the electoral register in order to avoid payment of the poll tax.[169] A huge amount of time and money was also spent on recovering relatively small sums of money from non-payers, presenting another area of conflict, in Scotland, over the use of warrant sales to recoup the outstanding charges.

By February 1990, Scottish voters ranked the community charge as the foremost political issue in Scotland.[170] Yet, the real danger to Thatcher came from within her own party, as her longstanding opponent, Heseltine, launched a challenge to her leadership in November 1990 (see chapter 1).[171] The poll tax was by no means the only issue involved, but Heseltine's pledge to review the charge if he became Conservative leader, was an integral pillar of his campaign. Thatcher, on the other hand, remained defiantly behind her 'flagship' policy. Both Thatcher and Heseltine

were ultimately rejected, as John Major won through with a pledge to scrap the poll tax at the earliest possible opportunity.[172]

On 1 April 1993, the community charge was replaced by the council tax. The charge had cost the Treasury £1.5 billion to set up and then destroy, and the rebate system is estimated to have consumed £20 billion.[173] The roots of the poll tax can be traced to the legal complexities of rate capping, the effects of revaluation in Scotland, and the attempted castration of socialism within local government. Much of the opposition to the charge focused on its disproportionate effect on the incomes of the unemployed and low-paid, but it would be foolhardy to suggest that the perceived unfairness of the regressive charge was its most serious flaw. In reality, Thatcher's 'flagship' was sunk because it failed to deliver the reduced local taxation bills that she had promised when discarding the rates. Contrary to Sheridan's assertion that left-wing agitation resulted in the collapse of the poll tax,[174] this inability to reduce the local taxation bills of Conservative voters led to the downfall of the community charge.

Inflation was also ignited by this unexpected rise in the Government's outlay, helping to destabilise the economy. Moreover, Thatcher's dismissal of Lawson's opposition to the charge alienated the Chancellor, contributing towards his eventual departure. The tax achieved the opposite of its intended impact, as non-payment progressively rose, increasing dependency and undermining levels of personal responsibility. Shirley Robin Letwin argues that the 'poll tax was an experiment in autonomy : an attempt to undermine municipal socialism without centralization',[175] but Thatcher's retention of capping powers and the centralisation of business rates discredits Letwin's analysis. The entire episode was a personal disaster for Thatcher, as the tax was so closely associated with her. In that sense, Heseltine was wrong to contend that the charge would become the ultimate 'Tory tax', as any successor to Thatcher was in a position to replace the charge.

On the other hand, the community charge had a long lasting effect in Scotland, and Rifkind admits that it was a serious error.[176] Viewed in a British context, the poll tax represented a hammer blow to the corporatism of the post-war consensus, but in Scotland this assault was interwoven and entangled with the autonomy of civil society. A powerful myth developed that Scotland had been used as a 'guinea pig' by

the Conservatives, and most Scots were either ignorant of or dismissed the Scottish Conservatives' role in supporting the early imposition of the charge. Furthermore, these sentiments were fanned by politicians, and the Scottish media. This was a powerful grievance, and a valuable campaign tool for devolutionists.[177] By implementing the community charge in Scotland first, Thatcher unwittingly undermined the Union, creating the preconditions for constitutional reform.

Changing Track : Local Government Reform, 1987-1990

Another equally controversial local government issue was the imposition of compulsory competitive tendering (CCT) (see chapter 4). Thatcher's attraction to competitive tendering can be traced to the 'winter of discontent' (see chapter 3), when local authority workers were at the forefront of militant strike action. Rubbish lay uncollected throughout the streets of Britain, and this became the abiding memory of the various disputes.

Thatcher hoped that the competition generated by contracting-out would break the monopoly that many councils held in public service provision, whilst providing cost-effectiveness and efficiency for ratepayers. Moreover, Thatcher surmised that the fragmentation caused by competitive tendering would create a proliferation of different wages and conditions, constraining the trade unions' ability to call uniform strike action. Writing in June 1980, Forsyth asserted that, 'When a centrally provided service is replaced by one contracted with a private firm, the result seems to be better service, fewer complaints and lower costs'.[178]

Competitive tendering was already widely used by English local authorities, and Thatcher hoped that the Local Government Act of 1988, which introduced CCT, would help to facilitate a smooth transition to the poll tax. In Scotland, however, the debate over CCT was dominated by arguments over her mandate to force competitive tendering on the nation's predominantly Labour-controlled local authorities. Thatcher attributed these attitudes to the prevalence of socialism in Scotland, but some Scottish Conservatives were also unsure of its merits.[179] Indeed, her actions contradicted Joseph Chamberlain and the Unionists' belief in 'natural monopoly' (see chapter 1).

The ultimate objective of CCT, and the community charge was set out by

Ridley in 1988. He spoke of his vision of an 'enabling council', operating as one of a number of agencies providing services within the local community.[180] Its central task was to contract out the services within its remit to private sector companies, and voluntary organisations. However, in Scotland, CCT was tainted in a similar fashion to the poll tax by its lack of democratic legitimacy.

Under the new legislation the Scottish Secretary had the power to remove work from a Direct Labour Organisation (DLO) if it did not comply with its tendering, accounting or financial requirements.[181] Local authority trade unions were outraged that councils were banned from taking 'non-commercial' decisions, such as trade union recognition, into account when awarding a contract. DLOs trained between 15% and 20% of building craft apprentices in Scotland,[182] but under this Act private contractors were not obliged to continue this practice. The legislation specified that refuse collection, street cleaning, cleaning of buildings, ground maintenance, vehicle maintenance, and catering were all to be put out to tender.

The initial impact of CCT was limited, and after the first two rounds of tendering in October 1990, 85% of contracts had been awarded in-house. DLOs won all the catering and street cleaning contracts, whereas private contractors fared best in vehicle maintenance, refuse collection, building cleaning, and ground maintenance. One of the Conservatives' greatest concerns was that 40% of contracts attracted no external bids. This led to the *Scotsman* commenting on the resilience of corporatism within Scottish local government: 'Close co-operation between the trade unions and local authorities to work out the best deal has been another benefit of the new legislation which has not so far fulfilled the prophecies of doom'.[183]

On the other hand, the SLGIU highlighted the fact that 53% of the contracts awarded in the first two rounds of competitive tendering resulted in job losses, 12% produced cuts in pay, and 17% led to a drop in hours.[184] Of the contracts won by in-house teams, 26% retained jobs, as well as pay and conditions. Furthermore, the case for CCT was hindered by the quality of service provided by many private sector firms. During the first round of tendering Strathclyde Region awarded a London-based company, Southdown Cleaning and Maintenance, two cleaning contracts, but it soon became apparent that Southdown had been insolvent for four years, and was paying its staff £31 per week.[185]

In Tayside Region there was controversy when the council opted to hand Initial Contract Services the tender to clean schools and school buildings.[186] The minority Labour administration opposed this, and called for the matter to be deferred for negotiation with all bidders, but the SNP sided with the Conservatives to push the decision through. As a result of this, 900 jobs were lost in Dundee. Initial's poor performance prompted complaints from parents, staff and pupils,[187] and the English company was eventually stripped of the contract and replaced by an in-house team.

As CCT came under scrutiny, another ambitious Government reform had largely passed unnoticed. Scottish Homes came into existence on 1 December 1988, and began its work on the same day as the poll tax was introduced on 1 April 1989.[188] Operating as a national housing agency, the new organisation replaced the Scottish Special Housing Association, and the Housing Corporation in Scotland (HCiS). Scottish Homes' central task was to further increase the levels of owner-occupation in Scotland,[189] a flagship policy in receipt of huge Government support through the right-to-buy scheme, and MITR.

In 1987/88 MITR amounted to £4,750 million, and by 1989 public housing represented less than 50% of the Scottish housing stock for the first time since 1945.[190] Paradoxically the Government's enthusiasm for increased Scottish owner-occupation did not provide any electoral spin off for the Scottish Conservatives. At the 1987 General Election, 54% of British homeowners had voted Conservative, but by July 1989 the party could only rely on the support of 34% of Scottish owner-occupiers.[191] In stark contrast, Labour's popularity amongst council house tenants remained as high as 59%, and it commanded the support of 31% of Scottish homeowners.

Scottish Homes was to act as a bridge between the public and private sector housing market. It was to have powers to lend to private landlords in order to finance new building projects or the rehabilitation of older, deteriorating housing stock, but it was not permitted to set rents for any of the properties it invested in. In its first year, Rifkind hoped that the new agency would achieve a sales target of 7,500 houses, and a performance-related-pay package was drawn up for Scottish Homes employees as an incentive.[192] The legislation also insisted that all public sector tenants should be given the opportunity to choose a new landlord.

In April 1989 Scottish Homes' housing stock stood at 74,572, but 57% of its tenants were in receipt of housing benefit, limiting their options under the right-to-buy legislation. The next best alternative, in the Conservatives' eyes, therefore, was to empower these tenants to choose a private landlord. Rifkind hoped that, within three years, 60% of Scottish Homes' tenants could be moved into the private sector, specifying that Scottish Homes' stock was to be maintained at its current standard, but not improved. In stark contrast, private landlords were to be given grants up to 50% of their costs if they provided rented housing in areas where there was a shortage of this type of accommodation. Scottish Homes' budget for 1989/90 was £270.34 million.[193]

Labour and the STUC speculated that Scottish Homes' direct labour structure would be abolished and replaced by private contractors.[194] Furthermore, COSLA interpreted the creation of Scottish Homes as an act of centralisation, and Labour expressed concern that the new agency had no strategy for dealing with homelessness, which had risen by 36% in Glasgow between 1983 and 1986.[195] Contrary to accusations surrounding the 'Anglicisation'[196] of Scotland by Thatcher (see chapter 4), this initiative created a separate Scottish housing body. The HCiS had been part of a UK-wide network, but this aspect of the reform received very little media attention.

Scottish Homes encapsulated the difficulties that Thatcher faced in Scotland as, in order to achieve the continued expansion of home-ownership, she was obliged to establish an interventionist housing agency, creating more bureaucracy and adding to Scotland's public sector expenditure requirements. The agency embraced many of Thatcher's beliefs, as it sought further to increase owner-occupation, minimise public sector provision, and revitalise the private rented sector, but a body of this sort was not required to stimulate the housing market in England and Wales.

A Decade of Change : Thatcher's Reforms in Perspective

After ten years of rolling reform, the changes in the landscape of local government were unmistakable, as Thatcher presided over a significant injection of market forces. However, this process encountered much opposition, as the Government implemented these reforms through a combination of centralisation, and forceful coercion. In Scotland, the Government operated to a separate timetable, but the objectives

remained the same as those elsewhere in Britain.

The right-to-buy legislation was hugely successful, and by 1991, 21% of Scotland's council housing stock had been sold, whilst 53% of Scots were owner-occupiers.[197] Midwinter et al. argue that Thatcher's housing policies were, 'marginal in terms of the government's objective of a radical change in Scotland's tradition of public ownership',[198] but short of giving council houses away for free, the impact of the right-to-buy could not have been more striking. Indeed, Stevenson and Forsyth believe that the sale of council houses was Thatcher's greatest single achievement in Scotland.[199] This helped to fulfil Noel Skelton's vision of a 'property owning democracy' (see chapter 1), but there was no electoral spin-off for the Scottish Conservatives. By 1990, for the first time in history, Labour held the advantage over the Conservatives in terms of owner-occupiers.[200] Furthermore, the proportion of sales were unevenly spread throughout Scotland and, by June 2000, the Lanarkshire constituencies of Airdrie and Shotts, and Motherwell and Wishaw, still had 62.5% of households under council control.[201]

Local authority finance had also undergone a revolutionary overhaul. After the poll tax came into operation, Scotland's councils only had the authority to raise at most 30% of their income, and by the time the poll tax was replaced by the council tax in April 1993 this figure had fallen to 20%.[202] This did nothing to improve local accountability, and made the Government a convenient scapegoat for all of local government's shortcomings.

Furthermore, Thatcher's policies failed to lower state dependency, as the effects of high unemployment (see chapter 2) resulted in the cost of housing benefit payments in Scotland rising from £95 million in 1979 to over £500 million in 1990.[203] Expenditure on MITR escalated from £1,450 million in 1979/80 to £7,700 million in 1990/91, as Thatcher subsidised the expansion of home-ownership.[204] Other initiatives, such as CCT undermined the extent of trade union influence within local government, and forced councils to consider private sector involvement in service provision. In the long-term this was to have an unmistakable impact on Scottish local government.

The overriding outcome of Thatcher's reforms was the maximisation of central government control over Britain's local authorities. Letwin correctly asserts

that, despite the drastic error of the community charge, Thatcher successfully managed to castrate high spending local authorities by depriving them of their traditional sources of finance.[205] However, in financial terms, Scotland lagged behind England, and in 1990/91 Scottish local authorities spent £1,276 per adult, compared to £920 in England, and £967 in Wales.[206] Furthermore, English councils only received 29% of their standard spending through the RSG, whereas Scottish authorities were allocated 49% of their expenditure in the RSG. Manpower numbers also remained stubbornly high in Scotland and, between December 1980 and December 1990, the number of council employees only dropped by 4,500 to 254,587.[207]

Despite Scotland's advantage in the allocation of resources, Thatcher's overhaul of local government had damaged the Scottish Conservatives as much, if not more so than the post-war consensus. This was largely due to the rolling process of centralisation undertaken by Thatcher, which saw the unelected Scottish Office grow substantially in power. In Thatcher's eyes, she was sapping the strength of Labour-controlled authorities, but in doing so she was ignoring the democratically expressed wishes of the Scottish electorate and eroding the power of civil society.[208] The implementation of the poll tax only served to intensify the Scottish Conservatives' difficulties and, by 1990, the Conservatives failed to control a single Scottish regional authority, and only held power on three district councils. Thatcher had succeeded in bringing the 'runaway train' under control, but in doing so she had irreparably damaged the Scottish Conservatives' electoral credentials, and as will be seen in the next chapter, she pushed the Union to breaking point.

[1] *Scotsman*, 16 June 1981. Younger said, 'somebody had to do something to protect ratepayers from a totally intolerable burden'. The Government had inherited a 'totally unrealistic' public expenditure programme and wished to 'get the runaway train under control'.

[2] Margaret Thatcher, *The Downing Street Years*, (London, 1995), p.618.

[3] Sylvia Horton, 'Local Government 1979-89 : A Decade of Change', in Stephen Savage and Lynton Robins (eds.), *Public Policy Under Thatcher*, (London, 1990), p.172.

[4] Shirley Robin Letwin, *The Anatomy of Thatcherism*, (London, 1992), pp.185-186.

[5] Geoffrey Regan, *Historical Blunders*, (London, 2002), pp.105-109.

[6] Alice Brown, David McCrone and Lindsay Paterson, *Politics and Society in Scotland*, (London, 1996), p.93.

[7] Gerald Warner, *The Scottish Tory Party : A History*, (London, 1988), p.221; Christopher Harvie, 'Scotland after 1978 : from Referendum to Millennium', in R. A. Houston and W. W. Knox (eds.), *The New Penguin History of Scotland*, (London, 2002), p.511.

[8] John Campbell, *Margaret Thatcher, Volume One : The Grocer's Daughter*, (London, 2000), p.272; Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), pp.364-366.

[9] James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, (Edinburgh, 1990), p.117.

[10] Michael Fry, *Patronage and Principle : A Political History of Modern Scotland*, (Aberdeen, 1987), p.252.

[11] *Report of the Royal Commission on Local Government in Scotland, 1966-1969*, (Edinburgh, 1969), pp.15-17.

[12] James Kellas, *The Scottish Political System*, (Cambridge, 1989), pp.164-169.

[13] Kenneth Gibb and Moira Munro, *Housing Finance in the UK*, (London, 1991), p.228.

[14] Peter Malpass, *Reshaping Housing Policy : Subsidies, Rents and Residualisation*, (London, 1990), p.53.

[15] Campbell, *The Grocer's*, p.273.

[16] Hugh Butcher, Ian Law, Robert Leach and Maurice Mullard, *Local Government and*

Thatcherism, (London, 1990), p.56.

[17] *Report of the Committee of Inquiry into Local Government Finance*, Cmnd. 6453, (London, 1976), p.301.

[18] Arthur Midwinter, *The Politics of Local Spending*, (Edinburgh, 1984), pp.13-14; David Heald, C. A. Jones and D. W. Lamont, 'Braking Mr Younger's runaway train : The conflict between the Scottish Office and local authorities over local government expenditure', *Scottish Government Yearbook 1982*, (1981), p.29.

[19] Horton, 'Local Government', p.173; Arthur Midwinter and Clare Monaghan, *From Rates to the Poll Tax : Local Government Finance in the Thatcher Era*, (Edinburgh, 1993), p.77; David Heald, 'The Scottish Rate Support Grant : How different from the English and Welsh?', *Public Administration*, Vol. 58, (1980), p.28.

[20] Scottish Local Government Information Unit (SLGIU), 15.1 SCO, *The Right to Buy in Scotland*, (Edinburgh, 1993), p.7.

[21] Letwin, *The Anatomy*, p.179.

[22] Anthony Heath, Roger Jowell, John Curtice, Geoff Evans, Julia Field and Sharon Witherspoon, *Understanding Political Change*, (Oxford, 1991), p.127.

[23] Bodleian Library, CPA, Leader's Steering Committee (78) 73, Michael Heseltine, The Sale of Council Houses, 28 July 1978.

[24] Iain Sproat, 'The revolution George Younger led', *GH*, 15 August 1980.

[25] James Naughtie, 'The year at Westminster', *Scottish Government Yearbook 1981*, (1980), p.30.

[26] David Seawright, *An Important Matter of Principle : The Decline of the Scottish Conservative and Unionist Party*, (Aldershot, 1999), p.61.

[27] I. G. C. Hutchison, 'Government', in T. M. Devine and R. J. Finlay (eds.), *Scotland in the 20th Century*, (Edinburgh, 1996), p.46.

[28] National Library of Scotland, SCUA Archive, Acc. 10424/161, *The Campaign Guide*, (London, 1983), p.345.

[29] The RSG comprised three components. The resources' element was designed to compensate those authorities with low levels of rateable value per head, and the needs' element took population and acute need into account. The domestic element was a subsidy paid to local authorities to cushion the rate poundage charged to domestic ratepayers; Midwinter, *Politics of Local*, p.15.

244

[30] David Heald, 'Using Scottish instruments in pursuit of UK objectives', *Local Government Studies*, Vol. 8, No. 3, (1982), p.41; Midwinter and Monaghan, *From Rates*, p.58.

[31] Midwinter, *Politics of Local*, p.27, pp.34-35 and p.51.

[32] Letwin, *The Anatomy*, p.182.

[33] Heald, 'Braking Mr Younger's runaway train', p.40.

[34] GCURC : Archives, STUC Archive, GCM, January-February 1981, Press Statement on 3 December 1980, p.000244.

[35] Midwinter, *Politics of Local*, p.30 and pp.35-39.

[36] STUC GCM, May-July 1981, Agenda and Secretarial Report to Meeting of Local Government Sub-Committee on 15 June 1981, p.001841.

[37] Midwinter, *Politics of Local*, p.36.

[38] STUC GCM, August-September 1981, Representations to the Secretary of State on the Intention to Reduce Rate Support Grant, 2 July 1981, Lothian Regional Council, pp.000184-000185.

[39] SLGIU, 13.7 JOI, Joint Staffing Watch - December 1990 Return - Scotland; STUC GCM, December 1982-January 1983, Report of a Meeting with George Younger to Discuss Rate Support Grant on 26 November 1982, p.004151.

[40] *GH*, 12 May 1980.

[41] *Alternatives to Domestic Rates*, Cmnd. 8449, (London, 1981), p.9 and pp.37-39.

[42] STUC GCM, March-April 1982, Draft Comments on Green Paper : 'Alternatives to Domestic Rates', p.001972; STUC GCM, October-November 1982, Alternatives to Domestic Rates, Scottish Tenants Organisation, 18 August 1982, p.003401.

[43] SLGIU, 13.5.4 MAR, Clive Martlew, *Financing Local Government in Scotland : An Introduction*, (Glasgow, 1984), p.24.

[44] Gerry Hassan and Peter Lynch, *The Almanac of Scottish Politics*, (London, 2001), p.369.

[45] Arthur Midwinter, Michael Keating and James Mitchell, *Politics and Public Policy in Scotland*, (London, 1991), p.157.

[46] Midwinter, *Politics of Local*, p.23 and pp.42-43.

[47] David Butler, Andrew Adonis and Tony Travers, *Failure in British Government : The Politics of the Poll Tax*, (Oxford, 1994), p.37.

[48] SLGIU, 5.3.2 HofC, House of Commons Research Note on Non-Domestic Rates Reform, December 1987, pp.5-6.

[49] SLGIU, 13.5.4 MAR, p.25.

[50] SLGIU, 5.3.2 HofC, p.8.

[51] Midwinter and Monaghan, *From Rates*, p.77.

[52] David Scott, 'Local v central government : The spending conflict', *Scottish Government Yearbook 1986*, (1986), p.36.

[53] Arthur Midwinter, Michael Keating and Peter Taylor, 'The politics of Scottish housing plans', *Policy and Politics*, Vol. 12, No. 2, (1984), pp.148-149.

[54] Midwinter and Monaghan, *From Rates*, p.58; Arthur Midwinter, 'The politics of council housing finance', *Scottish Government Yearbook 1985*, (1985), pp.137-139.

[55] David Alexander, 'Public sector housing in Scotland : Trends and prospects', *Scottish Government Yearbook 1985*, p.165.

[56] SLGIU, 15.19 SHE, Shelter's Response to "Scottish Homes - A New Agency for Housing in Scotland", p.2.

[57] SLGIU, 15.3 COS, Housing Support Grant (Scotland) Order 1989 and General Fund Contribution Limits (Scotland) Order, Observations by COSLA on the Above Orders, January 1989.

[58] Alexander, 'Public sector housing', p.155.

[59] Campbell, *The Grocer's*, p.272.

[60] Mortgage Income Tax Relief allowed building societies to receive the interest on loans without the deduction of tax, and enabled individual borrowers to set those interest charges against their income for tax purposes. It began as a non-legislative agreement in 1925/26, and was consolidated in the 1952 Income Tax Act. In 1974, Labour restricted MITR to mortgages of £25,000 and below; Ray Forrest, Alan Murie and Peter Williams, *Home Ownership : Differentiation and Fragmentation*, (London, 1990), p.73.

[61] Heath et al., *Understanding Political Change*, p.127.

[62] Midwinter, *Politics of Local*, p.24; Midwinter and Monaghan, *From Rates*, p.44.

[63] Letwin, *The Anatomy*, pp.175-176; Butcher et al., *Local Government and Thatcherism*, p.72.

[64] Butler et al., *Failure*, p.308.

[65] Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), p.240.

[66] Thatcher, *Downing Street Years*, p.620 and p.644.

[67] 'ibid', p.646.

[68] John Bochel and David Denver, 'The district elections of 1984 : A 1 + 3 party system', *Scottish Government Yearbook 1985*, p.12 and p.15.

[69] Butler et al., *Failure*, p.51 and p.79.

[70] Arthur Midwinter, Colin Mair and Charles Ford, 'Rating revaluation revisited', *Scottish Government Yearbook 1987*, (1987), pp.32-33, pp.36-37 and p.41; Michael Ancram, 'A superb leader who did what he believed was right for Scotland', *Herald*, 27 January 2003.

[71] Midwinter and Monaghan, *From Rates*, p.66.

[72] SLGIU, 15.1 SCO, p.12.

[73] GUA, CBI (Scotland) Archive, 1985 Folder, Extract from a speech by John Davidson to the Scottish Local Finance Group on 26 April 1985.

[74] *Scotsman*, 6 April 1985.

[75] SLGIU, 5.3.2 HofC, p.3.

[76] Nigel Lawson, *The View From No. 11 : Memoirs of a Tory Radical*, (London, 1992), p.569.

[77] Andrew Denham and Mark Garnett, *Keith Joseph*, (Chesham, 2001), p.327; Butler et al., *Failure*, p.61.

[78] Midwinter and Monaghan, *From Rates*, p.66.

[79] Lawson, *The View*, p.570.

[80] GCURC : Archives, STUC Archive, Phoneround Information Folder, The Effects of the Community Charge on Young People, July 1988, Edinburgh District Council.

[81] Thatcher, *Downing Street Years*, p.647.

[82] SCUA Archive, Acc. 10424/161, *The Campaign Guide 1987*, (London, 1987), p.439.

[83] Butler et al., *Failure*, pp.50-52, pp.55-56 and p.66.

[84] 'ibid', p.57.

[85] Lawson, *The View*, pp.570-572.

[86] Butler et al., *Failure*, p.74.

[87] *GH*, 10 May 1985; *GH*, 11 May 1985.

[88] *Paying for Local Government*, Cmnd. 9714, (London, 1986), p.40 and pp.62-63.

[89] Butler et al., *Failure*, p.87; John Major, *The Autobiography*, (2000, Harper Collins, London), p.147.

[90] Simon Jenkins, *Accountable to None : The Tory Nationalisation of Britain*, (London, 1995), p.55.

[91] Thatcher, *Downing Street Years*, p.651.

[92] Interview with Struan Stevenson on 14 November 2003.

[93] STUC GCM, July-September 1986, STUC Response to Green Paper : Paying for Local Government, p.001758 and p.001764.

[94] *GH*, 28 November 1986; *DR*, 28 November 1986.

[95] Paisley University Library, SLGIU Poll Tax Archive, Box 4, Paying for Local Government : The Convention's Response, May 1986, COSLA, p.13.

[96] GUA, CBI (Scotland) Archive, 1986 Folder, News Release on 28 January 1986; SLGIU, 15.18 SLG, Scottish Homes and Jobs Conference Report (27-28 March), (Glasgow, 1987), p.47.

[97] *GH*, 28 November 1986; *DR*, 28 November 1986.

[98] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), pp.94-95.

[99] *Times*, 29 January 1986.

[100] Bill Miller, 'Electoral influences in the poll tax debate', *GH*, 25 November 1986.

[101] CPA, PUB 99, Michael Forsyth, *The Case for a Poll Tax*, (London, 1985), p.15.

[102] Timothy Raison, 'Rocky road to a rates revolution', *Guardian*, 28 November 1986.

[103] Hassan and Lynch, *The Almanac*, p.369.

[104] Butler et al., *Failure*, pp.101-102

[105] Thatcher, *Downing Street Years*, p.587 and p.652; *Paying for Local Government*, p.63.

[106] GCURC : Archives, STUC Archive, The Effects of the Community Charge on Young People.

[107] David Willetts, *Modern Conservatism*, (London, 1992), pp.59-60.

[108] *Scotsman*, 13 January 1987.

[109] Butler et al., *Failure*, p.107.

[110] Finlay, *Modern Scotland,* p.366.

[111] Rodney Barker, 'Legitimacy in the United Kingdom : Scotland and the poll tax', *British Journal of Political Science,* No. 22, (1991), p.529; Michael Enston, 'Implementing the unthinkable : The first community charges', *Scottish Government Yearbook 1990,* (1990), p.103.

[112] STUC GCM, October-December 1988, Poll Tax - Future Campaigning, 3 October 1988, p.003496.

[113] STUC GCM, January-March 1988, Statement by Political Parties in Scotland on the Poll Tax, 19 February 1988, p.000845.

[114] *GH,* 16 December 1987.

[115] STUC GCM, April-June 1988, Press Statement by Poll Tax Steering Committee on 14 April 1988, p.001795.

[116] GCURC : Archives, STUC Archive, Box 2, SNP Folder, *Say No to the Poll Tax,* (Edinburgh, 1988).

[117] Peter Lynch, *The History of the Scottish National Party,* (Cardiff, 2002), p.183.

[118] Interview with Jimmy Allison on 13 April 2004.

[119] *GH,* 15 August 1988; *GH,* 22 November 1988.

[120] 'Scottish Labour Action Founding Statement', *RS,* 32, (1988), p.69.

[121] GCURC : Archives, STUC Archive, Box 2, Labour Movement Folder, Ian Smart, 'Stopping the Poll Tax', *Left Review : A Discussion Journal for the Scottish Labour Left,* No. 2, (1988), p.4.

[122] *GH,* 4 October 1990.

[123] Enston, 'Implementing the unthinkable', p.104.

[124] SLGIU Poll Tax Archive, Box 5, 5.3.2 RUS, Note to Pat Lally and Jean McFadden from Peter Russell, Leaders' Personal Assistant on Glasgow City Council, on 20 June 1988, Poll Tax Campaign : After Lords Vote, p.1 and p.5.

[125] John Bochel and David Denver, 'The Scottish district elections of 1988', *Scottish Government Yearbook 1989,* (1989), p.29 and p.31.

[126] Hassan and Lynch, *The Almanac,* p.369.

[127] *Evening Times,* 6 May 1988.

[128] STUC GCM, October-December 1988, p.003493 and p.003499.

[129] STUC GCM, February-March 1989, Press Release on Poll Tax Petition Delegation,

24 January 1989, p.000982 and p.001456.

[130] STUC GCM, April-May 1989, Minutes of Meeting of General Council on 5 April 1989, p.001776.

[131] Tommy Sheridan and Joan McAlpine, *A Time to Rage*, (Edinburgh, 1994), pp.55-86; John Foster, 'Communist renewal in Scotland 1986-1990', *Scottish Labour History Review*, Vol. 38, (2003), p.88.

[132] GCURC : Archives, STUC Archive, Box 3, Strathclyde Anti Poll Tax Federation Folder, Letter by Bill Speirs on "Strathclyde Federation" Demonstration on 18 March 1989.

[133] GCURC : Archives, CPGB (Scottish Committee) Archive, Poll Tax (Ultra Left) Folder, Jim Cameron, *No Poll Tax Here*, (Glasgow, 1989), p.8.

[134] GCURC : Archives, STUC Archive, Box 4, Strathclyde Anti Poll Tax Federation Folder, Letter from Campbell Christie to Tommy Sheridan on 26 May 1989.

[135] GCURC : Archives, STUC Archive, Box 4, Press Conference Re: 1 April 1989 and 1989 Day of Protest - 23 February 1989 Folder, Letter from Tommy Sheridan to Campbell Christie on 14 January 1989.

[136] GCURC : Archives, STUC Archive, Box 4, Press Conference Re: 1 April 1989 and 1989 Day of Protest - 23 February 1989 Folder, Open Letter from Tommy Sheridan to STUC Anti-Poll Tax Committee on 29 March 1989.

[137] Sheridan and McAlpine, *Time to Rage*, pp.108-109, p.181 and pp.200-207.

[139] STUC GCM, April-June 1988, SLGIU Poll Tax Update, May 1988, p.001855.

[140] SLGIU Poll Tax Archive, Box 5, 5.3.2 MID, Arthur Midwinter, *The Community Charge in Practice : Finance and Budgeting under the new Scottish System*, (Glasgow, 1990), pp.9-10.

[141] Finlay, *Modern Scotland*, p.361.

[142] *The Poll Tax Handbook* (2nd Edition), (Glasgow, 1990), p.22 and p.26.

[143] Midwinter and Monaghan, *From Rates*, p.68, p.77 and p.130.

[144] 'ibid', p.68.

[145] GUA, CBI (Scotland) Archive, 1986 Folder, News Release on 28 January 1986.

[146] SLGIU Poll Tax Archive, Box 4, 5.3.2 ALL, All Scotland Rates Action Appeal, 13 July 1988.

[147] SLGIU, 05.04.01 STR, *Non-Domestic Rates - Implementation of the Uniform*

Business Rate, (Glasgow, 1988), p.1.

[148] Letwin, *The Anatomy*, p.177.

[149] Thatcher, *Downing Street Years*, p.648.

[150] Butler et al., *Failure*, p.135.

[151] Midwinter and Monaghan, *From Rates*, pp.74-75.

[152] GCURC : Archives, STUC Archive, Box 3, Scottish Office Folder, Scottish Office News Release on 15 April 1988.

[153] STUC GCM, June-July 1989, Minutes of Meeting of the General Purposes Committee on 17 May 1989, p.00211.

[154] GCURC : Archives, STUC Archive, Box 2, SNP Folder, Labour Party : Scottish Council Briefing on the SNP and the Poll Tax, 19 January 1989.

[155] Butler et al., *Failure*, pp.114-115, pp.137-139, pp.142-143 and p.148.

[156] *Times*, 7 October 1987.

[157] Thatcher, *Downing Street Years*, p.653.

[158] *GH*, 5 March 1990.

[159] Major, *The Autobiography*, p.147.

[160] Interview with Sir Malcolm Rifkind on 13 October 2003.

[161] David McCrone, *Understanding Scotland : The Sociology of a Stateless Nation*, (London, 1992), p.142.

[162] Butler et al., *Failure*, pp.151-153 and p.157.

[163] *GH*, 2 April 1990.

[164] *GH*, 3 April 1990.

[165] Thatcher, *Downing Street Years*, p.661 and pp.664-665.

[166] Major, *The Autobiography*, p.161.

[167] Barker, 'Legitimacy in the United Kingdom', p.522 and p.527; SLGIU Poll Tax Archive, Box 4, 5.3.2 COS, COSLA Information on Latest Poll Tax Non Payment Figures, 28 April 1992.

[168] Midwinter and Monaghan, *From Rates*, p.93.

[169] Butler et al., *Failure*, p.181 and p.312.

[170] Barker, 'Legitimacy in the United Kingdom', p.527.

[171] Thatcher, *Downing Street Years*, p.840.

[172] Major, *The Autobiography*, p.191.

[173] Jenkins, *Accountable to None*, p.59.

[174] *BBC Radio Scotland* Interview with Tommy Sheridan on 28 November 2003.

[175] Letwin, *The Anatomy*, p.198.

[176] Interview with Sir Malcolm Rifkind.

[177] Lynch, *The History of*, pp.183-184.

[178] CPA, CRD 4/4/32, 'This Is The Best Way to Cut Your Rates', Michael Forsyth, *Now*, 13 June 1980.

[179] Stewart Black, 'Competitive tendering in Scottish local government', *Scottish Affairs*, 3, (1993), p.118.

[180] Horton, 'Local Government', p.184.

[181] STUC GCM, April-June 1988, pp.001847-0001848 and p.005178.

[182] STUC GCM, December 1990, *Scottish Local Government*, 33, (Glasgow, 1990), p.005180.

[183] *Scotsman*, 24 May 1989.

[184] STUC GCM, December 1990, p.005179.

[185] STUC GCM, October 1989, News Release on 27 September 1989, p.003992.

[186] *Scotsman*, 25 May 1989.

[187] *Dundee Evening Telegraph*, 4 September 1989.

[188] Anne Yanetta, 'Scottish Homes - The key to the future?', *Scottish Government Yearbook 1990*, p.119.

[189] SLGIU, 15.19 SDD, *Scottish Homes : A New Agency for Housing in Scotland*, (Edinburgh, 1987), pp.10-12.

[190] Malpass, *Reshaping Housing Policy*, p.20; Seawright, *An Important Matter*, p.61.

[191] Heath et al., *Understanding Political Change*, p.127; David McCrone, 'Opinion polls in Scotland, August 1988 to July 1989', *Scottish Government Yearbook 1990*, p.281.

[192] Yanetta, 'Scottish Homes', p.125-130.

[193] SLGIU, 15.19 SHO, Scottish Homes Strategic Plan, (Glasgow, 1990).

[194] SLGIU, 15.19 LAB, The Labour Party (Scottish Council), Proposals contained in the Document "Scottish Homes" - Submission to the Secretary of State for Scotland, p.4.

[195] SLGIU, 15.19 PLA, A Review of Responses to the Consultation Paper Scottish

Homes prepared for COSLA, (Glasgow, 1987), p.48; SLGIU, 15.19 SLG, p.47.

[196] James Kellas, 'The Party in Scotland', in Anthony Seldon and Stuart Ball (eds.), *Conservative Century*, (Oxford, 1994), p.162.

[197] SLGIU, 15.1 SCO, p.7.

[198] Midwinter et al., *Politics and Public*, p.180.

[199] Interview with Struan Stevenson; Interview with Lord Forsyth on 11 November 2003.

[200] David McCrone, 'Opinion polls in Scotland, June 1989 to June 1990', *Scottish Government Yearbook 1991*, (1991), p.230.

[201] Hassan and Lynch, *The Almanac*, p.327.

[202] STUC GCM, July-September 1986, p.001761; Butler et al., *Failure*, p.182.

[203] Tom Begg, *50 Special Years : A Study in Scottish Housing*, (London, 1987), p.212.

[204] Paul Balchin, 'The United Kingdom', in Paul Balchin (ed.), *Housing Policy in Europe*, (London, 1996), p.221.

[205] Letwin, *The Anatomy*, pp.192-193.

[206] Midwinter and Monaghan, *From Rates*, p.130.

[207] SLGIU, 13.7 JOI.

[208] Lindsay Paterson, *The Autonomy of Modern Scotland*, (Edinburgh, 1994), p.170.

Chapter Six

RULE BRITANNIA? THATCHER AND THE 'SCOTTISH QUESTION'[1]

Speaking, in November 1975, Margaret Thatcher outlined her opposition to Scottish Home Rule, 'Devolution should march hand in hand with a conscious attempt to scale down the size of government. The object is not more government of the people but more decisions by the people over their own lives'.[2] Scotland's constitutional relationship with the British state has been the subject of much historical debate, and it has been a recurrent political issue since 1886. During Thatcher's premiership her assault on the post-war consensus became intertwined with the Scottish question, creating a fascinating constitutional by-product of her restructuring. This chapter illuminates the impact of Thatcher and the Scottish Conservative Party on the campaign for Home Rule, and includes analysis of the fortunes of the SNP.[3]

Scottish historians have paid great attention to developments in the Scottish question during Thatcher's time in office. Christopher Harvie correctly highlights the continuation of 'a collectivist Britishness' during the first half of Thatcher's office, but concludes that, 'by 1990 the nationalist genie was out of the lamp'.[4] Furthermore, James Mitchell provides comprehensive coverage of constitutional developments, but omits the fact that every mainstream Scottish party, with the exception of the SNP, supported the Union. This detracts from his analysis of Unionist attitudes within the Conservative Party, and fails to convey the extent of support that the Union continued to enjoy in Scotland.[5]

Gerald Warner dismisses 'the so-called 'Doomsday Scenario' as 'the 'Doomsday Fantasia', whilst Richard Finlay asserts that Thatcher, 'undermined what was for many Scots the true essence of a British identity and political loyalty', attributing this to her attack on 'the corporate state'.[6] Finlay also argues that, in order to defend the Union, the Conservatives pursued conflicting objectives, as the party encouraged independence in England, whilst discouraging it in Scotland. Yet, his analysis is misplaced, as Thatcher supported independence for individuals and their families throughout the UK. Constitutional independence for Scotland was strongly opposed by Thatcher, but she also opposed this within England.

Finlay correctly highlights Scotland's public expenditure advantage over

England as a key political factor in justifying Scotland's place within the Union, but fails to mention that the SNP favoured higher levels of British state spending in Scotland throughout Thatcher's premiership. This leads Michael Fry to conclude that, 'It was hard to take seriously a party which preached independence yet practised dependence', and writing in 1987, he states that 'devolution was no longer a burning issue'.[7] Finally, Iain Hutchison correctly identifies the importance of the Scottish Constitutional Convention in ensuring that support for devolution, 'would be both broader and deeper than in the 1970s'.[8]

The Rise and Fall of Scottish Nationalism : The 'Scottish Question', 1967-1979

On 2 November 1967, the SNP registered a spectacular electoral success, as Winifred Ewing overturned a Labour majority of 16,576 to win a by-election in the Lanarkshire seat of Hamilton.[9] The SNP performed well in by-elections during the 1960s, and Gordon Wilson attributes this to the Nationalists' tactic of high profile mass canvassing. Wilson believes that the rise in support for the SNP was a reaction to the death of imperialism and a popular response to the run-down of Scotland's heavy industries.[10] This upsurge illustrated discontent with the consensus on administrative devolution. Yet, the post-war consensus remained unchallenged in Scottish politics, as the SNP voiced its support for consensus policies. The Nationalists only differed on the best constitutional basis to pursue them.[11]

In the summer of 1967 the Scottish Conservatives established a committee to examine the structure of Scottish government and, in November, the Thistle Group was launched by young Scottish Conservatives, such as Malcolm Rifkind and Michael Ancram.[12] It proposed the creation of a Scottish Assembly with fiscal autonomy, and the Thistle Group agreed with the party committee that too much power rested in the hands of Scottish Office civil servants. At the 1968 Scottish Conservative conference, Edward Heath announced the party's intention to create a Scottish Assembly, but Fry states that most Scottish Conservatives felt that 'Heath had gone too far too fast'.[13]

William Ross vehemently opposed devolution, but in April 1969, Labour appointed a Royal Commission on the Constitution to quell the upsurge in support for Home Rule.[14] In November, a Scottish Select Committee with powers to undertake

investigations into Scottish affairs was created.[15] The Conservatives' final devolution proposals in March 1970 were limited, supporting the establishment of a directly elected Scottish Convention to take on the work of the Scottish committees of the House of Commons.[16] It was apparent that neither Labour nor the Conservatives were convinced of the need for devolution.

The Royal Commission on the Constitution reported back in favour of the principle of devolution in October 1973.[17] One month later the SNP's Margo MacDonald swept to an unexpected by-election victory in the safe Labour seat of Glasgow Govan.[18] Neither Labour nor the Conservatives fought the February 1974 General Election on a pro-devolution platform, and the SNP won seven seats on the back of its imaginative 'It's Scotland's Oil' campaign.[19] A special conference in August 1974 committed Labour to the creation of a Scottish Assembly, and at the October General Election the party issued its first ever Scottish manifesto.[20] The SNP gained four seats at the Conservatives' expense.[21]

Labour's 1975 devolution White Paper provided for a limited form of Home Rule, and the Conservatives' Shadow Scottish Secretary, Alick Buchanan Smith, and the Scottish Conservative Party Chairman, George Younger, signalled the party's support for Labour's plans.[22] The MP for South Ayrshire, Jim Sillars, was angered by this package, however, and left the Labour Party, in December 1975, to create his own Scottish Labour Party (SLP).[23] Sillars propounded a message of Scottish independence within the EEC, but continued to vote in favour of devolution.[24] The media publicised Sillars' activities and his innovative European policy was to have long-term resonance in Scottish politics, but only John Robertson, MP for Paisley, left the Parliamentary Party, and few Labour Party members joined the SLP.[25]

Tam Dalyell, MP for West Lothian and a prominent Scottish Labour opponents of devolution, argued that it would create the unacceptable constitutional anomaly of Scottish MPs voting on English legislation, whilst devolved matters were legislated for in Edinburgh.[26] This came to be known as the 'West Lothian Question'.[27] Scotland had 11.2% of British seats, but only 9.4% of Britain's population,[28] and some Scottish Labour MPs were concerned that devolution might bring a reduction in Scotland's Westminster representation.

Rifkind chaired a committee to finalise the Conservatives' devolution

proposals, and was appointed as the party's Devolution Spokesman.[29] His committee recommended a Scottish Assembly with no executive powers and no direct control over Scotland's block grant.[30] By the end of 1975, only five Scottish Conservative MPs, including Younger, Rifkind, and Buchanan Smith, were firmly in favour of devolution. After consulting with William Whitelaw, Thatcher opted to pursue a compromise policy of opposing Labour's proposals, whilst emphasising the Conservatives' belief in the principle of devolution.[31] Buchanan Smith and Rifkind resigned from their frontbench positions in December 1976 in protest at Thatcher's decision to enforce a three-line whip to vote against the Scotland and Wales Bill,[32] and the staunchly Unionist, Teddy Taylor, became Shadow Scottish Secretary.

The Scotland and Wales Bill ran out of parliamentary time in February 1977, and a separate Scotland Bill was introduced to Parliament in November 1977. However, opponents of the Bill secured amendments requiring a referendum, and stipulating that 40% of Scots had to vote in favour of an Assembly before it could be established.[33] Labour won three successive by-elections in 1978, and many party activists, who had supported devolution on pragmatic grounds, surmised that the SNP's fortunes were on the wane.[34] Internal divisions festered within the Labour Party and SNP.[35]

The Conservatives were the only Scottish party officially to campaign against devolution, but some Scottish Conservatives, such as Buchanan Smith, Rifkind, Brian Meek and Struan Stevenson, urged Conservative voters to vote 'Yes'.[36] Their efforts were undermined by the intervention of Lord Home, who contended in an interview on 13 February 1979 that, 'a No vote does not and need not imply any disloyalty to the principle of devolution'.[37] Thatcher took a low profile during the campaign, but on the eve of the Referendum she proclaimed that, 'A "No" vote does not mean the devolution question will be buried'.[38]

At the Referendum on 1 March 1979, 32.9% of Scots supported the creation of a Scottish Assembly, whereas 30.8% voted against devolution.[39] The result failed to satisfy the 40% rule, and the constitutional status quo remained in place. It was apparent that significant groupings within civil society remained to be convinced of the merits of Home Rule, and many other Scots could not see the need for a Scottish Assembly when the British unitary state adequately provided for their economic and

social needs.

The Calm Before the Storm : 'The Scottish Question', 1979-1987

Thatcher entered Downing Street without the uncertainty of constitutional change at the heart of Scottish political debate. At the 1979 General Election, the Scottish Conservatives regained seven seats from the Nationalists, as the SNP's representation dropped to two MPs. This combined with the Referendum result to convince Thatcher that the Scots had expressed their satisfaction with the status quo.[40]

The Conservatives' 1979 manifesto committed Thatcher to the creation of, 'an all-party conference or committee to see if we can reach agreement on improvements in our system of government'.[41] This, however, proved to be no more than a token gesture. From February 1982, the Scottish Grand Committee was permitted to meet in Edinburgh, but was granted no legislative powers. There were sixteen meetings of the Grand Committee in Edinburgh between 1982 and June 1987,[42] provoking little public interest.

On 1 March 1980, the Campaign for a Scottish Assembly (CSA) was established in Edinburgh.[43] Its stated objective was 'the creation of a directly elected legislative Assembly for Scotland'. Another priority of the CSA was 'to call a National Convention representative of Scottish life and society to consider detailed proposals for the constitution and powers of a Scottish Assembly'. The CSA was determined to generate greater unity in the Home Rule movement, and its non party-political outlook sought to create an atmosphere conducive to constructive and consensual debate.[44] The early 1980s was characterised by economic turmoil in Scotland, and devolution was no longer a significant political issue (see chapter 2). Nevertheless, a Scottish Conservative Party memorandum to Central Office in March 1981 emphasised that, 'Scots think very much in Scottish rather than British terms', stating that, 'If Scotland is seen to be doing badly in economic terms', interest in devolution could be revived.[45]

The SNP entered a period of internal turmoil in the wake of its poor showing in May 1979. Some Nationalists were determined to alter the party's ideological stance, and this manifested itself in schisms. The most prominent splinter group, the

'79 Group, formed in May 1979,[46] was avowedly republican and wished the SNP to espouse socialism. A central plank of the '79 Group's beliefs was to gear the party's message towards working-class Labour voters in the central-belt. The Group's most high profile recruit was Sillars, who had disbanded the SLP after losing his seat at the 1979 General Election. Sillars joined the SNP in 1980, and was elected as Vice-Chairman for policy in 1981, winning approval for a policy of civil disobedience. The campaign was a serious misjudgement on Sillars' behalf as, during the early 1980s, devolution was heavily overshadowed by unemployment. If Scots would not engage in civil disobedience over mass unemployment it was unrealistic to expect them to do so over Scotland's constitutional status.

Wilson believes that some members of the '79 Group made useful individual contributions to the SNP, but its divisiveness acted like a cancer in the party.[47] Events climaxed at the 1982 SNP conference, as Wilson expelled six members of the '79 Group. The party was still discussing these expulsions in April 1983, only five weeks before the 1983 General Election. In a period when Thatcher's economic strategy was heavily dependent on receipts from North Sea oil, the Nationalists had indulged in internal wrangling that undermined the party's credibility, enabling Labour to heal some of its divisions over devolution.

Speaking to the Conservative Political Centre, in July 1979, Thatcher proclaimed that, 'The mission of this Government is much more than the promotion of economic progress. It is to renew the spirit and solidarity of the nation...It will not be given to this generation of our countrymen to create a great Empire. But it is given to us to demand an end to decline'.[48] She equated her attack on the post-war consensus with a national mission to restore British greatness through the defeat of socialism. This new mission was intended to fill the void left by decolonisation, and Thatcher was unwilling to accommodate devolution, which she viewed as a potential ideological and constitutional threat to these objectives.

Following Britain's triumph in the Falklands War, Thatcher tapped into the mood of resurgent British nationalism, and Eric Hobsbawm concludes that, 'there is no doubt that this was a reaction to the decline of the British Empire'.[49] However, David McCrone accurately states that, 'Such nationalism...depended upon a powerful enough sense of 'Britain' to encapsulate the minor nationalities of these islands'.[50]

The Falklands conflict was as a vivid symbol of Thatcher's resolve to restore British greatness, but the Scottish euphoria was muted in comparison with England.

Younger made little effort to channel Scottish national sentiment into the Falklands triumph, instead focusing on practical opposition to devolution. Speaking in October 1982, he contended that it would be impossible to conceive of any new system that would not, 'either create an area of perpetual friction between Edinburgh and London, or an unacceptable and additional burden on the taxpayers of Scotland'.[51] Nevertheless, when questioned by the CSA in February 1983, Rifkind claimed that he remained 'sympathetic to the idea of a Scottish assembly' within a federal UK.[52] The Scottish Conservatives' 1983 manifesto stated that, 'We remain willing to consider further changes to improve the government of Scotland within the United Kingdom',[53] but, in reality, the party had no intention of undertaking constitutional reform. At the 1983 General Election, the SNP put up another poor showing, retaining its two seats in Dundee East and the Western Isles, but losing fifty-three of its seventy-two deposits.[54]

The CSA was undaunted by Thatcher's victory, and held a 'Referendum Week' in March 1985 to mark the sixth anniversary of the Devolution Referendum.[55] This event was designed to publicise the CSA's proposals for a constitutional convention, but neither Labour nor the STUC responded to this initiative. The CSA also targeted those sections of civil society that had opposed devolution in 1979. A significant grouping was located in local government, and the CSA contended that a Scottish Assembly could shelter Scotland's councils from Thatcher's spending constraints.[56]

When the CSA called a conference in late 1984 with the intention of reassuring representatives of Scottish local government that an Assembly would not usurp their existing powers,[57] fewer than one-third of Scottish councils opted to send delegates. This did not deter the CSA, and in October 1986 its persistence paid off, as COSLA pledged its support for devolution. Experience of Thatcher's reforms had convinced Scotland's local authorities that the prospect of potential conflict with a Scottish Assembly was more desirable than the certainty of conflict with Thatcher.

Scottish affairs and devolution received very little attention from the New Right, but in 1984 the Adam Smith Institute (ASI) published the *Omega Report on*

Scottish Policy, proposing a considerable reduction in the powers of the Scottish Office.[58] The ASI surmised that this contraction in Scottish government would facilitate the devolution of power to individual Scots through the pursuit of free market policies at Westminster. Allan Massie concluded: 'It is an alternative that will meet resistance from the vested interests...which were not threatened at all by the schemes of political devolution, but battle has been joined; and it's a battle worth joining'.[59]

This document illustrates the extent to which the ASI misunderstood the Conservative and Unionist relationship with administrative devolution, as the Scottish Conservatives could not adopt its proposals, because they were incompatible with the party's stance on administrative devolution since 1937. Furthermore, unlike the nineteenth-century when the Scots were described as one of the 'least governed people in Europe',[60] administrative and business opportunities for Scots had become far more limited in the aftermath of Empire. The Scottish Conservatives, therefore, continued to argue that devolution was unworkable in practice, and that it would inevitably lead to the destruction of the UK. This was the only coherent position left open to Younger, as he sought to minimise discussions on constitutional reform.

Younger's replacement by Rifkind raised the hopes of the CSA because of his support for devolution in the 1970s. Rifkind agreed to meet representatives from the CSA in March 1986,[61] but continued to contend that devolution was unfeasible until a federal system was introduced in Britain. Rifkind realised that Thatcher would not permit the Scottish Conservatives to jeopardise her attack on the post-war consensus by changing its devolution policy. Yet this stance had considerably different connotations to that of its former Unionist proponents, as the governance of the British Empire was no longer a factor (see chapter 1), and Rifkind's arguments implied that Scottish devolution was reliant upon the English electorate supporting federalism.

The Scottish Conservatives' stance was logical, however, as a Scottish Assembly was likely to be dominated by Labour, whereas the existing British constitution enabled the party to exercise control in Scotland by virtue of the Conservatives' support in England. Nevertheless, this constitutional position was only sustainable if it continued to command the support of significant sections of civil

society. Conservative hopes rested on the inability of Scottish devolutionists to coordinate their efforts and agree upon a specific scheme. It was apparent that an upsurge in support for constitutional reform would sternly test the ideological and tactical strength of the Scottish Conservatives' stance.

Although divisions remained within the Labour Party, devolution continued to be a manifesto commitment. During Thatcher's first and second terms, Labour published devolution proposals,[62] and Donald Dewar's appointment as Shadow Scottish Secretary boosted the influence of devolutionists. George Foulkes, MP for Carrick, Cumnock and Doon Valley, was amongst the most enthusiastic Labour Home Rulers. He, in cooperation with Scottish Labour MPs, such as Falkirk West MP, Dennis Canavan, questioned the Conservatives' mandate to govern in Scotland after the 1983 General Election. Foulkes proposed organising a campaign of parliamentary and civil disruption in cooperation with Scotland's local authorities to gain publicity for devolution.[63] The constitutional logic that underpinned this argument was, however, extremely limited. Britain was a unitary state with a single constitution that was based on the sovereignty of the Crown in Parliament.[64] In effect, the writ of Her Majesty's Government covered the entire UK, and Scotland had no more right to opt out from this framework than the English regions.

Some opponents of devolution now reconsidered their stance as the momentum of Thatcher's progressive assault on the post-war consensus gathered pace. Robin Cook told *Radical Scotland* in September 1983 that because of the divergence between voting behaviour in England and Scotland it was now necessary to create a Scottish Assembly within a federal Britain.[65] Nevertheless, Cook emphasised that Labour should not attempt to mobilise a populist campaign for self-government, because the Scottish electorate expected it to focus on the economy and the welfare state. Therefore, until 1987, devolution was a secondary Labour priority to reducing unemployment and defending the welfare state.

After 1983 the in-fighting within the SNP subsided, which allowed the Nationalists to focus on policy reform. In August 1983, Wilson, with the strong support of Sillars, successfully reversed party policy on membership of the EEC.[66] This represented a significant reform for a previously anti-European party, and was to prove a pivotal moment in the SNP's policy development. This process of reform

continued at the 1984 SNP conference, as Sillars narrowly succeeded in winning the party's support to campaign for an elected constitutional convention.[67] An integral part of this strategy involved cooperating with the CSA in its campaign for a constitutional convention. Mitchell contends that, 'It was a good campaigning position, but little attention was paid to how a convention would be established and what should be done in the event of one being set up which was not along the lines the SNP proposed'.[68] By 1987, the Nationalists' policy reforms and internal difficulties had the dual effect of shifting the party towards a clear social democratic stance,[69] whilst conveying a more credible independence message.

Writing in 1986, Sillars identified that middle-class opposition to self-government was weakening, but he concluded that, 'the Scottish middle class will not provide the springboard for change'.[70] This statement, however, displays Sillars' detachment from civil society and the middle-class, as by 1986 around 60% of middle-class Scots expressed support for constitutional change, compared to 35% in 1979.[71] Thatcher's efforts to restore British greatness through the medium of market forces were having a negative effect on the interests of the Scottish middle-class and the autonomy of civil society, as she reduced public spending and reformed local government (see chapters 3 and 4).[72] These groupings possessed the power and influence to re-ignite interest in devolution.

As the 1987 General Election neared, Scottish political commentators began to speculate on the prospect of Thatcher facing the 'doomsday scenario' of holding no Scottish seats, but retaining power with an English majority.[73] Labour's 1987 Scottish manifesto stated that devolution was, 'at the heart of Labour's plans for Scotland', whilst the STUC strongly emphasised its support for 'an entirely new institutional framework' in Scotland.[74] The only mainstream Scottish political party to oppose constitutional change was the Conservative Party, and it was the only Scottish party which had failed to seriously re-assess its devolution stance since March 1979. When questioned in June 1987, Thatcher asserted that the Scottish media was paying an unjustified amount of attention to devolution, and a Scotsman poll in the run-up to the General Election bears out her claim, as only 2% of Scots described devolution as a major political priority.[75] Nevertheless, the Scotsman stated that, 'The aim of all Scots who wish to improve the condition of their nation must be to support the reform of

their system of government, and the experience of Tory political and economic rule since 1979 ought to encourage them in this ambition'.[76]

Beyond 'Doomsday' : 'The Scottish Question', June 1987-March 1989

On 11 June 1987, Thatcher won a third term in office with a comfortable majority built upon the Conservatives' support in southern England and the West Midlands.[77] However, in Scotland, the party only narrowly avoided electoral disaster, as it was reduced to ten MPs. Andrew Gamble states that, 'The divide between North and South in the UK...seemed to have reached a new stage in the elections of 1983 and 1987',[78] but if Scotland is excluded from the voting figures for northern Britain, only Yorkshire and Humberside and north-east England decisively rejected Thatcher's policies.

Both Labour and the SNP challenged Thatcher's mandate to govern in Scotland, highlighting her inability to satisfactorily staff the Scottish Office. Thatcher and the Scottish Conservatives' response was to prevent the Scottish Select Committee from convening. Allan Stewart described the Committee as a 'complete irrelevance',[79] but, in reality, Thatcher did not have enough backbench Scottish MPs to serve on it. Thatcher believed that she was denying Labour a Scottish platform on which to voice its opposition to her policies but, in doing so, she inhibited the democratic accountability of the Scottish Office, which was implementing policies that had been rejected by the overwhelming majority of the Scottish electorate. English Conservative MPs also began attending Scottish Question Time to swell the Government's ranks, and at the first Scottish Questions of the new Parliament, Canavan exclaimed, 'I spy strangers'.[80]

Nevertheless, Rifkind contended that there was no constitutional crisis, as the Conservatives possessed 'nearly 400' British MPs.[81] Rifkind received support from CBI (Scotland), which feared that a Scottish Assembly would raise taxation.[82] Furthermore, the Scottish division of the Institute of Directors consulted its members, and of the 180 replies that it received, 140 opposed devolution. The main hope of the Scottish Conservatives rested on Rifkind's belief that the party's Scottish opponents would be unable or unwilling to put their differences aside and unite against the

Government in a concerted campaign for devolution.

However, the views of Thatcher and the Conservatives' Scottish MPs did not necessarily concur with all of those at the grassroots of the Scottish Conservative Party. A discussion document produced by SCUA, analysing the 1987 General Election result, was damning in its conclusions. The report contended that Thatcher was a liability to the Scottish Conservatives because of her 'Englishness' and perceived 'uncaring attitudes'.[83] It harked back to the Scottish Unionist era (see chapter 6), and appealed to Thatcher to 'keep an open mind' on devolution. This illustrates grassroots awareness of one of the Scottish Conservatives' most glaring weaknesses during Thatcher's premiership. The party was unable to play the 'Scottish card', because of Thatcher's entrenched opposition to devolution, the lack of Scottish policy initiatives and the growing prominence of its southern English MPs. After 1987 these factors combined to create the perception that the Conservatives were 'anti-Scottish'.

Scottish Conservatives, such as Meek and Stevenson, were alive to this development, establishing a Conservative Constitutional Reform Forum (CCRF) in the wake of the 1987 General Election. This body had a membership of 100 but only twenty were active members.[84] Stevenson stated in August 1987 that the Scottish Conservatives would, 'be reduced to a decimated rump acting solely as a conduit for Westminster legislation', if the party failed to deliver an Assembly, and Meek argued that devolution was inevitable.[85]

Under these circumstances, Labour was in a difficult position, as the Conservatives huge British majority rendered the party powerless to defeat any of Thatcher's reforms. The Nationalists exploited this by branding Labour's Scottish MPs the 'feeble fifty'.[86] Indeed, Scottish Labour's impotence was highlighted in January 1988, as a Labour Party sponsored Devolution Bill failed to make its second reading because of English Conservative opposition.[87] It was apparent that Scottish Labour was in a position where it held responsibility but no parliamentary power.

The most obvious beneficiary of the Conservatives' mandate difficulties and Labour's impotence at Westminster was the SNP. Although the Party only won three seats at the 1987 General Election, it proved a watershed for the SNP. Wilson, who lost Dundee East, and Donald Stewart, who retired from the Western Isles', were

replaced at Westminster by Alex Salmond, Margaret Ewing, MP for Moray, and Andrew Welsh, MP for Angus. Furthermore, the arguments of the '79 Group began to rise to prominence, as the party adopted a policy of parliamentary disruption, and advocated non-payment of the poll tax (see chapter 5). In May 1988, the Nationalists launched a campaign promoting Scottish independence within the EEC, emphasising the growing influence of Sillars.

Meanwhile, the STUC organised a Festival of Scottish Democracy in September 1987 at Glasgow Green.[88] This event was intended to focus on the lack of Scottish democratic accountability, with the STUC branding Rifkind as the 'Governor-General' of Scotland.[89] The Festival, however, was marred by poor weather and attracted a turnout of only 5,000 drawn from the ranks of the Labour Party, the trade unions and CSA. This event highlighted the continuing divisions between the Scottish parties over devolution, and the need for the Home Rule movement to broaden its base beyond party politics, in order to win the support of the Scottish public.

As devolutionists struggled to organise a broad-based campaign, Rifkind launched a defence of the constitutional status quo. Speaking in April 1988 he posed the question, 'is it in Scotland's interests to become one devolved country in what would remain, otherwise, a unitary state?', contending that devolution, 'would lead to the provincialisation of Scotland'.[90] Furthermore, Rifkind spoke of 'the genius of Britain', which had enabled it to meet the needs of each constituent nation within a unitary state. He also outlined his interpretation of Unionism, as a belief 'that the peoples of these small islands share a common destiny', asserting that, 'the Union must remain a partnership...and Scotland must enjoy all the benefits as well as the responsibilities of full partnership'.

This speech represented a return to Unionist-nationalist rhetoric, with no mention of federalism. Stevenson states that Rifkind was privately sympathetic towards the CCRF,[91] but had little room to manoeuvre as, in Thatcher's eyes, Scottish political distinctiveness was incompatible with her mission to eradicate socialism throughout the UK. This was in stark contrast to the ideological outlook of the Scottish Unionists, which had enabled figures, such as Walter Elliot, to equate Scottish nationalism and British diversity as the antithesis of state-controlled

socialism. Rifkind hoped that, by taking this stance, the party could withstand the initial calls for devolution until the Scottish public and opposition parties lost interest.

The Conservatives' hostile attitude towards devolution was confirmed at the party's 1988 Scottish conference, which saw the first conference debate on devolution during Thatcher's premiership.[92] Michael Forsyth and Bill Walker intentionally disrupted a fringe meeting that was held by the CCRF to promote its devolutionist motion.[93] Both Forsyth and Walker, aided by a group of Young Conservatives and members of the free market pressure group, the Committee for a Free Britain (CFB), stood under a 'Devolution Sucks' banner, declaring 'Devolution NO Thatcherism YES'.[94] Stevenson describes these tactics as, 'delving into the nether regions of Party in-fighting'.[95]

The CFB distributed a pamphlet entitled, 'Labour's Devolution Con-trick', which stated that, 'The Scottish people have been neglected by the Conservative Party. It has not directed its attention to saving Scotland, as distinct from Britain, from Socialism'. This strain of logic surmised that Thatcher should pursue her attack on the post-war consensus more vigorously in Scotland, whilst explaining her objectives in a Scottish context. In the event, the Scottish party conference delegates voted 500 to 12 against devolution.[96]

Indeed, Thatcher's response to the Conservatives' poor showing in June 1987 corresponded with CFB's arguments and ran contrary to SCUA's recommendations, as she embarked on high profile trips to Scotland, conveying her policies in person. At the 1988 Scottish conference, Thatcher stated that, 'The values of hard work, self-reliance, thrift, enterprise...That is what the Tory Party stands for. That is what Scotland stands for'.[97] Furthermore, she asserted that, 'Tory values are in tune with everything that is finest in the Scottish character and with the proudest moments in Scottish history', and exhorted the Scots to follow the examples of the Scottish enlightenment philosophers, Adam Smith, David Hume and Adam Ferguson.

These enterprising qualities were closely interlinked with the Scottish experience of Empire, and Thatcher believed that, 'the spread of British civilisation, by trade, by conquest, by settlement, by education and by example has provided Scots with opportunities that would otherwise have been unthinkable'.[98] Shirley Robin Letwin asserts that Thatcher's attempts to overturn the post-war consensus and restore

British 'greatness' were interlinked with her belief in the English 'vigorous virtues' (see Introduction), but Thatcher had an equally strong attachment to this separate set of enterprising Scottish virtues.[99] If Thatcher was 'to renew the spirit and solidarity of the nation', and restore British greatness then she had to cultivate these Scottish virtues as rigorously as the English ones.

Thatcher intensified her efforts to promote these virtues in a keynote address to the Church of Scotland's General Assembly on 21 May 1988. The tone of her speech was intended to be of a personal nature, but five ministers objected to Thatcher speaking on any basis.[100] Her address rejected any association between social responsibility and Christianity, 'we must not profess the Christian faith and go to Church simply because we want social reforms and benefits or a better standard of behaviour'. She stated that, 'We are told we must work and use our talents to create wealth...How could we respond to the many calls for help...unless we had first worked hard and used our talents to create the necessary wealth?'.[101] Furthermore, Thatcher placed great emphasis on the link between individual responsibility and religion, 'any set of social and economic arrangements which is not founded on the acceptance of individual responsibility will do nothing but harm...intervention by the State must never become so great that it effectively removes personal responsibility'.

The Kirk's immediate response was to hand Thatcher two reports dealing with housing and the Christian approach to the distribution of income and benefits. Nine months later, in response to this address, the Rt. Rev. Professor James Whyte, the Moderator of the Church of Scotland, observed that he had heard, 'much about the importance of the individual, a little about the family, but nothing at all about these other communities which give us our sense of where we belong'.[102] Nicholas Fairbairn polarised attitudes further when he branded Whyte a 'socialist animal, totally uninterested in Christian duty'. Stevenson describes Thatcher's address as, 'utterly patronising', but does agree with Fairbairn that the Kirk's leadership was dominated by 'socialists'.[103] Indeed, the Kirk's wholesale rejection of Thatcher's post-colonial British mission was symbolic, as in the nineteenth and early twentieth-century the Church of Scotland had been a vociferous supporter of imperialism, and an influential mouthpiece of Unionist-nationalism.[104]

Thatcher had offended the sensibilities of Presbyterian-dominated civil society

by mixing her politics with religion, and Mitchell states that she, 'could not complain when the Church decided to respond'.[105] Yet, Thatcher had delivered an identical sermon at the church of St Lawrence Jewry in the City of London on Ash Wednesday 1981, in an attempt to convey the moral vision that underpinned her political beliefs to the Church of England.[106] Furthermore, a report by the Archbishop of Canterbury in December 1985, recommending social reform, was described by one Conservative MP as 'Marxist', and another MP contended that the Church of England was dominated by 'Communist clerics'.[107] In Thatcher's eyes, her address displayed no greater insensitivity towards the Kirk and Scottish civil society than she exhibited towards the Church of England and the English Establishment.

However, Thatcher failed to appreciate that the Church of Scotland had a tradition of autonomy from British state interference. The Kirk had issued the 'Claim of Right' in 1842, asserting its spiritual independence from the state, and in 1921 Parliament had conceded that the Church of Scotland had the, 'right and power, subject to no civil authority, to legislate and adjudicate finally in all matters of doctrine, worship, government and discipline'.[108] Presbyterianism had been at the heart of Scottish Unionism (see chapter 1), and Walter Elliot described the Church of Scotland's General Assembly as, 'the pure expression of the political heritage of Scotland',[109] but Thatcher was oblivious to this connection. Her address was interpreted as an unwarranted infringement on the independence of the Kirk, and the *Glasgow Herald* described her speech as 'Thatcher's sermon on the Mound'.[110] Given Thatcher's Methodist upbringing and the Scottish Conservatives' Unionist roots she should have been more sensitive towards the Kirk's independent status. By 1990 the Scottish Conservatives could only rely on the support of 34% of Kirk members.[111]

Frustrated by its lack of headway the CSA decided to grasp the political initiative. In December 1987, the CSA announced its intention to create a Constitutional Steering Committee (CSC) to report on the possibility of reforming Scotland's place within the Union. The motive behind this manoeuvre was to force devolution onto the Scottish political agenda and pressurise all Scottish parties into joining a constitutional convention. In order to enhance its credibility, the CSA invited prominent members of civil society to sit on the CSC, and the tacit support of the editors of the *Glasgow Herald* and the *Scotsman* was assured.[112]

The CSC's report, *A Claim of Right for Scotland* was launched in Edinburgh in July 1988. As it stated, only twice before, in 1689 and 1842, had Scotland's ruling elite issued claims of right in protest at misgovernment,[113] which emphasises the constitutional magnitude of this document. It went on, 'Scotland faces a crisis of identity and survival. It is now being governed without consent', and called for the concentration of power that masquerades as 'the Crown-in-Parliament' to be broken up. Furthermore, the CSC concluded that, 'if any remnant of distinctive Scottish government is to be saved' then a Scottish Assembly had to be established. The 'West Lothian Question' remained unanswered, as the report contended that, 'The United Kingdom is a political artefact put together at English insistence...It is for the English to decide how to govern themselves...If they dislike the Parliamentary anomaly created by a Scottish Assembly, the remedy is in their own hands - a federal system'.

This constitutional development represented a watershed in the Thatcher era in Scotland. The CSC had rejected the sovereignty of Westminster, which was an integral component of the British constitution, and had asserted the sovereignty of the Scottish people. The radical nature of this stance, however, should not be exaggerated, as the *Claim of Right* was simply calling on the British Government to accept the democratic wishes of the Scottish electorate. The document's political significance is in its articulation of the anger and resentment of civil society at Thatcher's attempts to break the post-war consensus and marginalise their input. Civil society was expressing its disquiet in a Scottish, not a British, context, which was in stark contrast to the rhetoric of Unionists, such as F. S. Oliver, who had called for imperial federation. It was apparent that Thatcher's assault on the post-war consensus was unintentionally unifying civil society against her policies, and in favour of constitutional reform.

The reaction of the Scottish media was positive. The *Glasgow Herald* stated that, 'We would support the development of quasi-federal institutions in Britain, with entrenched civic rights and a Scottish Assembly elected by proportional representation', whilst the *Scotsman* was more fulsome in its praise, contending that the Committee's findings were, 'as clear and cogent an articulation of the constitutional position Scotland finds herself in as has been published'.[114]

Labour's response was cautiously optimistic.[115] It was, however, concerned by

the CSC's proposal that any future scheme for Home Rule should assert the sovereignty of the Scottish people. There was also widespread consternation within the party over the Liberals' condition that voting reform would have to be on the agenda of a constitutional convention. At the 1987 General Election, the Liberal/SDP Alliance had increased its quota of MPs to nine, which represented the largest Scottish Liberal grouping since 1931.[116] This bolstered the devolutionist lobby, but also pressurised Labour into considering voting reform.

Moreover, the Nationalists were wary of joining a convention if it was not on the party's terms, causing the SNP to take a reticent approach towards the CSA's proposal. The greatest concern of the SNP was that the convention would be dominated by Labour, which would use its huge supportbase in Scotland to engineer an inbuilt majority.[117] This was compounded by the SNP's fear that a convention instigated by the CSA would choose to deal solely with devolution, marginalizing debate on independence.[118]

The only main political party immediately to disregard the report was the Conservative Party. John MacKay commented that, 'It will be interesting to see if the Campaign for a Scottish Assembly has any answer to the financial concerns and to constitutional concerns', asserting that, 'Given the membership of the steering group the report is totally predictable'.[119] By taking this stance the Conservatives were making the task of creating a constitutional convention significantly easier for the CSA. The Conservatives were already perceived by many Scottish voters as 'anti-Scottish'. By choosing to opt out of this constitutional forum, the party further ostracized itself and provided the opposition parties with an incentive to reach agreement on establishing a convention. If the Scottish Conservatives had entered the convention it would have enabled its representatives to convey the party's Unionist views, and disrupt the decision-making process. Nevertheless, it is highly unlikely that Thatcher would have permitted the Scottish Conservatives to enter any consensual organisation geared towards constitutional reform. David Seawright accurately states that devolution policy, 'became one more shibboleth of the 'wet and dry' party discourse'.[120]

On 21 October 1988 Dewar announced that Labour would join the proposed constitutional convention. He stated: 'Any talks should be a genuine attempt to find

that common ground and to evolve an agreed package - that means that the process must be seen as a way of finding the right reform within the United Kingdom and not breaking away from it'.[121] Dewar concluded: 'The people must decide if they are prepared to live a little dangerously in order to achieve what they want'. Labour was sensitive to opinion within civil society, and Dewar surmised that it would be in the party's interests to join the convention, putting Labour in a position to veto any extreme proposals whilst taking the plaudits for conceding its huge electoral majority to cooperate with the other parties.

Furthermore, Labour was wary of neglecting devolution and sparking an upsurge in Nationalism. The Govan by-election in November 1988 dispelled any uncertainty over the Party's participation, as Sillars dramatically overturned a Labour majority of 19,509. This result heightened the animosity that existed between Labour and the Nationalists,[122] and signalled a change in Scottish politics. After Govan, the Scottish Conservatives were no longer treated as Labour's main opponents, as Labour engaged in bitter conflict with the SNP. The constitutional debate also began to overlook the status quo as a viable option, focusing on the desirability of devolution as opposed to independence in Europe.

Ian Lang concludes that devolution was, 'an easy vehicle by which', Labour could, 'engender a sense of grievance in their fellow Scots and a facile response to their fears of nationalism'.[123] This displays a lack of political judgement on Lang's behalf, as Labour realised that by entering the predominantly unionist convention it was presenting the Nationalists with a strategic dilemma. The SNP was divided over involvement in the convention. The fundamentalist wing of the party distrusted any involvement with a convention that did not examine independence as its primary option.[124] They believed that, by joining the convention, the SNP would be forced into diluting its commitment to independence. Wilson, therefore, concerned by the prospect of, 'campaigning for the Labour Party's policy of devolution',[125] set preconditions for the SNP's participation.

Wilson demanded that the convention should be elected, and should accept the principle of Scottish popular sovereignty.[126] The SNP's final precondition related to the staging of a multi-option referendum that would include the options of independence, devolution, or the status quo. The Nationalists were certain that Dewar

would find these proposals unacceptable, enabling the SNP to blame Labour for the convention's failure. As discussions over the convention opened in January 1989, the SNP believed itself to be in a strong bargaining position.

These negotiations proved constructive, but Labour refused to concede a referendum or elections, and the fundamentalists began to exert pressure on Wilson to withdraw. Wilson bowed to this campaign. He conducted a straw poll amongst party office-bearers to gauge opinion, leading him to believe that the best option was withdrawal. The only leading party member whom he failed to contact was Salmond. Mitchell asserts that, 'The one problem would have been Salmond',[127] but the SNP deputy leader was also sceptical about SNP involvement. Salmond was concerned that the CSA was becoming excessively involved in the politics surrounding the convention and, in particular, over the attitude of Jim Ross, the secretary of the CSC, towards the SNP.[128] Furthermore, Salmond was equally convinced that Labour would not participate in the convention without an in-built majority. On 29 January 1989, Sillars announced that the SNP would not be taking part in the convention.

This decision has to be seen in the light of Sillars' spectacular victory at Govan, and opinion poll ratings placing support for the SNP at 32% compared with Labour's 36%.[129] The Nationalists believed that they were winning the argument, and that participation in a convention devoted to devolution was an unnecessary diversion from independence. They were, however, out of touch with the growing unity of civil society, and the party's decision to opt out of the convention was a huge tactical error. By taking this course of action the SNP, 'allowed the initiative to speak for the vast majority of Scots to pass into the hands of others'.[130] Nevertheless, Wilson maintains that the Convention was 'a cul-de-sac', and Campbell Christie believes that, with hindsight, the withdrawal of the SNP may have aided the Convention's efforts to reach agreement on a specific plan for devolution.[131]

As the Convention began to take shape, CBI (Scotland) contended that a Scottish Assembly would raise taxation, and discourage inward investment in Scotland.[132] Furthermore, in a speech in February 1989, Thatcher attacked the concept of Scottish independence in the EEC, and asserted that a Scottish Assembly would be 'another layer of bureaucracy'.[133] Emphasising her belief that, 'when you strengthen the sense of responsibility of the citizen you strengthen the whole nation', she

contended that 'devolution to the individual citizen' was the best means of achieving that goal.[134] Thatcher reiterated that, 'This Government remains committed to the Union, as committed as ever'.[135]

This attack on Scottish independence within the EEC was a response to the success of Nationalist campaigning, and by March 1989, 52% of Scots supported this constitutional option.[136] The economic arguments against independence were weakened by the growing strength of the Irish economy, and Wilson contended that Scottish independence in the EEC could provide, 'maximum political change with minimum economic disruption'.[137] Nevertheless, Atsuko Ichijo concludes that, for Scots, Europe has a dual function as, 'a politically correct alternative to the Empire which could provide a new stage for Scottish talent; a new frontier and a bigger role to play in the world', and, 'as a reference point from which contemporary Scots can distinguish themselves from their southern neighbours, the English'.[138] Both of these interpretations were problematic for Thatcher, as they illustrated the extent to which her attempts to launch a post-colonial British mission against socialism were weakening Scottish attachment to the Union and intensifying Scotland's desire to emphasise its distinctiveness from England. By February 1989, 42% of Scots were in favour of devolution, whilst 35% backed independence in one form or another.[139]

Thatcher was hopelessly detached from Scottish civil society, and her absolute opposition to constitutional reform made her appear undemocratic. Hugo Young describes Thatcher as 'the first unashamed English nationalist to occupy Downing Street',[140] but her decision not to establish a Scottish Assembly refutes this allegation. By establishing a Scottish Assembly with fiscal autonomy, elected by proportional representation (PR), and by reducing Scotland's number of MPs at Westminster, she would have achieved several political goals. By reducing Scotland's quota of MPs she would have lessened the likelihood of a future Labour majority at Westminster, whilst by granting a Scottish Assembly fiscal autonomy, she would have succeeded in abolishing the Barnett formula. Furthermore, by electing the Assembly through PR she would have prevented it from becoming a Labour-dominated body, and would have ensured greater representation for the Scottish Conservative Party, which had a disproportionately low number of seats at Westminster in relation to its vote.[141] Finally, the introduction of an Assembly would have required the reorganisation of

Scottish local government, enabling Thatcher to abolish Scotland's high spending regional authorities (see chapter 5).

When questioned in August 1989, 69% of Scots strongly disagreed that Thatcher had Scotland's best interests at heart, and 61% strongly agreed that she treated Scots as second-class citizens.[142] T. M. Devine concludes that 'Thatcher disregarded the tradition of the union as a partnership in which Scottish interests had to be taken into account',[143] but his analysis is misplaced. Thatcher saw England as the senior partner in the Union, 'by reason of its greater population',[144] which explains why she did not accept that her stance on devolution was undemocratic. She believed that every constituent part of Britain should be in favour of constitutional change before any reform took place. Nevertheless, on specific issues, such as rating reform (see chapter 5), Thatcher thought that she was placing Scotland's interests ahead of those of England. Significantly, Thatcher's interpretation of the Union displays her inability to comprehend Scottish Unionism or Unionist-nationalism, both of which viewed Scotland as an equal imperial partner of England.

Thatcher's decision to maintain the status quo reflected her belief that the campaign for Home Rule represented an attempt by Scotland's 'left-wing establishment' to construct a constitutional and ideological bulwark against her assault on the post-war consensus. She was convinced that a Scottish Assembly would raise business rates and increase intervention in the Scottish economy, in direct contradiction of her economic strategy. The continuation of the British unitary state was, therefore, a prerequisite of Thatcher's attempts to defeat socialism in every constituent part of the UK.

An Emerging Consensus? 'The Scottish Question', March 1989-December 1990

The Constitutional Convention's first meeting on 30 March 1989 at the Church of Scotland Assembly Halls attracted an array of figures from civil society, and to that extent it paralleled the launch of the Scottish Covenant in 1949 (see chapter 1). In stark contrast to 1949, however, fifty-eight of Scotland's seventy-two MPs, and five of Scotland's eight MEPs attended.[145] They were joined by representatives from fifty-nine of Scotland's sixty-five local authorities, as well as seven political parties.

Outwith the political spectrum, the Scottish churches, the STUC, Gaelic organisations, women's groups, and ethnic minorities were represented. They all signed the *Claim of Right*.[146]

Lang describes the Convention as, 'some of Scotland's opposition MPs, plus a few hangers-on', asserting that, 'it was permeated by socialism'.[147] Lang's analysis illustrates the extent to which the Scottish Conservatives had become detached from civil society. The launch of the Convention symbolised the growing unity of civil society, which was already coordinating its efforts against Thatcher's assault on the post-war consensus in the Standing Commission on the Scottish Economy (see chapter 2) and in the campaign against the poll tax (see chapter 5). Only CBI (Scotland), the Scottish division of the Institute of Directors, and the National Farmers' Union (Scotland) refused to become involved, but every other grouping within civil society participated in the Convention.

In an attempt to provide the Convention with added moral authority, an Episcopalian clergyman, Canon Kenyon Wright, was appointed as Chairman.[148] In his address at the Convention's inaugural session, Wright captured the mood of his audience with a rhetorical question mocking Thatcher's single-minded Prime Ministerial style, 'What if that other single voice we all know so well responds by saying, "We say no, and we are the state"? Well we say yes - and we are the people'.[149] In effect, civil society, under the auspices of the Convention, was issuing a challenge to the authority of the British unitary state.

The *Herald* concluded that the Convention was, 'unlikely to prosper as long as Mrs Thatcher is in Downing Street, nor does it enjoy much popular support...Home Rule, must await its hour, and it is not yet at hand'. The *Daily Record's* political correspondent, Tom Brown, took an equally sceptical stance, 'the dream of Scottish self-rule is off and running - yet again. It's an old dream. But it just refuses to lie down and die'.[150] In a similar vein to its coverage of *A Claim of Right for Scotland*, the *Scotsman* was more enthusiastic than the *Herald*. Ruth Wishart specifically emphasised that, 'it was generally agreed, Margaret Thatcher had been the unwitting midwife', of the Convention, and the *Scotsman's* editorial gave the Convention its resounding endorsement: 'The Convention has set out on a great enterprise which, successfully completed, will restore to Scots their political identity and return their

distinctive values to the political stage'.[151]

The Scottish Conservative Party chose to treat the Convention's launch with contempt. Gerald O'Brien, the Scottish Conservatives' press officer, commented that, 'This body...is not just Labour dominated it is Labour saturated',[152] posing the question: 'How can they [Labour] claim to be a party of the Union?'. In stark contrast, MacKay chose to play down the importance of the Convention: 'It is just a new guise for the home rule lobby which has been around for many years'. This onslaught on the Convention was continued by Rifkind at the 1989 Scottish Conservative conference. Contending that Home Rule had failed to become a reality because the Scottish people were not united in support for constitutional reform, he argued that: 'Unilateral devolution would destroy the reality of partnership and shunt Scotland off to the sidelines of a United Kingdom Parliament that would not be permitted to address itself to the domestic affairs of one major part of the Kingdom'.[153] Moreover, he dismissed the Convention as, 'an assembly of politicians and others with closed minds', highlighting the gradual reform of Scottish government since 1885 as evidence, 'that the Union can evolve and need not be seen as some fossilised structure'.

Rifkind was attempting to reinvigorate Unionist-nationalism, whilst maintaining the line that the party had followed since 1979 on constitutional affairs. He failed to appreciate, however, that the debate over devolution had advanced from its 1979 position. The use of Unionist rhetoric carried less weight after three general elections in which the vast majority of Scots voted against Thatcher, but saw her impose her policies because of the Conservatives' overwhelming support amongst the English electorate. This highlighted the differences that existed between Scotland and England, and undermined Rifkind's emphasis on the cohesion of the UK. Administrative devolution was also discredited amongst civil society and the Scottish electorate, because the Scottish Office had complied with Thatcher's directives to implement unpopular reforms, such as compulsory competitive tendering and the poll tax (see chapters 4 and 5). Indeed, by attempting to polarise the constitutional debate between independence and the status quo, Rifkind was endorsing the SNP's argument that Home Rule was unachievable within the Union.

The STUC was intensely committed to the Convention, but some of Christie's

arguments were suspect: 'just as our brothers and sisters in Africa, in Asia and elsewhere had to do when under colonial rule, if constitutional change will not come through Government initiatives, it must be fought for by other means'.[154] Christie's analysis was entirely inaccurate, but the unpopularity of Thatcher's policies, which had become synonymous with British patriotism,[155] had led to a redefinition of Scottish identity, which attempted to erase Scotland's imperial past.

According to Ichijo, 'The message of this vision is the assertion of the moral superiority of the Scots over, in particular, the English by showing the Scots to be a people with high moral standards who care for community more than money'.[156] These sentiments were incompatible with Scotland's prominent role in the British Empire, representing the antithesis of Unionist-nationalism. It was becoming apparent that Thatcher's attack on the post-war consensus was discrediting the Scots' interpretation of British identity. By May 1990, 45% of Scots supported devolution, whilst 37% favoured independence in one form or another.[157]

Meanwhile, the Convention's activities were beginning to attract the interest of English-based broadsheets. The *Guardian* appeared to be attracted by the challenge that Scottish devolution presented to Thatcher, and Bernard Crick favourably paralleled the work of the Convention with that of the Charter 88 movement, which was campaigning for greater decentralization of power throughout Britain.[158] The Convention received an additional boost in June 1990 when The Joseph Rowntree Reform Trust, which provides grants to socially progressive organisations, decided to accept the Convention's application for funding.[159] However, writing in 1991, Arthur Midwinter, Michael Keating and James Mitchell correctly stated that, 'For the UK as a whole Scotland's political alienation remains a marginal issue'.[160]

In July 1990 the STUC organised a music festival in Falleninch field on the edge of Stirling.[161] The 'Day for Scotland' attracted around 38,000 people to campaign for Home Rule, and listen to the music of Runrig, Hue and Cry and Deacon Blue.[162] Scotland's arts community strongly favoured devolution, and the STUC gave financial support to theatre groups, such as Wildcat, which expressed opposition to Thatcher in their work.[163] Forsyth made great efforts to prevent the 'Day for Scotland' from proceeding at the expense of poll tax payers in Stirling, and succeeded in removing the event from Stirling Castle for safety reasons.[164] He was clearly aware of

the publicity to be gained from holding the festival at the site of William Wallace's victory over Edward I of England but, in his attempts to obstruct the event, Forsyth also ran the risk of appearing anti-Scottish. This helped to create the perception, which was alien to the Scottish Conservatives' Unionist heritage, that expressions of Scottish nationalism were an illustration of anti-Conservative sentiment. When questioned in August 1990, 79% of Scots saw the Conservative Party as, 'mainly an English party with little relevance to Scotland'.[165]

Alex Salmond who replaced Wilson as leader of the SNP in May 1990, was only thirty-five years old, and declared that, 'The Scottish Constitutional Convention is performing a great service to the nation'.[166] Furthermore, Salmond described the SNP as, 'A clearly defined left-of-centre party in the mainstream of Scottish political tradition', contending that, 'The only sanction you can have against a government which says No to all Scottish opinion would be...confronting Westminster's parliamentary sovereignty with Scottish popular sovereignty'.

This leads Finlay to assert that, 'Consensus Scotland was increasingly squeezed by a polarised political system that was divided between an uncompromising take-it-or-leave-it Unionism and an independence-is-the-only-escape-from-Thatcherism nationalism'.[167] Nevertheless, the Labour Party's policy overhaul had worked against the Nationalists' interests. Prior to 1987, Labour had remained committed to the establishment of a Scottish Assembly as a component of a British planning network that was intended to work in partnership with central government,[168] but after 1987 Kinnock's decision to discard the party's left-wing agenda, in an attempt to make Labour electable in southern England, allowed the Scottish party greater leeway.

Indeed, Dewar asserted that official Scottish Labour policy was, 'Independence in the UK',[169] as the party attempted to channel Scottish national sentiments into the campaign for devolution. Labour's position was aided by the prominence of Scottish MPs, such as John Smith, Robin Cook and Gordon Brown, who articulated opposition to Thatcher in a Scottish accent. The party's nationalist posturing deprived the SNP of its traditional campaigning territory, but this tactic was greatly aided by Labour's contacts and support amongst civil society.

Thatcher fell from power on 22 November 1990, and the publication of the

Constitutional Convention's plans for devolution took place on 30 November 1990. The tone of *Towards Scotland's Parliament* was more conciliatory than *A Claim of Right for Scotland*, and portrayed devolution as a device to strengthen Scotland's place within the Union.[170] However, the report demanded that a Scottish Parliament should have entrenched powers that could not be repealed by Westminster without the Scottish legislature's consent.

The report pressed the case for a Scottish Parliament to send representatives to the EEC, and particular emphasis was placed on the economic and industrial powers of a Scottish Parliament. It also stated that a Scottish Parliament was to be responsible for all areas of Scottish government, with the exception of defence, foreign affairs, central economic and fiscal matters, and social security policy. Moreover, Scotland's block grant was to remain in place, and was to continue being calculated according to the Barnett formula. First-past-the-post was to be replaced by PR, but no specific system was proposed. The most striking development was the Convention's decision to alter the title of this proposed legislative body from an Assembly to a Parliament, emphasising the degree of autonomy that it would bring to Scotland. The term Scottish Assembly was associated with the abortive 1979 Referendum, and this change in terminology was another useful campaigning tool against the SNP. However, the report overlooked the 'West Lothian Question'.

The Scottish press was divided by the Convention's proposals. The *Glasgow Herald* criticised the arrangements for financing devolution as, 'unnecessarily complicated', and attacked the report's failure to tackle the 'West Lothian Question', concluding that, 'The Convention's scheme is high-minded, if woolly. Unfortunately it does not advance the prospects of that indispensable consensus'.[171] In contrast, the *Daily Record's* Dave King described *Towards Scotland's Parliament* as, 'the most important document to be signed in Scotland since the Treaty of Union', and stated, 'All parties are agreed that the archaic procedures of Westminster be swept aside in the Scottish Parliament'.[172] The *Scotsman* praised the Convention, but warned that, 'the key phase of the debate is only beginning'.[173] Support for devolution rose to 49% in December 1990, and the proportion of Scots in favour of independence in one form or another stood at 32%.[174] Although only 19% of Scots favoured the status quo the Conservatives remained implacably opposed to constitutional change.

A New Scottish Consensus? Thatcher's Impact on the Union

On the surface, when Thatcher left Downing Street in November 1990, Scotland's constitutional position paralleled that of May 1979. There continued to be a desire for devolution amongst the electorate, but no means of achieving that goal existed without Westminster's consent.

Younger had succeeded in marginalising political debate on devolution during his tenure at the Scottish Office, but the activities of the CSA and continuing interest of the Scottish press ensured that support for a Scottish Assembly remained consistently above 40%. Furthermore, the role of the British state in Scotland took on increasingly negative connotations during Thatcher's premiership. She presided over a huge increase in unemployment, privatised British state-owned industries (see chapter 2), and severely reduced the influence and membership of British trade unions (see chapter 3).

Thatcher's attack on the post-war consensus and socialism was intended to restore British greatness. Yet it weakened the institutional ties that bound Scotland into the Union, and alienated large numbers of working-class Scots, who perceived Thatcher's Government and the reformed British state to be uncaring and unsympathetic to Scottish interests (see chapters 2 and 4). Moreover, Thatcher's efforts to overturn the consensus, which she viewed as a post-colonial mission to defeat socialism, offered the Scottish middle-class and civil society scant reward in comparison to their experience of Empire. This restructuring infringed upon the autonomy of civil society and increased job insecurity amongst the Scottish middle-class, leading many previous opponents of devolution to reverse their stance.[175]

The 1987 General Election represented a turning point in constitutional developments, as the Scots decisively rejected Thatcher's policies for the third consecutive time, only to see a Conservative government returned because of the party's support in England. Thereafter, Labour's nationalist posturing and the work of the Constitutional Convention, which were designed to discredit the British unitary state and prevent an upsurge in Nationalism, contributed towards a steep decline in Scotland's confidence in the British constitution.

Indeed, comparison of the *Claim of Right* with the Scottish Covenant of 1949 illustrates this point. The Covenant stated that, 'we solemnly enter into this Covenant whereby we pledge ourselves in all loyalty to the Crown and within the framework of the United Kingdom',[176] whereas the *Claim of Right* committed its signatories to 'acknowledge the sovereign right of the Scottish people to determine the form of Government best suited to their needs'.[177] By April 1989, only 9% of Scots agreed that Westminster worked for Scottish interests, whilst 68% stated that Westminster worked either against or strongly against Scottish interests.[178]

Civil society, which had been seriously divided over devolution in 1979, was now clearly in support of Home Rule. Its diverse groupings achieved this unity by working together in organisations, such as the Standing Commission on the Scottish Economy, and in the campaign against the poll tax. These activities harnessed the opposition of all sections of Scottish society to Thatcher's policies. The only group to remain opposed to devolution was the business community, but its influence had been eroded by Scotland's growing reliance on inward investment, and it was becoming increasingly intrigued by the opportunities that the impending European single market could offer (see chapter 2).

Finlay correctly states that, 'the key element in motivating support for the creation of a devolved Scottish parliament was...to deflect the policies emanating from south of the border without sundering the Union'.[179] Scotland's public spending advantage within the UK combined with Labour's influence within civil society, and the party's decision to adopt a more nationalistic stance, to create a broad-based campaign in favour of devolution. The Constitutional Convention was the ideal vehicle to enable Labour to construct a unionist consensus around devolution, whilst ostracising the Conservatives and SNP.

Wright asserts that Thatcher's overhaul of the consensus, 'seemed to mark...the imposition of something like an alien ideology'.[180] Many of Thatcher's reforms were hugely unpopular in Scotland, and her difficulties in staffing the Scottish Office after June 1987 embellished perceptions that the Conservatives were an 'alien' government. However, her beliefs and values were not 'alien' to Scotland, as they were not imported from England, and corresponded with the prevailing nineteenth-and early twentieth-century view of the Scots as 'a race of empire

builders'.

St Andrews University was at the heart of New Right activity in Britain (see Introduction), and Thatcher had a minimum of two Scots in the Cabinet throughout her premiership.[181] She relied heavily on the advice of Whitelaw during her first and second terms (see chapter 1), and Andrew Thomson, her election agent between 1981 and 1987, was a Scot.[182] There were five Scots in the Cabinet between October 1987 and January 1988, including James Mackay, who was appointed as Lord Chancellor, after the 1987 General Election, with responsibility for English law. Moreover, Forsyth was a founding member of the 'No Turning Back Group' (see chapter 1), and Younger was in nominal charge of both of Thatcher's leadership election campaigns (see chapter 1). Finally, policies, such as the right-to-buy (see chapter 5) and the Parents' Charter (see chapter 4), may not have increased the Scottish Conservatives' electoral support, but they were popular in Scotland.

Rifkind believes that one of Thatcher's greatest difficulties was her inability to understand the existence of a dual identity in Scotland, which allowed Scots to be both British and Scottish.[183] Furthermore, Stevenson describes Thatcher as, 'a matronly middle-class Englishwoman', whose 'gut instincts' about Scotland were 'consistently wrong'.[184] Both Rifkind and Forsyth agree that Thatcher was committed to Scotland and the Union, but Forsyth admits that, 'she could be a bit of an English nationalist'.[185] Indeed, Thatcher created resentment in Scotland by flaunting her English identity on occasions, such as the 1986 Conservative conference, when she proclaimed that, 'The rose I am wearing is the rose of England', and in a newspaper interview with the Daily Express in February 1990, when she stated that the Scots were 'privileged' to be subsidised by the 'marvellously tolerant English'.[186]

Nevertheless, James Kellas is misguided when he criticises her 'ethnic nationalism',[187] as Thatcher's English identity was a secondary complement to her British nationality. Her inability to clearly distinguish between these separate but interlinked identities meant that her British nationalist rhetoric was easily misinterpreted by her Scottish opponents as English nationalism.[188] This is reflected in Thatcher's interpretation of the Union, in which she saw England as the senior partner, because of its greater population. Furthermore, this also explains why Thatcher rejected the Constitutional Convention's accusations that she was anti-

democratic, as she believed that she possessed a UK majority, entitling her to pursue her policies throughout Britain. In stark contrast to the Unionism of the Scottish Unionist Party, which stressed Scotland's contribution as an equal partner in the Union and the British Empire, this had little appeal in Scotland. Yet, it did reflect the constitutional reality of the British unitary state, seriously undermining the legitimacy of the status quo in Scotland.

The impact of Thatcher's attempts to break the post-war consensus, which were justified through the use of 'Anglo-British rhetoric', precipitated a redefinition of Scottish identity and a decline in British identity amongst Scots.[189] Rifkind adopted a strong Unionist stance in response to the upsurge in enthusiasm for constitutional change after June 1987, but the sincerity of his arguments was undermined by his support for devolution in the 1970s. Moreover, Rifkind's contention that Scotland's interests were best served by the status quo was out of place in a political environment in which every opposition party proposed a form of constitutional change. Kellas concludes that, 'Thatcher was seen as an 'English politician', and the Conservative Party as an 'English party'.[190]

However, Thatcher sacrificed party political gain in England, and the potential abolition of the Barnett formula by opposing constitutional change. This was largely out of Thatcher's concern to eradicate socialism in Scotland, which, she believed, required the continuation of the British unitary state. Thatcher's inflexible stance towards devolution stood in sharp contrast to the Unionism of F. S. Oliver, and her insensitivity towards Scottish institutions, such as the Kirk, was the antithesis of Walter Elliot's Unionism. This leads Gamble to assert that, 'This was not Unionism'.[191] Yet he fails to appreciate that Unionism is open to interpretation, and Thatcher's belief in the Union was interlinked with her efforts to overturn the post-war consensus and restore British 'greatness'.

Thatcher's brand of Unionism failed, because Unionism is only successful in Scotland when it defends existing Scottish institutions and commands the support of civil society. The Scottish Conservatives' use of strong Unionist-nationalist rhetoric after June 1987 failed to capture the imagination of Scottish voters, because of the huge divergence in electoral behaviour between Scotland and England. Moreover, Thatcher's tendency to impose policies against the will of civil society, and without

the support of the Scottish electorate made her appear undemocratic. The Government compounded these difficulties by refusing to accept that its wholesale rejection in Scotland represented a constitutional crisis. Therefore, the Scottish consensus on administrative devolution, which had begun to fracture in the 1970s, collapsed after 1987, as Thatcher's assault on the post-war consensus discredited the legitimacy of the British unitary state in Scotland. This precipitated the emergence of a new Scottish consensus embracing the need for constitutional change.

[1] The term, 'Scottish Question', has been used by James Mitchell, Lynn Bennie and Christopher Harvie to describe the debate over Scotland's place within the Union.

[2] *Hansard*, Fifth Series, Vol. 901, 19 November 1975, (London, 1975), col.23.

[3] Scottish Home Rule and devolution are interpreted as the transfer of an unspecified number of powers to a democratically elected legislative body sitting in Scotland; Scottish Nationalism is defined as the pursuit of Scottish independence, and it is closely associated with the Scottish National Party, whereas Scottish nationalism implies a strong sense of Scottish national identity.

[4] Christopher Harvie, 'Scotland after 1978 : from Referendum to Millennium', in R. A. Houston and W. W. Knox (eds.), *The New Penguin History of Scotland*, (London, 2002), p.512.

[5] When not addressing the Scottish Unionist Party, the term Unionism is applied to those individuals who wished to maintain the unitary British state, whilst unionism refers to a desire for Scotland to remain part of the United Kingdom.

[6] Gerald Warner, *The Scottish Tory Party : A History*, (London, 1988), p.221; Richard Finlay, 'Unionism and the Dependency Culture : Politics and State Intervention in Scotland, 1918-1997', in Catriona M M. Macdonald (ed.), *Unionist Scotland 1800-1997*, (Edinburgh, 1998), pp.113-114.

[7] Michael Fry, *Patronage and Principle : A Political History of Modern Scotland*, (Aberdeen, 1987), pp.252-254.

[8] I. G. C. Hutchison, *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001), p.149.

[9] *Times*, 3 November 1967.

[10] Interview with Gordon Wilson on 16 February 2004.

[11] GCURC : Special Collections, GML, *The New Scotland*, (Edinburgh, 1970), pp.3-9.

[12] Vernon Bogdanor, *Devolution in the United Kingdom*, (Oxford, 1999), p.132; James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, (Edinburgh, 1990), p.53.

[13] Fry, *Patronage*, p.232.

[14] James Mitchell, 'Contemporary Unionism', *Unionist Scotland*, p.131; James Mitchell, *Strategies for Self-Government : The Campaigns for a Scottish Parliament*, (Edinburgh, 1996), p.315.

[15] James Kellas, *The Scottish Political System*, (Cambridge, 1989), p.88.

[16] National Library of Scotland, SCUA Archive, Acc. 11368/168, Revised Draft of the Scottish Constitutional Committee, Section X : The Assembly, pp.3-4.

[17] *Report of Royal Commission on the Constitution, 1969-1973*, Cmnd. 5460, (London, 1973), p.363.

[18] Christopher Harvie, *Scotland and Nationalism : Scottish Society and Politics, 1707-1977*, (Edinburgh, 1977), p.261.

[19] Peter Lynch, *The History of the Scottish National Party*, (Cardiff, 2002), p.126.

[20] Jimmy Allison, *Guilty by Suspicion : A Life and Labour*, (Glendaruel, 1995), p.159.

[21] Alice Brown, David McCrone and Lindsay Paterson, *Politics and Society in Scotland*, (London, 1996), p.9.

[22] *Our Changing Democracy : Devolution to Scotland and Wales*, Cmnd. 6348, (London, 1975), pp.12-13; Mitchell, *Conservatives*, p.70.

[23] *GH*, 17 December 1975.

[24] Arnold Kemp, *The Hollow Drum : Scotland since the War*, (Edinburgh, 1993), p.157.

[25] Allison, *Guilty by Suspicion*, p.161 and p.163.

[26] Tam Dalyell, *Devolution : The End of Britain*, (London, 1977), pp.247-249.

[27] Fry, *Patronage*, pp.245-246.

[28] Kellas, *Scottish Political System*, p.81.

[29] Mitchell, *Conservatives*, pp.71-74.

[30] Thatcher Papers, MSS (2/6/1/158), Policy Paper on Devolution from the Scottish Devolution Policy Group chaired by Malcolm Rifkind, 23 November 1975 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www,margaretthatcher.org>, June 2004>.

[31] Thatcher Papers, MSS (2/6/1/156), Interim Report of Study Group on Devolution on 2 May 1975 <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www,margaretthatcher.org>, June 2004>.

[32] Mitchell, *Strategies*, p.319.

[33] Scotland Act 1978, *Public General Acts of 1978*, Chapters 39-57, (London, 1979), p.38.

[34] Mitchell, *Strategies*, pp.322-323.

[35] Interview with Joe Hill on 9 January 2004; John Bochel, David Denver and Allan Macartney (eds.), *The Referendum Experience : Scotland, 1979*, (Aberdeen, 1981); Ray Perman, 'The Devolution Referendum Campaign of 1979', in *Scottish Government Yearbook 1980*, (1979); *GH*, 19 February 1979.

[36] Mitchell, *Conservatives*, p.90.

[37] *Scotsman*, 15 February 1979.

[38] *Scotsman*, 28 February 1979.

[39] *GH*, 2 March 1979.

[40] Margaret Thatcher, *The Path to Power*, (London, 1995), p.430.

[41] *Conservative Manifesto for Scotland, 1979*, (Edinburgh, 1979), p.24.

[42] Mitchell, *Conservatives*, p.107.

[43] GCURC : Special Collections, GML, CSA (Glasgow Branch) Collection, Founding Statement of the Campaign for a Scottish Assembly.

[44] Keith Aitken, *The Bairns O' Adam : The Story of the STUC*, (Edinburgh, 1997), p.269.

[45] Bodleian Library, CPA, CRD 4/15/17, Scottish Conservative Party Memorandum to Central Office on 3 March 1981.

[46] Lynch, *The History of*, pp.168-177.

[47] Interview with Gordon Wilson.

[48] Peter Riddell, *The Thatcher Era and its Legacy*, (Oxford, 1993), p.7.

[49] Eric Hobsbawm, 'Falklands Fallout', in Stuart Hall and Martin Jaques (eds.), *The Politics of Thatcherism*, (London, 1983), p.260.

[50] David McCrone, *Understanding Scotland : The Sociology of a Stateless Nation*, (London, 1992), p.209.

[51] *Scotsman*, 30 October 1982.

[52] *GH*, 1 March 1983.

[53] *Conservative Manifesto for Scotland, 1983*, (Edinburgh, 1983), p.35.

[54] Lynch, *The History of*, p.178.

[55] CSA Collection, Campaign for a Scottish Assembly Newsletter, February 1985.

[56] CSA Collection, Local Government and the Scottish Assembly, March 1987.

[57] Mitchell, *Strategies*, pp.103-104.

[58] Allan Massie, 'Towards economic self-rule?', *Spectator*, 21 January 1984.

[59] Allan Massie, 'Scotland - Omega one', *Spectator*, 14 January 1984.

[60] H. J. Hanham, 'The creation of the Scottish Office, 1881-87', *The Juridical Review : The Law Journal of the Scottish Universities*, 1965, (1965), p.205.

[61] *Scotsman*, 25 March 1986.

[62] James Naughtie, 'Labour 1979-1988', in Ian Donnachie, Christopher Harvie and Ian Wood (eds.), *Forward! Labour Politics in Scotland 1888-1988*, (Edinburgh, 1989), p.163.

[63] GCURC : Archives, STUC Archive, CSA Folder July 1983-February 1984, Defending Scotland Against Thatcher : An Action Plan for the Labour Movement by George Foulkes, pp.2-4.

[64] Gillian Peele, *Governing the UK*, (Oxford, 1995), p.33.

[65] 'Recipes for Socialism', *RS*, 4, (1983), p.11.

[66] Mitchell, *Strategies*, p.233.

[67] Lynch, *The History of*, p.180.

[68] Mitchell, *Strategies*, p.238.

[69] Hutchison, *Scottish Politics*, p.146.

[70] Jim Sillars, *Scotland : The Case for Optimism*, (Edinburgh, 1986), p.155.

[71] Lindsay Paterson, 'Are the Scottish middle class going native?', *RS*, 45, (1990), p.10.

[72] Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), pp.345-346.

[73] 'Hoping For The Best...preparing for the worst', *RS*, 25, (1987), p.9.

[74] *Labour Manifesto 1987: Scotland will win*, (Glasgow, 1987), p.3; *Scotland : A Land Fit for People*, (Glasgow, 1987), p.11.

[75] *Scotsman*, 4 June 1987; *Scotsman*, 10 June 1987.

[76] *Scotsman*, 8 June 1987.

[77] David Butler and Dennis Kavanagh, *The British General Election of 1987*, (London, 1988), p.284.

[78] Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), p.218.

[79] Mitchell, *Conservatives*, p.108.

[80] Iain Macwhirter, 'After Doomsday...The Convention and Scotland's Constitutional Crisis', *Scottish Government Yearbook 1990*, (1990), p.23.

289

[81] Brown et al., *Politics and Society in Scotland*, p.95.

[82] *Scotsman*, 19 November 1987.

[83] *Morning Star* (*MS*), 11 September 1987.

[84] Interview with Struan Stevenson on 14 November 2003.

[85] *GH*, 15 August 1987; 'Waiting in the Wings', *RS*, 29, (1987), p.12.

[86] Lynch, *The History of*, pp.181-183.

[87] *GH*, 28 January 1988.

[88] GCURC : Archives, STUC General Council Minutes (GCM), October-December 1987, Report of General Purposes Committee, p.002649.

[89] *MS*, 14 September 1987.

[90] *Scotsman*, 16 April 1988.

[91] Interview with Struan Stevenson.

[92] Mitchell, *Conservatives*, pp.109-111.

[93] 'Tories take the slippery slope to extremism', *RS*, 33, (1988), p.7.

[94] Kemp, *Hollow Drum*, p.176.

[95] Interview with Struan Stevenson.

[96] *GH*, 13 May 1988.

[97] *GH*, 14 May 1988.

[98] Margaret Thatcher, 'Don't wreck the heritage we all share', *Scotsman*, 9 September 1997.

[99] Interview with Sir Malcolm Rifkind on 13 October 2003.

[100] Mitchell, *Conservatives*, p.120.

[101] Full text of the address quoted in; Jonathan Raban, *God, Man and Mrs Thatcher*, (London, 1989), pp.8-20.

[102] *GH*, 18 February 1989.

[103] Interview with Struan Stevenson.

[104] Callum G. Brown, *Religion and Society in Scotland since 1707*, (Edinburgh, 1997), pp.189-191; Graham Walker and Tom Gallagher, 'Protestantism and Scottish politics', in Graham Walker and Tom Gallagher (eds.), *Sermons and Battle Hymns : Protestant Popular Culture in Modern Scotland*, (Edinburgh, 1990), pp.86-91.

[105] Mitchell, *Conservatives*, p.120.

[106] Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1990),

p.224.

[107] *GH*, 2 December 1985.

[108] Stewart J. Brown, 'The Ten Years' Conflict and the Disruption of 1843', in Stewart J. Brown and Michael Fry (eds.), *Scotland in the Age of Disruption*, (Edinburgh, 1993), p.18; G. D. Henderson, *Heritage : A Study of the Disruption*, (Edinburgh, 1943), pp.91-97; *GH*, 29 April 1921.

[109] Walter Elliot, 'The Scottish Heritage in Politics', in Duke of Atholl (ed.), *A Scotsman's Heritage*, (London, 1932), p.58.

[110] *GH*, 23 May 1988.

[111] Joseph Bradley, 'Identity, politics and culture : Orangeism in Scotland', *Scottish Affairs*, 16, (1996), p.115.

[112] CSA Collection, 1989 Folder, Nominations of persons to serve on the Steering Committee; Andrew Marr, *The Battle for Scotland*, (London, 1992), p.198.

[113] Owen Dudley Smith (ed.), *A Claim of Right for Scotland*, (Edinburgh, 1989), Prologue, p.21, p.27, p.51 and p.53.

[114] *GH*, 14 July 1988; *Scotsman*, 14 July 1988.

[115] 'ibid'.

[116] Brown et al., *Politics and Society*, pp.8-9.

[117] Mitchell, *Strategies*, p.129.

[118] Lynch, *The History of*, pp.183-184.

[119] *GH*, 14 July 1988.

[120] David Seawright, *An Important Matter of Principle : The Decline of the Scottish Conservative and Unionist Party*, (Aldershot, 1999), p.121.

[121] Donald Dewar, 'Lecture', in Lindsay Paterson (ed.), *A Diverse Assembly : The Debate on a Scottish Parliament*, (Edinburgh, 1998), pp.172-173.

[122] Interview with Jimmy Allison on 13 April 2004.

[123] Ian Lang, *Blue Remembered Years : A Political Memoir*, (London, 2002), p.172.

[124] Lynch, *The History of*, pp.184-185.

[125] Brian Taylor, *The Scottish Parliament*, (Edinburgh, 1999), p.40.

[126] Interview with Gordon Wilson.

[127] Mitchell, *Strategies*, p.242.

[128] CSA Collection, 1988 Folder, Letter from CSA Secretary to CSA Officers on 12

291

December 1988.

[129] Gerry Hassan and Peter Lynch, *The Almanac of Scottish Politics*, (London, 2001), p.383.

[130] Hutchison, *Scottish Politics*, p.147.

[131] Interview with Gordon Wilson; Interview with Campbell Christie on 21 November 2003.

[132] *Scotsman*, 2 February 1989.

[133] *GH*, 4 February 1989.

[134] *DR*, 4 February 1989.

[135] *GH*, 4 February 1989.

[136] James Kellas, 'Prospects for a new Scottish political system', *Parliamentary Affairs*, Vol. 42, No. 4, (1989), p.528.

[137] Finlay, *Modern Scotland*, p.372; Atsuko Ichijo, 'Scottish Identity in the Age of European Integration', in Catherine Di Domenico, Alex Law, Jonathan Skinner and Mick Smith (eds.), *Boundaries and Identities : Nation, Politics and Culture in Scotland*, (Dundee, 2002), pp.86-87.

[138] 'ibid', p.93.

[139] Hassan and Lynch, *The Almanac of Scottish Politics*, p.393.

[140] Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1993), p.622.

[141] Brown, McCrone and Paterson, *Politics and Society*, p.145.

[142] James Mitchell and Lynn Bennie, 'Thatcherism and the Scottish Question', *British Elections and Parties Yearbook 1995*, (1996), p.96.

[143] T. M. Devine, *The Scottish Nation 1700-2000*, (London, 1999), p.606.

[144] Margaret Thatcher, *The Downing Street Years*, (London, 1995), p.624.

[145] Aitken, *The Bairns*, p.304.

[146] *Towards Scotland's Parliament*, (Edinburgh, 1990), p.1.

[147] Lang, *Blue Remembered Years*, p.174.

[148] Kellas, 'Prospects', p.520.

[149] Kenyon Wright, *The People Say Yes : The Making of Scotland's Parliament*, (Glendaruel, 1997), p.52.

[150] *DR*, 31 March 1989.

[151] *Scotsman*, 31 March 1989.

[152] *GH*, 30 March 1989.

[153] CSA Collection, 1989 Folder, Extract from Rifkind's Perth Speech.

[154] GCURC : Archives, STUC Archive, Campbell Christie's Speeches, 1989 Folder, A Constitutional Revolution in Scotland.

[155] McCrone, *Understanding Scotland*, pp.208-209.

[156] Ichijo, 'Scottish Identity', p.92.

[157] Hassan and Lynch, *The Almanac of Scottish Politics*, p.393.

[158] Bernard Crick, 'How Scotland can set the example', *Guardian*, 3 May 1990.

[159] CSA Collection, 1990 Folder, Letter from The Joseph Rowntree Reform Trust to the CSA on 18 June 1990.

[160] Arthur Midwinter, Michael Keating and James Mitchell, *Politics and Public Policy in Scotland*, (London, 1991), p.215.

[161] STUC GCM, August 1990, Day for Scotland Information Pack, p.002996 and pp.003507-003508.

[162] *Stirling Observer (SO)*, 18 July 1990.

[163] Aitken, *The Bairns*, p.296.

[164] *SO*, 23 May 1990.

[165] Mitchell and Bennie, 'Thatcherism and the Scottish Question', p.99.

[166] Lynch, *The History of*, p.194; *MS*, 30 October 1990.

[167] Finlay, *Modern Scotland*, p.367.

[168] LHA, Labour Party NEC Minutes, 15 December-23 February 1983, Box LXXI, Home Policy Committee/Scottish Liaison Committee, Scotland and Devolution, pp.000885-000887.

[169] Allison, *Guilty by Suspicion*, p.193.

[170] *Towards Scotland's Parliament*, pp.7-8 and pp.10-12.

[171] *GH*, 1 December 1990.

[172] *DR*, 1 December 1990.

[173] *Scotsman*, 1 December 1990.

[174] Hassan and Lynch, *The Almanac of Scottish Politics*, p.393.

[175] Paterson, 'Are the Scottish middle class', p.10.

[176] Mitchell, *Strategies*, p.145.

[177] *Towards Scotland's Parliament*, p.1.

[178] Lindsay Paterson, 'Ane End of Ane Auld Sang : Sovereignty and the Re-negotiation of the Union', *Scottish Government Yearbook 1991*, p.115.

[179] Finlay, *Modern Scotland*, p.368.

[180] Wright, *The People Say Yes*, p.22.

[181] Thatcher, *Downing Street Years*, pp.873-882.

[182] Andrew Thomson, *Margaret Thatcher : The Woman Within*, (London, 1989), pp.4-5.

[183] Interview with Sir Malcolm Rifkind.

[184] Interview with Struan Stevenson.

[185] Interview with Lord Forsyth on 11 November 2003.

[186] Thatcher, *Downing Street Years*, p.569; Mitchell, *Strategies*, p.57.

[187] James Kellas, 'The Party in Scotland', in Anthony Seldon and Stuart Ball (eds.), *Conservative Century*, (Oxford, 1994), pp.681-682.

[188] McCrone, *Understanding Scotland*, p.171 and p.209.

[189] Seawright, *An Important Matter*, p.151.

[190] Kellas, 'The Party', p.692.

[191] Gamble, *The Free Economy*, p.172.

CONCLUSION

In an interview with the *Times*, in October 1975, Harold Macmillan, stated, 'The Tory Party is not regarded as a national party now. We tried...to make it a sort of jolly for everyone. It was a party for the nation. Now I'm afraid they've lost that'.[1] An integral factor that made the Conservatives a 'national party' was the post-war consensus, and Macmillan's statement is an early indication of the direction in which Margaret Thatcher was leading the party. Thatcher was the longest serving British Prime Minister in the twentieth-century,[2] and her premiership proved to be a watershed in British and Scottish history. This final chapter summarises the main points of the thesis dividing its analysis between the trends that Thatcher inherited and those altered or initiated by her.

Prior to Thatcher's election as Conservative Party leader the Scottish Conservative and Unionist Party had been in decline since 1959, as decolonisation and secularisation robbed the Unionist label of its populist connotations (see chapter 1). Council house building, Labour's low rents policy (see chapter 5), and the decline of Scottish capitalism also eroded the party's traditional supportbase. Furthermore, from the mid-to-late 1960s, Scotland received around 20% more public expenditure per head of population than England, and the Scottish economy became increasingly reliant on public sector employment and regional aid (see chapter 2). When Thatcher became Conservative leader, the post-war consensus was, therefore, firmly entrenched in Scottish society, and the Scottish Conservative Party held its lowest number of seats since 1928.

James Mitchell asserts that, 'Thatcherism involved the lowering of expectations in order ultimately to regain lost glory',[3] but Thatcher's objective was to alter the expectations that individual Britons placed on the state with the intention of destroying socialism, whilst encouraging individualism and entrepreneurship. Her attack on the consensus proved to be overwhelmingly successful, as she broke the industrial power of the trade unions through a combination of unemployment and legislative reform (see chapter 3). Thatcher

lowered income tax, and the privatisation programme resulted in a massive decline in public sector employment, whilst greatly increasing share-ownership (see chapter 2).

Scotland's economy witnessed a revolution as traditional manufacturing industry was replaced by service employment, electronics, tourism, financial services and oil (see chapter 2). Central government grants to local authorities fell dramatically, and the sale of council housing was immensely popular in Scotland and elsewhere in the UK (see chapter 5). The provision of universal social security benefits was minimised, whilst the number of means-tested benefits escalated, and the Parents' Charter, which was utilised by tens of thousands of Scots, introduced parental choice to education (see chapter 4).

Thatcher's pursuit of these goals created mass unemployment, however, and her income tax reductions were cancelled out by rising indirect taxation. When she left office, inflation was above the rate inherited by her, and individual debt had substantially increased (see chapter 2). The poll tax was massively unpopular (see chapter 5), and dependency on social security benefits spiralled as a result of unemployment (see chapter 4). Furthermore, Thatcher failed to castrate the EIS (see chapter 4), and was unable to curtail the STUC's influence as comprehensively as that of the TUC (see chapter 3). Finally, Thatcher abandoned her plans to replace the NHS with a health insurance system, and declined to introduce university tuition fees, as she feared alienating the middle-class electorate (see chapter 4).

The most striking aspect of Thatcher's attack on the consensus was a dramatic rise in unemployment. Scotland was particularly badly affected, and unemployment only started to recede after the 1987 General Election (see chapter 2). This severely affected the Scottish working-class, which suffered the worst effects of Thatcher's economic strategy, and while northern England experienced equally high levels of unemployment most Scots remained pre-occupied with the difficulties of the Scottish economy (see chapter 2). To compound matters, Thatcher reduced housing grants, resulting in increased council house rents, and the introduction of the poll tax added to the financial burden on the low paid, who had previously received rates' rebates (see

chapter 5). Thatcher also offered minimal social security benefits increases, and the use of indirect taxation disproportionately affected the poor (see chapter 4).

Peter Riddell, contends that Thatcher provided a, 'much needed shock to British industry and society',[4] but the number of families living in poverty rose sharply and homelessness became a feature of inner-city Britain (see chapters 4 and 5). Thatcher achieved the unprecedented post-war feat of winning the 1983 and 1987 general elections in the midst of mass unemployment, and contested that her reforms were intended to encourage enterprise, home-ownership, and individual responsibility. Shirley Robin Letwin positively reflected that, 'it had become thinkable that people sleeping in cardboard boxes might be at least in part responsible for their plight, that they had perhaps failed or even refused to look for other possibilities'.[5] Nevertheless, many Scots were appalled by Thatcher's lack of compassion for the unemployed, and the widespread perception developed that Thatcher was 'uncaring' and 'anti-Scottish' (see chapters 2 and 6).

In southern England the skilled manual working-class provided the foundations for Thatcher's attack on the post-war consensus. Some were self-employed business people who gained as a result of her income tax reductions, and the property boom of the mid-to-late 1980s. Those who remained in work during Thatcher's premiership often witnessed an increase in their standard of living (see chapters 2 and 3) and, at the 1987 General Election, 36% of British manual workers voted Conservative.[6] Yet far fewer Scots were self-employed, and the Scottish property market was starting from a lower base due to Scotland's high levels of public sector housing. Richard Finlay explains that Scotland was, 'missing out on many of the skilled factory workers in areas such as aircraft, cars, defence contracts and light engineering, all of which prospered during the Thatcher years',[7] whilst the working-class Unionist vote, which to a large extent had been dependent on Orangeism, had virtually disappeared (see chapter 1). Therefore, only a marginal community of working-class Scottish Conservative support existed.

Nevertheless, the middle-class also had a crucial say in the ultimate success or failure of Thatcher's policies. The Scottish middle-class were more

dependent on public sector employment than their English counterparts, and resented Thatcher's efforts to reduce public expenditure and employment. This meant that the impact of Thatcher's income tax cuts and the privatisation programme was nullified amongst the Scottish middle-class, as they were often bearing the brunt of the public sector savings needed to deliver these income tax reductions.

Thatcher's economic strategy also contributed towards heightened job insecurity in both the private and public sectors, and Scotland did not experience an economic recovery similar to that of southern England, further alienating middle-class Scots. Furthermore, high interest rates, lower consumer spending power caused by unemployment, and falling regional aid grants resulted in the collapse of many Scottish companies (see chapter 2). Scottish ownership of industry also declined, as a result of multinational takeovers (see chapter 2), and Scotland possessed fewer middle-class commuter-based suburbs than the Conservatives' heartlands in southern England. In effect, Thatcher's restructuring conflicted with the interests of a significant proportion of the Scottish middle-class.

Indeed, middle-class interests were closely interwoven with those of Scottish civil society, and David McCrone contends that, 'it is hard to envisage a political message more at odds with what has gone before, and one which runs more directly against the grain of Scottish civil society'.[8] Civil society had traditionally enjoyed a large degree of autonomy and, since 1945, it had successfully adapted to the post-war consensus (see chapter 1). Yet Thatcher attacked the post-war consensus on a UK-wide basis, and greatly added to central government control of civil society's domains in local government, health and education (see chapters 4 and 5).

This impinged upon the independence of civil society and, after 1982, the Scottish lobby was progressively marginalised in economic decision-making (see chapter 2). Moreover, Thatcher's reforms often resulted in Scottish institutions mirroring English structures and practices, leading to the fear that they would lose their distinctiveness. These factors provided the backdrop to Scotland's growing divergence from British voting behaviour, and McCrone

asserts that, 'Labour was in a better position to take on the role of protector in this defensive battle'.

Scotland returned clear Labour majorities at the 1979 and 1983 general elections, whilst Thatcher comfortably won at a British level, but the Scottish Conservatives' support remained solid at twenty-one MPs. After 1987, Labour held fifty Scottish seats to the Conservatives' ten, despite Thatcher's emphatic British victory, highlighting in its most extreme form, the constitutional limits of the British unitary state. Thatcher owed her British success to the manual working-class, Labour's internal difficulties, and a fragmented three party system, which saw the SDP/Liberal Alliance split the anti-Conservative vote.[9] In Scotland, the 1987 result represented an outcry by a cross-section of Scottish society against Thatcher's overhaul of the consensus rather than a wholesale endorsement of the Labour Party. However, Labour's third consecutive British defeat made devolution more attractive to the Scottish party (see chapter 6).

Following the 1987 General Election, civil society and the Labour Party began seriously to re-examine the prospect of devolution. Any uncertainty over Labour's commitment to Home Rule was extinguished by the SNP's innovative independence in Europe campaign, and Jim Sillar's victory in the 1988 Govan by-election (see chapter 6). The STUC acted as the hub for anti-Conservative campaigning, and formed a vital bridge between civil society and the labour movement (see chapters 3 and 6). This newly found interest in constitutional change manifested itself in *A Claim of Right for Scotland*, and was embodied in the Scottish Constitutional Convention (see chapter 6).

The Convention was the ideal cross-party, civic vehicle for the Home Rule movement, enabling civil society to work alongside the Labour Party and STUC without becoming politicised. Devolution offered civil society the prospect of reasserting its autonomy and authority in Scotland, whereas Labour was intent on defending its local government powerbase from further Conservative reforms whilst preventing a Nationalist upsurge. Underpinning these thought-processes was a desire to attain greater Scottish independence within the Union whilst retaining the Barnett formula.

Throughout this process, the Scottish Conservative Party was largely impotent, blaming its electoral difficulties on the growing hostility of the Scottish press, which encouraged the use of anti-Conservative tactical voting (see chapter 1). Scottish broadsheets, such as the *Glasgow Herald*, were in reality articulating the Scottish middle-class and civil society's discontent with Thatcher's restructuring, whilst tabloids, like the *Daily Record*, were reflecting their working-class readership's experience of unemployment. In contrast, the English-based press offered crucial support to the dissemination of Thatcher's political philosophy (see chapter 1).

Ironically, the Scottish Conservatives' one major initiative led to the poll tax, which was pivotal in Thatcher's downfall. The early introduction of the tax was interpreted as a symbol of the Conservatives' disdain for Scotland (see chapter 5). George Younger successfully maintained a consensual stance, as Scottish unemployment escalated, but allowed the party's electoral organisation to wither, and was influential in the decision to adopt the poll tax. His successor, Malcolm Rifkind, had to contend with this organisational decline as well as the 1987 General Election result, and mass opposition to the poll tax. To compound matters, the party engaged in bitter in-fighting after Michael Forsyth's appointment as Scottish party Chairman (see chapter 1).

According to Andrew Gamble, Thatcher's appeal was, 'directed much more towards England, and towards certain regions of England, the old metropolitan heart of the Empire'.[10] His analysis, however, overlooks Thatcher's bewilderment at the Conservatives' rejection in Scotland, as she failed to fully understand the Scottish Conservatives' Unionist roots. The Scottish Unionists had relied upon the party's ability to display a dual Scottish and British identity through the use of Unionist-nationalism (see chapter 6), whereas Thatcher viewed England as the senior partner in the Union by virtue of its greater population, and did not believe that Scotland could, 'claim devolution as a right of nationhood inside the Union'.[11] Thatcher was intent on devolving power to individuals through income tax reductions and greater choice, but Iain Hutchison states that, 'this commitment to full unionism alienated many'.[12]

After 1987 Thatcher was branded as undemocratic, and the Scottish Office lost much of its legitimacy, because of its capacity to deliver the Government's objectives in Scotland, despite the Scottish Conservatives' overwhelming reliance on English support to pass Scottish legislation. This is ironic, as Unionist concepts such as the 'property owning democracy' and 'democratic intellectualism' were intrinsically linked to the pursuit of democracy (see chapter 1). Scottish Unionists, such as Walter Elliot, contrasted this with Labour's state-controlled socialism, which was portrayed as the antithesis of Scottish nationalism. Indeed, Noel Skelton believed that, regardless of political affiliation, the Scottish MPs at Westminster should reflect the views of the Scottish nation (see chapter 6). Yet, under Thatcher, the Scottish Conservatives displayed, 'a partisanship which relished attacking the other parties' devolutionism and nationalism',[13] and this combined with the vocal and numerical dominance of the Conservative Party by its southern English MPs to create the perception that the party was 'anti-Scottish'.

Hugo Young, concludes that Thatcher's, 'bossiness, smugness, righteousness and inextinguishably English gentility - made her particularly rebarbative to a nation with a powerful sense of its own identity'.[14] Nevertheless, Thatcher was not 'anti-Scottish', as she compromised her objective of minimising public spending by allowing Scotland to continue receiving 20% more public expenditure per head of population than England (see chapter 2). Furthermore, the poll tax was introduced at an earlier date in Scotland at the request of the Scottish Conservative Party and the business community, leading Thatcher to believe that she was addressing a Scottish grievance (see chapter 5). In fact, Scotland lagged behind Thatcher's English and Welsh reforms in the fields of privatisation and competitive tendering. Scots were also prominent figures in all of her Cabinets, and her election agent between 1981 and 1987 was a Scot.

Moreover, Thatcher treated Scottish civil society and the English Establishment in a similar fashion, prompting Gamble to state, 'This lack of deference both for established institutions and for established status and wealth was part of Thatcherism's popular appeal'.[15] Thatcher's economic strategy had

as equally an adverse effect in northern England as in Scotland, and her opposition to Home Rule was grounded on her conviction that it would result in increased taxation and the break up of the UK (see chapter 6). Thatcher also greatly admired the qualities of individualism, self-help and entrepreneurship, which she closely associated with the Scottish enlightenment philosopher, Adam Smith, and with the Scottish contribution to the British Empire (see chapter 6). Far from 'Anglicising' Scotland, her policies were intended to inject private enterprise into the Scottish economy, and further bind Scotland into the international marketplace, whilst defeating socialism on a UK-wide basis.

On the other hand, Thatcher was unaware that her attack on the post-war consensus, which she conveyed through the use of British nationalist rhetoric, was fracturing the Scottish consensus on administrative devolution. Finlay explains that, 'The corporatism of post-war Scotland, which had acted as a sort of surrogate form of democracy, was abolished, and the various interest groups and sectional interests that were previously able to impress their views upon government, now found themselves out in the cold'.[16] The sale of publicly-owned industries weakened Scottish loyalty to the British state, and Thatcher's assault on the trade unions damaged a British trade union network that helped to generate British working-class solidarity (chapters 2 and 3).

Thatcher's welfare state reforms also caused great consternation in Scotland, and Scots were at the forefront of the defence of British institutions such as the NHS and the social security system (see chapter 4). In effect, the post-war consensus made the British unitary state acceptable to all classes of Scot as well as civil society, because it allowed Scottish autonomy whilst providing for Scotland's economic and social needs. As a result, the Scottish reaction to Thatcher's policies was overwhelmingly conservative, but in institutional rather than political terms, as civil society and the Labour Party sought to defend their powerbases from Thatcher's overhaul.

Ironically, Thatcher's efforts to restore British greatness by overturning the post-war consensus were perceived by many Scots to have accelerated Britain's decline and discredited the British unitary state. By abandoning the

consensus the Conservative Party ceased to be a 'national party' that sought to represent the interests of the peripheral areas of the UK, and the Scottish Conservative Party lost its ability to appeal to Scottish middle-class voters. The response of civil society, and the Labour Party was to embrace the need for devolution, which was intended to enable Scotland to opt out of Thatcher's restructuring, whilst retaining the benefits of the Barnett formula.

As Thatcher departed Downing Street, in November 1990, her legacy was a Britain intensely divided by class, nationality, and between those in employment and those out of work. In Scotland, these divisions, which had been a crucial factor in Thatcher's British electoral success, unified Scots against Thatcher and the Scottish Conservatives, leading to the emergence of a new Scottish consensus in favour of constitutional change.

303

[1] *Times*, 9 October 1975.

[2] Brenda Maddox, *Maggie : The First Lady*, (London, 2003), p.203.

[3] James Mitchell, *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, (Edinburgh, 1990), p.129.

[4] Peter Riddell, *The Thatcher Era and its Legacy*, (Oxford, 1993), pp.204-205.

[5] Shirley Robin Letwin, *The Anatomy of Thatcherism*, (London, 1992), p.315.

[6] Dennis Kavanagh, *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990), p.304.

[7] Richard Finlay, *Modern Scotland, 1914-2000*, (London, 2004), p.351.

[8] David McCrone, 'Thatcherism in a cold climate', in *RS*, 39, (1989), pp.10-11.

[9] Kavanagh, *Thatcherism*, p.314.

[10] Andrew Gamble, *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994), p.218.

[11] Margaret Thatcher, *The Downing Street Years*, (London, 1995), p.624.

[12] I. G. C. Hutchison, *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001), p.141.

[13] James Kellas, 'The Party in Scotland', in Anthony Seldon and Stuart Ball (eds.), *Conservative Century*, (Oxford, 1994), p.680.

[14] Hugo Young, *One of Us : A Biography of Margaret Thatcher*, (London, 1990), p.528.

[15] Andrew Gamble, *Between Europe and America : The Future of British Politics*, (Houndmills, 2003), p.185.

[16] Finlay, *Modern Scotland*, p.366.

BIBLIOGRAPHY

Bodleian Library, Oxford

Conservative Party Archive (CPA), Conservative Research Department, 4/4/32, 4/4/81, 4/7/93, 4/15/17.

CPA, Leaders' Consultative Committee, (77) 169, (78) 180, (79) 195.

CPA, Leaders' Steering Committee, (78) 68, (78) 73.

CPA, PUB 99.

Churchill Archives Centre, Cambridge

Thatcher Papers, THCR (2/6/1/221).

Thatcher Papers, THCR (2/1/1/42A) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/1/1/42A) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/1/2/12A) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/1/3/9) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/1/3/9) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

305

Thatcher Papers, THCR (2/6/1/92) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/6/1/156) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/6/1/158) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/6/1/159) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www.margaretthatcher.org>.

Thatcher Papers, THCR (2/6/1/233) <Document viewed online at Thatcher Foundation website, www.margaretthatcher.org <http://www,margaretthatcher.org>.

Kinnock Papers, Folders 26, 52, 73, 362 and 405.

Glasgow Caledonian University Research Collections

Communist Party of Great Britain (CPGB) (Scottish Committee) Archive, *Condition Critical - Private Medicine and the NHS*, (London, 1982).

CPGB (Scottish Committee) Archive, Poll Tax (Ultra Left) Folder.

Scottish Trades Union Congress (STUC) Archive, General Council Minutes, May 1979-December 1990.

STUC Archive, Campaign for a Scottish Assembly Folder, July 1983-February 1984.

STUC Archive, Campbell Christie's Speeches, 1989 Folder.

STUC Archive, Poll Tax Collection, Phoneround Information Folder.

STUC Archive, Poll Tax Collection, Boxes 2, 3 and 4.

The Gallacher Memorial Library (GML), Campaign for a Scottish Assembly (CSA) (Glasgow Branch) Collection, Founding Statement of the Campaign for a Scottish Assembly.

GML, CSA Collection, Campaign for a Scottish Assembly Newsletter, February 1985.

GML, CSA Collection, Local Government and the Scottish Assembly, March 1987.

GML, CSA Collection, 1988, 1989 and 1990 Folders.

GML, *Communist Fortnightly Comment*, Vol. 20, No. 3, (London, 1982).

GML, *Defending the NHS*, (London, 1984).

GML, *The New Scotland*, (Edinburgh, 1970).

GML, *The Scottish Marxist*, No. 25, (Glasgow, 1982).

Glasgow University Archives

Confederation of British Industry (Scotland) Archive, 1980, 1981, 1984, 1985, 1986, 1988 and 1990 Folders.

Labour History Archive, Manchester

Labour Party National Executive Committee (NEC) Minutes, 15 December 1982-23 February 1983.

Labour Party NEC Minutes, 6 February-28 June 1989.

Michael Foot's Leadership Papers, 1972 Industry Group Correspondence 1980-82.

Politics Today - Four Years Work, (London, 1983).

Privatisation : Paying the Price, (London, 1987).

National Library of Scotland, Edinburgh

Scottish Conservative and Unionist Association Archive, Acc.10424/161, Acc. 11368/80, Acc. 11368/114, Acc.11368/116, Acc. 11368/168, Acc.11368/193.

Paisley University Library

Scottish Local Government Information Unit, Poll Tax Archive, Boxes 4 and 5.

Scottish Local Government Information Unit, Glasgow

(Assortment of newsletters, information sheets and local government discussion papers)

05.04.01 STR.

5.3.2 HofC.

5.4.1 NAT.

13.7 JOI.

13.5.4 MAR.

15.1 SCO.

15.3 COS.

15.8 SLG.

15.19 LAB.

15.19 PLA.

15.19 SDD.

15.19 SHE.

15.19 SHO.

15.19 SLG.

15.19 STU.

Acts of Parliament

Valuation and Rating (Scotland) Act 1956.

Scotland Act 1978.

Education (Scotland) Act 1980.

Social Security Act 1986.

Teachers' Pay and Conditions Act 1987.

Education Reform Act 1988.

Electricity Act 1989.

Employment Act 1989.

Self-Governing Schools etc. (Scotland) Act 1989.

Transport (Scotland) Act 1989.

Employment Act 1990.

Enterprise and New Towns (Scotland) Act 1990.

Government Command Papers

Report of the Committee on Scottish Administration, Cmnd. 5563, (London, 1937).

Report of the Commissioner for the Special Areas in Scotland for the period 7th July 1936 to 31st August 1937, Cmnd. 5604, (London, 1937).

William Beveridge, *Social Insurance and Allied Services*, Cmnd. 6404, (London, 1942).

Employment Policy, Cmnd. 6527, (London, 1944).

Report of Royal Commission on Scottish Affairs, 1952-1954, Cmnd. (London, 1954).

Report of the Scottish Valuation and Rating Committee, Cmnd. 9244, (London, 1954).

Report on Higher Education, 1961-63, Cmnd. 2154, (London, 1963).

In Place of Strife : A Policy for Industrial Relations, Cmnd. 3888, (London, 1969).

Report of the Royal Commission on Local Government in Scotland, 1966-1969, Cmnd. 4150, (Edinburgh, 1969).

Report of the Royal Commission on the Constitution, 1969-1973, Cmnd. 5460, (London, 1973).

Our Changing Democracy : Devolution to Scotland and Wales, Cmnd. 6348, (London, 1975).

Report of the Committee of Enquiry into Local Government Finance, Cmnd. 6453, (London, 1976).

Report of the Royal Commission on the National Health Service, Cmnd. 7615, (London, 1979).

Alternatives to Domestic Rates, Cmnd. 8449, (London, 1981).

Reform of Social Security, Cmnd. 9517, (London, 1985).

Future Strategy for Higher Education in Scotland : Report of the Scottish Tertiary Education Advisory Council, Cmnd. 9676, (London, 1985).

Paying for Local Government, Cmnd. 9714, (London, 1986).

Caring for People : Community Care in the Next Decade and Beyond, Cmnd. 849, (London, 1989).

Working for Patients : The Health Service, Cmnd. 555, (London, 1989).

Government Publications

Prevention and Health : Everybody's Business, (London, 1976).

Assessment for All : Report of the Committee to Review Assessment in the Third and Fourth Years of Secondary Education in Scotland, (London, 1977).

The Structure of the Curriculum in the Third and Fourth Years of the Scottish Secondary School, (London, 1977).

Employment Gazette, Vol. 87, No. 1, (London, 1979).

Scottish Health Authorities : Priorities for the Eighties, (London, 1980).

Employment Gazette, Vol. 89, No. 4, (London, 1981).

Regional Industrial Policy : Some Economic Issues, (London, 1983).

Scottish Economic Bulletin, No. 28, (Edinburgh, 1983).

Employment Gazette, Vol. 93, No. 1, (London, 1985).

Scottish Economic Bulletin, No. 33, (Edinburgh, 1986).

Public Expenditure to 1988-89 : A Commentary on the Scotland Programme, (Edinburgh, 1986).

Community Care : An Agenda for Action - A Report to the Secretary of State for Social Services by Sir Roy Griffiths, (London, 1988).

School Management : The Government's Conclusions, (Edinburgh, 1988).

Scottish Economic Bulletin, No. 38, (Edinburgh, 1988).

Employment Gazette, Vol. 97, No. 1, (London, 1989).

Scottish Economic Bulletin, No. 40, (Edinburgh, 1989).

Employment Gazette, Vol. 99, No. 1, (London, 1990).

Health Education in Scotland : A National Policy Statement, (Edinburgh, 1990).

Scottish Abstract of Statistics 1991, No. 20, (Edinburgh, 1991).

Scottish Health Statistics 1991, (Edinburgh, 1991).

Parliamentary Papers

Hansard, Fifth Series, Vol. 214, 5 March 1928, (London, 1928).

Hansard, Fifth Series, Vol. 272, 24 November 1932, (London, 1932).

Hansard, Fifth Series, Vol. 901, 19 November 1975, (London, 1975).

Hansard, Fifth Series, Vol. 965, 28 March 1979, (London, 1979).

Hansard, Fifth Series, Vol. 967, 15 May 1979, (London, 1979).

Hansard, Fifth Series, Vol. 998, 5 February 1981, (London, 1981).

Hansard, Sixth Series, Vol. 13, 9 November 1981, (London, 1981).

Hansard, Sixth Series, Vol. 72, 4 February 1985, (London, 1985).

Hansard, Sixth Series, Vol. 76, 27 March 1985 (Written Answers), (London, 1985).

Hansard, Sixth Series, Vol. 83, 17 July 1985, (London, 1985).

Hansard, Sixth Series, Vol. 93, 6 March 1986, (London, 1986).

Hansard, Sixth Series, Vol. 121, 3 November 1987, (London, 1987).

Hansard, Sixth Series, Vol. 124, 9 December 1987, (London, 1987).

Hansard, Sixth Series, Vol. 128, 23 February 1988, (London, 1988).

Hansard, Sixth Series, Vol. 144, 11 January 1989, (London, 1989).

Hansard, Sixth Series, Vol. 155, 20 June 1989, (London, 1989).

Hansard, Sixth Series, Vol. 163, 7 December 1989, (London, 1989).

Hansard, Sixth Series, Vol. 166, 29 January 1990, (London, 1990).

Hansard, Sixth Series, Vol. 178, 30 October 1990, (London, 1990).

Oral Testimony

Interview with Sir Malcolm Rifkind on 13 October 2003.

Interview with Lord Forsyth on 11 November 2003.

Interview with Struan Stevenson on 14 November 2003.

Interview with Campbell Christie on 21 November 2003.

Interview with Joe Hill on 9 January 2004.

Interview with Gordon Wilson on 16 February 2004.

Interview with Sir Bernard Ingham on 8 April 2004.

Interview with Jimmy Allison on 13 April 2004.

Newspapers and Magazines

Daily Record.

Dundee Evening Telegraph.

Evening Times.

314

Glasgow Herald.

Morning Star.

Observer.

Observer Scotland.

Radical Scotland.

Scotsman.

Scotland on Sunday.

Small Business.

Spectator.

Stirling Observer.

Times.

Times Educational Supplement Scotland.

Miscellaneous Primary Sources

Conservative Manifesto for Scotland, 1979, (Edinburgh, 1979).

Conservative Manifesto for Scotland, 1983, (Edinburgh, 1983).

Dod's Parliamentary Companion 1955, (London, 1955).

Dod's Parliamentary Companion 1979, (Herstmonceaux, 1979).

Dod's Parliamentary Companion 1986, (Herstmonceaux, 1986).

Dod's Parliamentary Companion 1988, (Hurst Green, 1988).

Dod's Parliamentary Companion 1991, (Hurst Green, 1991).

Glasgow - Health of a City, (Glasgow, 1984).

Inquiry into the Scottish Economy, 1960-1961, (Edinburgh, 1961).

Labour Party Manifesto, October 1974, (London, 1974).

Labour's Manifesto 1983 : The New Hope for Scotland, (Glasgow, 1983).

Labour Party Manifesto 1987 : Scotland will win, (Glasgow, 1987).

Poll Tax Handbook (2nd Edition), (Glasgow, 1990).

Scotland : A Land Fit for People, (Glasgow, 1987).

Scottish Trades Union Congress 88th Annual Report, (Glasgow, 1985).

Scottish Trades Union Congress 92nd Annual Report, (Glasgow, 1989).

The Standing Commission on the Scottish Economy - Interim Report, (Glasgow, 1988).

The Standing Commission on the Scottish Economy - Final Report, (Glasgow, 1989).

Towards Scotland's Parliament, (Edinburgh, 1990).

Journal Articles (Pre-1990)

Adler, M., Petch, A. and Tweedie, J., 'The origins and impact of the Parents' Charter', *Scottish Government Yearbook 1987*, (1987), pp.289-325.

Alexander, D., 'Public sector housing in Scotland : Trends and prospects', *Scottish Government Yearbook 1985*, (1984), pp.152-170.

Barber, L., 'The Scottish economy at mid-term : More than an invisible hand at work', *Scottish Government Yearbook 1982*, (1981), pp.168-180.

Begg, H. and McDowall, S., 'Regional industrial policy', *Scottish Government Yearbook 1986*, (1986), pp.211-224.

Bochel, J. and Denver, D., 'The district elections of 1984 : A 1 + 3 party system', *Scottish Government Yearbook 1985*, pp.5-17.

Bochel, J. and Denver, D., 'The Scottish district elections of 1988', *Scottish Government Yearbook 1989*, (1989), pp.20-31.

Danson, M., Fairley, J., Lloyd, M. and Newlands, D., 'Scottish Enterprise : An evolving approach to integrated economic development in Scotland', *Scottish Government Yearbook 1990*, (1990), pp.168-194.

Deacon, S., 'Adopting conventional wisdom : Labour's response to the Scottish national question', *Scottish Government Yearbook 1990*, pp.62-75.

Donnelly, C., 'Private health care in Scotland', *Scottish Government Yearbook 1986*, pp.172-186.

Dowle, M., 'The year at Westminster : All change?', *Scottish Government Yearbook 1988*, (1988), pp.12-23.

Enston, M., 'Implementing the unthinkable : The first community charges', *Scottish Government Yearbook 1990*, pp.100-117.

Fair, J. and Hutcheson Jr, J. A., 'British conservatism in the twentieth century : An emerging ideological tradition', *Albion*, Vol. 19, No. 4, (1988), pp.549-578.

Fletcher, R., 'Competitive tendering : A move for efficiency or an attack on the NHS?', *Scottish Government Yearbook 1990*, pp.134-151.

Foster, J. and Woolfson, C., 'Corporate reconstruction and business unionism : The lessons of Caterpillar and Ford', *New Left Review*, No. 174, (1989), pp.51-66.

Fraser, N. and Sinfield, A., 'The Scottish labour force in recession : Trends in employment and unemployment', *Scottish Government Yearbook 1987*, pp.143-173.

Hanham, H. J., 'The creation of the Scottish Office, 1881-87', *The Juridical Review : The Law Journal of the Scottish Universities*, 1965, (1965), pp.205-244.

Heald, D., 'The Scottish Rate Support Grant : How different from the English and Welsh?', *Public Administration*, Vol. 58, (1980), pp.25-46.

Heald, D., Jones, C. A. and Lamont, D. W., 'Braking Mr Younger's runaway train : The conflict between the Scottish Office and local authorities over local government expenditure', *Scottish Government Yearbook 1982*, pp.12-55.

Heald, D., 'Using Scottish instruments in pursuit of UK objectives', *Local Government Studies*, Vol. 8, No. 3, (1982), pp.33-46.

Hutchison, D., 'The press in Scotland : Articulating a national identity?', *Scottish Government Yearbook 1987*, pp.239-255.

Kellas, J., 'Prospects for a new Scottish political system', *Parliamentary Affairs*, Vol. 42, No. 4, (1989), pp.519-532.

Kendrick, S. and McCrone, D., 'Politics in a cold climate : The Conservative Decline in Scotland', *Political Studies*, 37, (1989), pp.589-603.

Leopold, J., 'Trade unions in Scotland : Forward to the 1990s?', *Scottish Government Yearbook 1989*, pp.70-91.

Lithgow, J., 'The need for confidence', *The Glasgow Herald Trades Review*, 31 December 1932, p.29.

Macartney, A., 'Summary of Scottish opinion polls', *Scottish Government Yearbook 1982*, pp.291-295.

Macartney, A., 'Summary of opinion polls 1985-86', *Scottish Government Yearbook 1987*, pp.360-364.

Macwhirter, I., 'After doomsday...The Convention and Scotland's constitutional crisis', *Scottish Government Yearbook 1990*, pp.21-34.

McCreadie, R., 'Scottish Tories at mid-term : A review of Scottish Office ministers and policies 1979-81', *Scottish Government Yearbook 1982*, pp.69-91.

McCrone, D., 'Opinion polls in Scotland, July 1987 to September 1988', *Scottish Government Yearbook 1989*, pp.338-343.

McCrone, D., 'Opinion polls in Scotland, August 1988 to July 1989', *Scottish Government Yearbook 1990*, pp.281-286.

Midwinter, A., 'The politics of council housing finance', *Scottish Government Yearbook 1985*, pp.134-153.

Midwinter, A., Mair, C. and Ford, C., 'Rating revaluation revisited', *Scottish Government Yearbook 1987*, pp.32-55.

Naughtie, J., 'The year at Westminster', in *Scottish Government Yearbook 1981*, (1980), pp.26-38.

Perman, R., 'The Devolution Referendum campaign of 1979', *Scottish Government Yearbook 1980*, (1979), pp.53-63.

Scott, D., 'Local v central government : The spending conflict', *Scottish Government Yearbook 1986*, pp.36-48.

Stevens, C., 'Scottish Conservatism - A failure of organisation?', *Scottish Government Yearbook 1990*, pp.76-89.

Walker, J., 'The Scottish "electronics" industry', *Scottish Government Yearbook 1987*, pp.57-81.

Yanetta, A., 'Scottish Homes - The key to the future?', *Scottish Government Yearbook 1990*, pp.118-135.

Young, R., 'Social strategy in Strathclyde - Where now?', *Local Government Studies*, Vol. 13, No. 3, (1987), pp.1-19.

Books (Pre-1990)

Addison, P., *The Road to 1945 : British Politics and the Second World War*, (London, 1977).

Adeney, M. and Lloyd, J., *The Miners' Strike 1984-85 : Loss Without Limit*, (London, 1988).

Begg, T., *50 Special Years : A Study of Scottish Housing*, (London, 1987).

Beynon, H. (ed.), *Digging Deeper : Issues in the Miners' Strike*, (London, 1985).

Bochel, J., Denver, D. and Macartney, A. (eds.), *The Referendum Experience : Scotland 1979*, (Aberdeen, 1981).

Boyle, S., Burns, M., Danson, M., Foster, J., Harrison, D. and Woolfson, C., *Scotland's Economy : Claiming the Future*, (London, 1989).

Brech, M. and Sharp, M., *Inward Investment : Policy Options for the United Kingdom*, (London, 1984).

Brown, G. and Cook, R. (eds.), *Scotland : The Real Divide*, (Edinburgh, 1983).

Butcher, H., Law, I., Leach, R. and Mullard, M., *Local Government and Thatcherism*, (London, 1990).

Butler, D. and Kavanagh, D., *The British General Election of 1987*, (London, 1988).

Challer, D. W., Hagger, A. J. and Hardwick, P., *Unemployment and Inflation in the UK*, (London, 1984).

Coote, C., *A Companion of Honour : The Story of Walter Elliot*, (London, 1965).

Craig, F. W. S., *British General Election Manifestos 1959-1987*, (Aldershot, 1990).

Crick, M., *Scargill and the Miners*, (Harmondsworth, 1985).

Dalyell, T., *Devolution : The End of Britain*, (London, 1977).

Damesick, P. J. and Wood, P. A. (eds.), *Regional Problems, Problem Regions and Public Policy in the United Kingdom*, (Oxford, 1987).

Dickson, T., Burgess, K., Clarke, T., Foster, J., Smith, P., Thompson, W. and Brown, J., *Scottish Capitalism : Class, State and Nation from before the Union to the Present*, (London, 1980).

Donnachie, I., Harvie, C. and Wood, I. (eds.), *Forward! Labour Politics in Scotland 1888-1988*, (Edinburgh, 1989).

Drucker, H. and Brown, G., *The Politics of Nationalism and Devolution*, (London, 1980).

Duke of Atholl (ed.), *A Scotsman's Heritage*, (London, 1932).

Eddy, P., Linklater, M. and Gillman, P., *The Falklands War : The Full Story*, (London, 1982).

Edwards, O. D. (ed.), *A Claim of Right for Scotland*, (Edinburgh, 1989).

Elliot, W., *Toryism and the Twentieth Century*, (London, 1927).

English, J. (ed.), *Social Services in Scotland*, (Edinburgh, 1988).

Forrest, R., Murie, A. and Williams, P., *Home Ownership : Differentiation and Fragmentation*, (London, 1990).

Foster, J. and Woolfson, C., *The Politics of the UCS Work-In : Class Alliances and the Right to Work*, (London, 1986).

Fraser, D., *The Evolution of the British Welfare State*, (London, 1984).

Friedman, M., *Essays in Positive Economics*, (Chicago, 1953).

Fry, M., *Patronage and Principle : A Political History of Modern Scotland*, (Aberdeen, 1987).

Fry, M. and Cooney, J., *Scotland in the New Europe*, (Dublin, 1979).

Gamble, A., *The Conservative Nation*, (London, 1974).

Gamble, A., *Britain in Decline : Economic Policy, Political Strategy and the British State*, (London, 1990).

Gardiner, G., *Margaret Thatcher : From Childhood to Leadership*, (London, 1975).

Gibson, J. S., *The Thistle and the Crown : A History of the Scottish Office*, (Edinburgh, 1985).

Green, E. H. H., *Ideologies of Conservatism : Conservative Political Ideas in the Twentieth Century*, (Oxford, 2002).

Halliday, R., *The Disappearing Scottish Colliery : A Personal View of Some Aspects of the Scottish Coal Industry since Nationalisation*, (Edinburgh, 1990).

Hall, S. and Jaques, M. (eds.), *The Politics of Thatcherism*, (London, 1983).

Hamilton, D., *The Healers : A History of Medicine in Scotland*, (Edinburgh, 1981).

Harris, K., *Thatcher*, (London, 1988).

Harvie, C., *Scotland and Nationalism : Scottish Society and Politics, 1707-1977*, (London, 1977).

Hayek, F. A., *The Constitution of Liberty*, (London, 1976).

Hayek, F. A., *The Road to Serfdom*, (London, 1976).

Healey, D., *The Time of My Life*, (London, 1990).

Henderson, G. H., *Heritage : A Study of the Disruption*, (Edinburgh, 1943).

Hill, M., *Social Security Policy in Britain*, (Aldershot, 1990).

Johnston, N., *Reconstructing the Welfare State : A Decade of Change*, (London, 1990).

Johnston, R. J., Pattie, C. J. and Allsopp, J. G., *A Nation Dividing : The Electoral Map of Britain, 1979-1987*, (London, 1988).

Johnston, T., *Memories*, (London, 1952).

Joseph, K., *Stranded on the Middle Ground? Reflections on Circumstances and Policies*, (London, 1976).

Jowell, R., Witherspoon, S. and Brook, L. (eds.), *British Social Attitudes : The 5th Report*, (Aldershot, 1988).

Junor, P., *Margaret Thatcher : Wife, Mother, Politician*, (London, 1983).

Kavanagh, D., *Thatcherism and British Politics : The End of Consensus?*, (Oxford, 1990).

Keating, M., *The City that Refused to Die : Glasgow : The Politics of Urban Regeneration*, (Aberdeen, 1988).

Keating, M. and Jones, B. (eds.), *Regions in the European Community*, (Oxford, 1985).

Kellas, J., *Modern Scotland : The Nation since 1870*, (London, 1968).

Kellas, J., *The Scottish Political System*, (Cambridge, 1989).

Knox, W., *Scottish Labour Leaders, 1918-1939*, (Edinburgh, 1984).

Kramnick, I. (ed.), *Is Britain Dying? : Perspectives on the Current Crisis*, (London, 1979)

Leapman, M., *The Last Days of the Beeb*, (London, 1986).

Levitt, I., *Poverty and Welfare in Scotland 1890-1948*, (Edinburgh, 1988).

Lewis, R., *Margaret Thatcher*, (London, 1975).

Lister, R., *Social Assistance : The Real Challenge*, (London, 1978).

MacGregor, I., *The Enemies Within : The Story of the Miners' Strike, 1984-85*, (London, 1986).

MacInnes, J., *Thatcherism at Work : Industrial Relations and Economic Change*, (Milton Keynes, 1987).

Macmillan, H., *The Middle Way : A Study of the Problem of Economic and Social Progress in a Free and Democratic Society*, (London, 1938).

Malpass, P., *Reshaping Housing Policy : Subsidies, Rents and Residualisation*, (London, 1990).

Martin, R. and Rowthorn, B. (eds.), *The Geography of De-Industrialisation*, (London, 1986).

McPherson, A. and Raab, C., *Governing Education : A Sociology of Policy Since 1945*, (Edinburgh, 1988).

Midwinter, A., *The Politics of Local Spending*, (Edinburgh, 1984).

Miller, W., *The End of British Politics? Scots and English Political Behaviour in the Seventies*, (Oxford, 1981).

Mitchell, J., *Conservatives and the Union : A Study of Conservative Party Attitudes to Scotland*, (Edinburgh, 1990).

Murray, P., *Margaret Thatcher*, (London, 1988).

'Pacificus', *Federalism and Home Rule*, (London, 1910).

Pelling, H., *A History of British Trade Unionism*, (Harmondsworth, 1967).

Prior, J., *A Balance of Power*, (London, 1986).

Raban, J., *God, Man and Mrs Thatcher*, (London, 1989).

Rodger, R. (ed.), *Scottish Housing in the Twentieth Century*, (Leicester, 1989).

Rose, R., *Understanding the United Kingdom : The Territorial Dimension in Government*, (London, 1982).

Ross, D., *An Unlikely Anger : Scottish Teachers in Action*, (Edinburgh, 1986).

Savage, S. and Robins, L. (eds.), *Public Policy Under Thatcher*, (London, 1990).

Saville, R. (ed.), *The Economic Development of Modern Scotland*, (Edinburgh, 1985).

Scotland, J., *The History of Scottish Education, Volume Two : From 1872 to the Present Day*, (London, 1969).

Sillars, J., *Scotland : The Case for Optimism*, (Edinburgh, 1986).

Skelton, N., *Constructive Conservatism*, (Edinburgh, 1924).

Slaven, A., *The Development of the West of Scotland, 1750-1960*, (London, 1975)

Smith, D., *The Rise and Fall of Monetarism : The Theory and Politics of an Economic Experiment*, (London, 1988).

Smith, S. and Wied-Nebbeling, S., *The Shadow Economy in Britain and Germany*, (London, 1986).

Thatcher, M., *Let Our Children Grow Tall*, (London, 1977).

Thomson, A., *Margaret Thatcher : The Woman Within*, (London, 1989).

Townsend, P. and Davidson, N. (eds.), *Inequalities in Health : The Black Report*, (London, 1983).

Walker, G. and Gallagher, T. (eds.), *Sermons and Battle Hymns : Protestant Popular Culture in Modern Scotland*, (Edinburgh, 1990).

Warner, G., *The Scottish Tory Party : A History*, (London, 1988).

Webster, W., *Not a Man to Match Her : The Marketing of a Prime Minister*, (London, 1990).

Williams, F., *Fifty Years March : The Rise of the Labour Party*, (London, 1949).

Young, H., *One of Us : A Biography of Margaret Thatcher*, (London, 1990).

Websites

www.margaretthatcher.com/manifestos/1979.php.

www.margaretthatcher.com/manifestos/1983.php.

www.margaretthatcher.com/manifestos/1987.php.

Journal Articles (Post-1990)

Barker, R., 'Legitimacy in the United Kingdom : Scotland and the poll tax', *British Journal of Political Science*, 22, (1991), pp.521-532.

Black, S., 'Competitive tendering in Scottish local government', *Scottish Affairs*, 3, (1993), pp.118-134.

Bradley, J., 'Identity, politics and culture : Orangeism in Scotland', *Scottish Affairs*, 16, (1996), pp.104-128.

Danson, M. and Lloyd, M., 'The Enterprise Zone Experiment in Scotland : Strategic Planning or Crisis Management', *Scottish Government Yearbook 1992*, (1992), pp.206-223.

Foster, J., 'Communist renewal in Scotland 1986-1990', *Scottish Labour History Review*, Vol. 38, (2003), pp.75-93.

Gall, G., 'Trade unionism and industrial relations in Scotland since UCS', *Scottish Labour History Review*, Vol. 38, pp.51-73.

Henderson, H., 'Scottish legislation 1989', *Scottish Government Yearbook 1991*, (1991), pp.236-244.

MacInnes, J., 'The press in Scotland', *Scottish Affairs*, 1, (1992), pp. 137-149.

MacInnes, J., 'The broadcast media in Scotland', *Scottish Affairs*, 2, (1993), pp.84-98.

Macwhirter, I., 'The year at Westminster', *Scottish Government Yearbook 1991*, pp.12-28.

McCrone, D., 'Opinion polls in Scotland, June 1989 to June 1990', *Scottish Government Yearbook 1991*, pp.228-235.

Milne, R. and Wright, R., 'Competitive tendering in the Scottish National Health Service : Was it compulsory and did it make a difference?', *Scottish Affairs*, 31, (2000), pp.133-152.

Mitchell, J. and Bennie, L., 'Thatcherism and the Scottish Question', *British Elections and Parties Yearbook 1995*, (1996), pp.90-104.

Paterson, L., 'Ane end of ane auld sang : Sovereignty and the re-negotiation of the Union', *Scottish Government Yearbook 1991*, pp.104-122.

Seawright, D., 'Scottish Unionism : An east west divide?', *Scottish Affairs*, 23, (1998), pp.54-72.

Smith, M., 'The peripheral interest : Scotland, 1992 and all that', *Scottish Government Yearbook 1991*, pp.44-58.

Williamson, P., 'Management reform of the NHS in Scotland : English plans, Scottish interpretation?', *Scottish Government Yearbook 1992*, pp.190-205.

Books (Post-1990)

Aitken, K., *The Bairns O' Adam : The Story of the STUC*, (Edinburgh, 1997).

Allison, J., *Guilty by Suspicion : A Life and Labour*, (Glendaruel, 1995).

Balchin, P. (ed.), *Housing Policy in Europe*, (London, 1996).

Bogdanor, V., *Devolution in the United Kingdom*, (Oxford, 1999).

Boyce, G., *Decolonisation and the British Empire, 1775-1997*, (London, 1999).

Brockliss, L. and Eastwood, D. (eds.), *A Union of Multiple Identities : The British Isles, 1750-1850*, (Manchester, 1997).

Brown, C. G., *Religion and Society in Scotland since 1707*, (Edinburgh, 1997).

Brown, G. and Alexander, D., *New Scotland, New Britain*, (London, 1999).

Brown, A., McCrone, D. and Paterson, L., *Politics and Society in Scotland*, (London, 1996).

Brown, S. J. and Fry, M. (eds.), *Scotland in the Age of Disruption*, (Edinburgh, 1993).

Burness, C., *'Strange Associations' : The Irish Question and the making of Scottish Unionism, 1880-1918*, (East Linton, 2003).

Butler, D., Adonis, A. and Travers, T., *Failure in British Government : The Politics of the Poll Tax*, (Oxford, 1994).

Cairncross, A., *The British Economy since 1945*, (Oxford, 1992).

Campbell, J., *Margaret Thatcher, Volume One : The Grocer's Daughter*, (London, 2000).

330

Campbell, J., *Margaret Thatcher, Volume Two : The Iron Lady*, (London, 2003).

Carter, J. and Withrington, D. (eds.), *Scottish Universities : Distinctiveness and Diversity*, (Edinburgh, 1992).

Crewe, I. and King, A., *The Birth, Life and Death of the Social Democratic Party*, (Oxford, 1997).

Curwen, P. (ed.), *Understanding the UK Economy*, (London, 1997)

Denham, A., *Think-Tanks of the New Right*, (Aldershot, 1996).

Denham, A. and Garnett, M., *Keith Joseph*, (Chesham, 2001).

Devine, T. M., *The Scottish Nation 1700-2000*, (London, 1999).

Devine, T. M. and Finlay, R. J. (eds.), *Scotland in the 20th Century*, (Edinburgh, 1996).

Dickson, T. and Treble, J. (eds.), *People and Society in Scotland, Volume III, 1914-1990*, (Edinburgh, 1998).

Ditch, J. (ed.), *Introduction to Social Security : Policies, Benefits and Poverty*, (London, 1999).

Domenico, C. D., Law, A., Skinner, J. and Smith, M. (eds.), *Boundaries and Identities : Nation, Politics and Culture in Scotland*, (Dundee, 2002).

Finlay, R., *A Partnership for Good? : Scottish Politics and the Union since 1880*, (Edinburgh, 1998).

Finlay, R., *Modern Scotland, 1914-2000*, (London, 2004).

Finlayson, G., *Citizen, State and Social Welfare in Britain, 1830-1990*, (Oxford, 1994).

Floud, R. and McCloskey, D. (eds.), *The Economic History of Britain since 1700, Volume 3 : 1939-1992*, edited by (Cambridge, 1994).

Fraser, W. H., *A History of British Trade Unionism, 1700-1998*, (London, 1999).

Gamble, A., *The Free Economy and the Strong State : The Politics of Thatcherism*, (London, 1994).

Gamble, A., *Between Europe and America : The Future of British Politics*, (Houndmills, 2003).

Garnett, M. and Aitken, I., *Splendid! Splendid! : The Authorised Biography of Willie Whitelaw*, (London, 2003).

Gibb, K. and Munro, M., *Housing Finance in the UK*, (London, 1991).

Greenleaf, W. H., *The British Political Tradition, Volume Two : The Ideological Heritage*, (London, 1983).

Harrison, S., *National Health Service Management in the 1980s*, (Aldershot, 1994).

Harvie, C., *No Gods and Precious Few Heroes : Scotland since 1914*, (Edinburgh, 1993).

Harvie, C., *Fool's Gold : The Story of North Sea Oil*, (London, 1994).

Hassan, G. (ed.), *The Scottish Labour Party : History, Institutions and Ideas*,

(Edinburgh, 2004).

Hassan, G. and Lynch, P., *The Almanac of Scottish Politics*, (London, 2001).

Hearn, J., *Claiming Scotland : National Identity and Liberal Culture*, (Edinburgh, 2000).

Heath, A., Jowell, R. and Curtice, J., *Understanding Political Change*, (Oxford, 1991).

Houston, R. A. and Knox, W. W. (eds.), *The New Penguin History of Scotland*, (London, 2002).

Howe, G., *Conflict of Loyalty*, (London, 1994).

Hutchison, I. G. C., *A Political History of Scotland, 1832-1924 : Parties, Elections and Issues*, (Edinburgh, 1986).

Hutchison, I. G. C., *Scottish Politics in the Twentieth Century*, (Basingstoke, 2001).

James, R. R., *Bob Boothby : A Portrait*, (London, 1991).

Jenkins, S., *Accountable to None : The Tory Nationalisation of Britain*, (London, 1995).

Jones, K., *Education in Britain : 1944 to the Present*, (Cambridge, 2003).

Kemp, A., *The Hollow Drum : Scotland since the War*, (Edinburgh, 1993).

Kendle, J., *Federal Britain : A History*, (London, 1997).

Knox, W. W., *Industrial Nation : Work, Culture and Society in Scotland, 1800-Present*, (Edinburgh, 1999).

Lang, I., *Blue Remembered Years : A Political Memoir*, (London, 2002).

Lawson, N., *The View From No. 11 : Memoirs of a Tory Radical*, (London, 1992).

Lee, C., *Scotland and the United Kingdom : The Economy and the Union in the Twentieth Century*, (Manchester, 1995).

Letwin, S. R., *The Anatomy of Thatcherism*, (London, 1992).

Linklater, M. and Denniston, R. (eds.), *The Anatomy of Scotland*, (Edinburgh, 1992).

Lynch, P., *The History of the Scottish National Party*, (Cardiff, 2002).

MacDonald, C. M. M. (ed.), *Unionist Scotland, 1800-1997*, (Edinburgh, 1998).

Mackinnon, D., Statham, J. and Hales, M., *Education in the UK : Facts and Figures*, (Milton Keynes, 1999).

Maddox, B., *Maggie : The First Lady*, (London, 2003).

Major, J., *The Autobiography*, (London, 2000).

Marsh, P., *Joseph Chamberlain : Entrepreneur in Politics*, (London, 1994).

Massie, A., Marwick, E. and Mason, D., *Scotland and Free Enterprise*, (London, 1991).

Maver, I., *Glasgow*, (Edinburgh, 2000).

McCrone, D., *Understanding Scotland : The Sociology of a Stateless Nation*, (London, 1992).

McCrone, D., *Understanding Scotland : The Sociology of a Nation*, (London, 2001).

McIlroy, J., Fishman, N. and Campbell, A. (eds.), *British Trade Unions and Industrial Politics, Volume Two : The High Tide of Trade Unionism*, (Aldershot, 1999).

McSmith, A., *John Smith : A Life*, (London, 1994).

Midwinter, A., Keating, M. and Mitchell, J., *Politics and Public Policy in Scotland*, (London, 1991).

Midwinter, A. and Monaghan, C., *From Rates to the Poll Tax : Local Government Finance in the Thatcher Era*, (Edinburgh, 1993).

Milne, S., *The Enemy Within : The Secret War Against the Miners*, (London, 2004).

Mitchell, J., *Strategies for Self-Government : The Campaigns for a Scottish Parliament*, (Edinburgh, 1996).

Mohan, J., *A National Health Service? : The Restructuring of Health Care in Britain since 1979*, (London, 1995).

Morton, G., *Unionist Nationalism : Governing Urban Scotland, 1830-1860*, (East Linton, 1999).

Owen, G., *From Empire to Europe : The Decline and Revival of British Industry since the Second World War*, (London, 1999).

Paterson, L., *The Autonomy of Modern Scotland*, (Edinburgh, 1994).

Paterson, L. (ed.), *A Diverse Assembly : The Debate on a Scottish Parliament*, (Edinburgh, 1998).

Paterson, L., *Scottish Education in the Twentieth Century*, (Edinburgh, 2003).

Peele, G., *Governing the UK*, (Oxford, 1995).

Regan, G., *Historical Blunders*, (London, 2002).

Riddell, P., *The Thatcher Era and its Legacy*, (Oxford, 1993).

Routledge, P., *Gordon Brown : The Biography*, (London, 1998).

Routledge, P., *Public Servant, Secret Agent : The Elusive Life and Death of Airey Neave*, (London, 2002).

Sanderson, M., *Education and Economic Decline in Britain, 1870 to the 1990s*, (Cambridge, 1999).

Seawright, D., *An Important Matter of Principle : The Decline of the Scottish Conservative and Unionist Party*, (Aldershot, 1999).

Seldon, A., *Major : A Political Life*, (London, 1997).

Seldon, A. and Ball, S. (eds.), *Conservative Century*, (Oxford, 1994).

Shaw, M., Dorling, D., Gordon, D. and Smith, G., *The Widening Gap : Health Inequalities and Policy in Britain*, (Bristol, 1999).

Sheridan, T. and McAlpine, J., *A Time to Rage*, (Edinburgh, 1994).

Smith, M., *Paper Lions : The Scottish Press and National Identity*, (Edinburgh, 1994).

336

Swann, D., *The Economics of the Common Market : Integration in the European Union*, (London, 1995).

Thatcher, C., *Below the Parapet : The Biography of Denis Thatcher*, (London, 1997).

Thatcher, M., *Let Our Children Grow Tall*, (London, 1977).

Thatcher, M., *The Path to Power*, (London, 1995).

Thatcher, M., *The Downing Street Years*, (London, 1995).

Timmins, N., *The Five Giants : A Biography of the Welfare State*, (London, 2001).

Webb, P., *Trade Unions and the British Electorate*, (Aldershot, 1992).

Webster, C., *The National Health Service : A Political History*, (Oxford, 1998).

Westlake, M., *Kinnock : The Biography*, (London, 2001).

Willetts, D., *Modern Conservatism*, (London, 1992).

Wright, K., *The People Say Yes : The Making of Scotland's Parliament*, (Glendaruel, 1997).

Young, H., *One of Us : A Biography of Margaret Thatcher*, (London, 1993).