

CHAPTER VIII

THE TAKE-OVER BID

*The good old rule . . . the simple plan,
That they should take, who have the power,
And they should keep who can.*

William Wordsworth

1. *The take-over bid*

We live in an age of take-over bids: small companies are continually losing their identity and being amalgamated with larger ones. When this trend continues far enough it results in monopolies: more and more power is concentrated in fewer and fewer hands. The process may be said to make for economy and efficiency, at least for a time. In the long run it may produce a less healthy society and be less favourable to consumers as a whole.

The Treaty of Union has been regarded by some Scotsmen as a take-over bid effected on terms more favourable to England than to Scotland. The process of taking over has gone on ever since 1707 and has been greatly speeded up in recent years, particularly in the economic field. You may say, if you like, that this accords with modern trends. Such a view is cold comfort to Scotsmen who see their country being subjected increasingly to control from London and who become ever more conscious of losing power to determine their own economic progress.

Remote control is bad in itself so far as it undermines initiative among those who suffer from it. It may become disastrous if it is exercised by men who are unable to see beyond their own limited horizon. Such parochial blindness may be revealed in non-official utterances. We may illustrate this by two trivial examples.

Many years ago – I speak only from memory – a gentleman from the neighbourhood of London wrote a letter to *The Times* about the North of Scotland Hydro-Electric Board. Whatever – he asked – were things coming to? If they went on like this, people in the Highlands would have electricity before the inhabitants of the Home Counties!

This is a crude example, and *The Times*, let us hope, may have published it as a type of what ought not to be said – or even thought. But did it perhaps, like a slip of the tongue, reveal something of an attitude that is not unknown in the South, even if it is seldom so bluntly expressed?

A more significant revelation of this self-centredness was produced by the Church of England Commissioners. For some reason they had been buying up land in the south of Scotland, and there had been complaints that they were absentee landlords and out of sympathy with their Scottish tenants. Their spokesman was kind enough to answer these criticisms in the *Scotsman*. 'The Church Commissioners', he said, 'do not consider themselves out of touch or out of sympathy with any of their tenants.' He failed to observe that those most deficient in sympathy are precisely those who are least conscious of their defects. But his way of meeting the second charge was still more enlightening: 'When you have a large block of flats in London, you can hardly be called "absentee landlords".'

English politicians and administrators seldom express themselves quite so obtusely; but too often they also seem equally insensitive, and even hostile, to Scottish criticisms and claims. If in their actions they are sometimes affected by similar prejudices even in the slightest degree, it is not surprising that Scotland is full of complaints about the neglect of her interests. What else could you expect?

2. *Stop-and-go*

One result of control from London is that Scotland has to come last in the queue. The nation which can claim, perhaps with the exaggeration common to all patriotism, that it not only pioneered the Industrial Revolution, but also provided it with a

philosophy in Adam Smith's *Wealth of Nations*, is now condemned to be always behind the times.

Being last in the queue has peculiar disadvantages when the economic policy of the country is governed by the principle of stop-and-go. The unfortunates at the tail of the procession are stopped suddenly by the red light; and by the time the green light is turned on, they are expected to fall still farther into the rear since future advances are to be made on a percentage basis. When the South of England suffers from over-employment, there is a sudden clamp down on the credit urgently needed to meet the very different problem of permanent under-employment in Scotland. Scotland – to change the metaphor – is expected to swallow the medicines, certainly distasteful and probably harmful, which are devised to cure ailments other than her own.

The stop-and-go policy is well illustrated by what happened to the Scottish members of the National Association of Local Government Officers (commonly known as N.A.L.G.O.). In England such officers were awarded a salary increase of 7 per cent before the freeze deadline of July 20th, 1966. Their Scottish brethren were caught by the guillotine. Not only could they receive no similar increase, but even after the period of restraint they would have to start fresh negotiations with no promise of priority.

This caused a near-revolt in Scotland even among some members of the Labour Party. The Government met this with a torrent of abuse and insisted that the unhappy local government officers in Scotland were in no different position from that of millions of other workers caught by the freeze. Scotland could not be allowed special privileges.

In all this they blandly ignored the real point of the complaint. This was that by Government policy Scottish local government officers – like Scottish teachers – must wait for salary awards till the claims of their English equivalents have been settled. The only special privileges allowed to Scotland are to be paid later and to be paid less.

A Minister of State for Scotland, if correctly reported, allowed the cloven hoof to appear, if only for a moment.

According to him the trouble 'stemmed' from the effect of different negotiations in England and Scotland, and the possibility of U.K. negotiations would have to be borne in mind in the future. Scotland, in short, is offered the usual painful choice: either you must lose yourself in a so-called British association, where your interests will be neglected in favour of the English majority; or else you must suffer the unhappy consequences of being last in the queue, when you will be told that you have only yourselves to blame.

3. *Transport and the Forth Road Bridge*

One glance at a map of Scotland should suggest to any intelligent man that here is an economic problem of a very special kind – all these islands, all these mountains, all these inlets of the sea. Especially in the matter of transport it should be obvious that the problem ought to be looked at as a whole. Steamers, ferries, roads, railways, and aeroplanes should be so co-ordinated as to supplement one another and keep costs down as far as possible. The failure to do this has contributed to the depopulation of the greater part of the country; and this depopulation in turn makes the problem ever more insoluble. Without some attempt at a flat, or at least a special, rate for transport it seems inevitable that under present conditions the remoter areas will become entirely uninhabited; but apart from postage the only flat rate is said to be confined to stout and cigarettes. Such special rates as I have been able to find in transport charges seem all to be in favour of England.

The small but rich industrial area of central Scotland, with the bulk of the wealth and the bulk of the population, could, even in its present difficulties, do much to help the other parts of the country. Everything depends on treating the problem as a whole, but this is what is never done, or at least never done effectively.

In the crisis of a general election party politicians may occasionally get a brief glimmering of the truth. Thus in the 1959 election the Conservative Party promised a measure of local control over transport which might have led to some real improvement; but this promise, in accordance with the

traditional practice, was dishonoured. London bureaucrats cling jealously to their powers, and they can always exercise pressure on politicians as soon as votes cease to be important. Judging in their own cause, they have a good chance of getting their own way by insisting that experience – their experience – shows central control to be absolutely necessary for efficiency. Unfortunately the experience of other people is rather different.

This history of the project for a Forth Road Bridge may be taken as a sample – it became almost a symbol – of the delays and frustrations imposed by control from the South. The deep estuary of the Forth cuts off the capital of Scotland from Fife and the counties to the north. In the nineteenth century, when the hand of London lay less heavy, it was possible to build the Forth Railway Bridge, which in its time was one of the wonders of the world. With the coming of the motor-car, traffic by road had either to make a long and awkward détour or to use ferries which were inadequate and costly. The need for a Forth Road Bridge was recognised in Scotland as early as 1923. In spite of unremitting agitation it took forty years to get the Bridge built.

Here, as always, there were many changing excuses for the delay. At first the Government regarded the Bridge as solely a matter for the local highway authorities, although it serves the whole of the East of Scotland. In 1936 the Minister of Transport considered that the traffic figures supplied him did not justify any grant. Thereafter nothing could be done because of the rearmament programme, and the War naturally put a stop to all such projects. After the War a Provisional Order for its construction was approved, but the Government still found reasons for inaction: there were always other claims to be considered first. As late as 1953 it was officially maintained that if a road bridge were to be constructed, every road project in Scotland would have to be abandoned.

At this juncture an attempt was made in Scotland to form a company which would build the bridge from private investment, but this project was efficiently strangled in its cradle. Finance was not the only consideration; there were other demands for steel and cement; the claims of the Forth Road Bridge had to be

considered in comparison with other schemes which the Government was pledged to assist 'both in this country and overseas'. It has been said with some bitterness that there was no difficulty in providing steel for a Fun Fair at Battersea – and even that if Scotsmen could only blacken their faces they would be better treated than they are. In any case the stranglehold exercised by London became beautifully obvious. It applied to the use of private capital in Scotland as well as to the allocation of the revenue provided by the Scottish taxpayer.

In the end the Road Bridge cost £20,000,000 – five times as much as would have been needed to build it earlier. English politicians sometimes speak of this as a great favour conferred on Scotland by the British government or even by their own political Party. What they really did – apart from delaying it for so long – was to allow a so-called 'grant' of £14,000,000: the remaining £6,000,000 was contributed by the local authorities. The 'grant' itself was merely a loan to be repaid, together with interest, during the comparatively short period of thirty years. The transaction has to be financed by tolls such as no one dreams of imposing on the costly motor-ways and fly-overs constructed in the south of England. How much of the money for the original 'grant' came from Scottish taxation and savings we shall never know.

During this period the Government was trying, successfully or unsuccessfully, to promote industrial development in Fife while at the same time denying or delaying an efficient outlet to the South. Government departments appear to be concerned only with their own particular problems, and to co-operate as little as possible with one another. They not only find it difficult to see objects clearly at a distance, but have a blinkered or 'tunnelled' vision unable to look either to the right hand or to the left.

4. *Railways and Dr. Beeching*

The British Railways Board too suffers from this blinkered and myopic vision. It is unable to look beyond its own immediate profit or loss; and it is so far from Scotland that it fails to descry any special problems there. It has no truck with wider economic

and social considerations. It is, in short, dominated by the profit motive – the motive which nationalisation was supposed to replace by the nobler motive of social service. Its treatment of Scotland was so typical and aroused such violent opposition that we must be forgiven if we examine this at some length.

The method favoured for making profits or avoiding loss is to reduce services and increase charges. This is sometimes described as 'increasing productivity'. Whether successful in its immediate aim or not, such a policy raises the cost of living and speeds up the process of inflation.

We cannot expect a nationalised service to be purely philanthropic, and the railways have to face real difficulties from the competition of motor transport – difficulties not diminished by perversely allowing ever bigger and heavier and faster lorries to run on roads ill-adapted to withstand such traffic. But we might expect that a Ministry of Transport, before taking drastic action, would ask whether immediate gains for the railways may not be overbalanced by a loss of national income and so of national revenue. We might even expect it to enquire about the time and money necessary to supply alternative means of transport: might not the cost of this in some regions be greater than that of a railway subsidy?

The actual practice of those in authority does little to encourage such expectations. If we may confine our attention to Scotland, the Railways Board, besides removing locomotive repair shops to the South, has been steadily running down the railways ever since it got really going. Its ideal apparently is that every part of the system should either make its own profit or be abolished. On this basis branch lines have been abandoned, stations have been closed, trains have been cancelled, through carriages have been taken off, no matter what inconvenience may be caused to passengers, and no matter what economic damage may be done to vast tracts of the country – and perhaps even to the lines that are allowed to remain.

The principles adopted may seem too narrow and too rigid, but it is possible they might work not too harshly in prosperous, thickly populated regions round London and Birmingham with many roads and alternative means of transport. Perhaps

the same might be said of the Scottish central industrial belt. Yet these principles may do immense harm if they are applied mechanically to poor and thinly populated regions with miserable roads, severe winters, and no adequate alternative means of transport.

But are these principles in fact applied uniformly? It came as something of a shock to be told that London 'commuters' would have to pay 50 per cent more for their fares if the railways they use are not to be run at a loss. This is said to be true particularly of the Southern Railway, where express trains leave for Haywards Heath nearly every twenty minutes with passengers who must be among the most opulent in Britain.

Such discrimination in favour of the South would seem hard to defend, but a defence is not lacking. A Conservative member of Parliament, representing a constituency not too far from London, is reported to have said: 'The only part of the railway system which is absolutely essential is the London commuter service, extending about sixty miles around London'. Dr. Beeching himself is reputed to have said that most commuter services, though uneconomic, were being retained because they were socially necessary.

The preference thus nakedly expressed may well be fatal to Scotland; but who dies, if London live?

Dr. Beeching's report of 1963 merely proposed to carry out with greater speed and ruthlessness the narrow and rigid railway policy which had been followed all along so far as Scotland was concerned. In accordance with his instructions he made no attempt to survey the transport system as a whole, let alone the economic conditions of different regions, but based his decisions on railway statistics by themselves. After we have cut out whatever fails to make a profit, we shall doubtless be in a better position to estimate how much damage has been done to the national economy. But by then the damage may be irreparable.

Besides ignoring present geographical and economic differences the report made no allowance for future possibilities. Even from a general view it may seem less than wise to tear up railways and pull down railway bridges at a time when motor

traffic on over-crowded roads looks as if it might be steadily grinding to a halt.

In Scotland the regions to be hit hardest were the very regions where the Government was struggling, however ineffectively, to reverse the course of depopulation and decline. The areas to suffer most were the Borders; the Southwest, which was to be deprived of its railway connexions with Stranraer and so with Ireland; and above all the Highlands, which were to be left without any railways north and west of Inverness. This meant that there would be places on the mainland (to say nothing of the Islands) as far as 150 miles away from any railhead. All of these regions, it may be claimed, present special problems unknown in the South. Certainly there is no part of England that is even remotely comparable with the Highlands.

Even as regards the past, Dr. Beeching's statistics are sometimes said to be based on false principles and ill-chosen samples, but it must be accepted that the railways in these areas, as in others, have been working at a heavy loss. It has also been said that any railways run so inefficiently would be bound to lose money; and even that this inefficiency is the result of deliberate policy. The last statement perhaps fails to do justice to the effects that can be produced by natural incompetence when combined with remote control.

Like any good administrator Dr. Beeching favoured speed of action, and Mr. Marples, the Minister of Transport, leapt at once to his support: 'I am absolutely at one with Dick Beeching on this'. Dr. Beeching himself magisterially dismissed Scottish arguments as 'unjustifiable', 'unreal', and 'unsound'. He could find nothing unique about the Highlands – all places presumably seem alike if you refuse to look beyond your account books. He brushed aside the view that industry and the tourist trade would be adversely affected. The absence of alternative transport was met by recommending the Highlanders to press for better roads – as if they had not been doing this in vain for years. If their roads (such as they are) were closed by snow for weeks in the winter, this could be met by the use of snow-ploughs and by better fences. It does not seem to have occurred

to him that a succession of local buses can never be an adequate substitute for a through train on the journey of 140 miles or so between Inverness and Wick or Thurso. He may have regarded this as among the hardships which, on his view, were not a problem for the Railway Board. There was other machinery to deal with this – in particular the Transport Users' Consultative Committees. If he was correctly reported, it would be hard to find a more classical example of the indifference of John Bull to Scottish distress.

As we shall see later, those who objected to the projects of a successful institution like the North of Scotland Hydro-Electric Board were allowed every opportunity to press home their case. Those who objected to the closure of essential Scottish railway services were treated differently. The Transport Users' Consultative Committees, selected by the Ministry of Transport and responsible to it, chose on no clear principles which objectors they would hear; and they were said to have given inadequate notice and insufficient time for hearing them. In any case they could hear only objections on the narrow ground of hardship, and they could not allow objectors to cross-examine the representatives of the railways. Their strictly confidential reports on this limited topic were to go, it is true, to the Secretary of State for Scotland, and he would no doubt be anxious to press these, and perhaps other, objections on the Minister of Transport. But whatever promises or pledges the Secretary might give, Mr. Marples made it abundantly clear that it was the Minister of Transport who would be the sole and final judge. He alone, it would seem, had to consider unaided the wider economic and social issues which the Scots had not been allowed to raise. Yet the burden of proof was placed at once on 'his Scottish friends': it was for them to prove that a railway should not be closed. His attitude to Scottish delegations did not suggest that they would be likely to meet with much success even if they were allowed to state their case. We have no evidence that either he or his Ministry was qualified to deal with wider social and economic considerations in Scotland or anywhere else; and it was not easy to have confidence in any man who had so much confidence in himself.

At every stage of this bamboozling performance assurances were issued to check protests and damp down discussion. The relevant factors would be carefully examined at a later stage, and no railway would be closed until it could be replaced by adequate alternative means of transport. All this meant was that their fate would be determined, with the minimum of representations from Scotland, by one man who had already boasted of his lack of timidity and his eagerness for haste.

After violent agitation the two main Highland railways were in the end given a temporary reprieve, though not without the loss of many stations. Other Scottish railways, however essential for new developments, have been less fortunate.

5. *Ships*

Ships have long been the glory of Scotland and especially of the Clyde. Before the 1914 War one third of the world's total merchant shipping was built on that river – a truly amazing achievement. I have no figures for warships, but without the Clyde it seems probable that the War at sea would have been lost. Fifty years later shipyard workers from the Clyde were being recruited for Denmark and Holland, and this scheme received hundreds of enquiries on the ground that 'There is no future here'. Why should this be? The answer cannot be merely that ship-building is hard hit everywhere.

It is easy enough to say that this process is the result of inevitable economic trends, or even to put the whole blame on Scottish employers or Scottish workmen. But the policy of the British government bears at least some part of the responsibility, both by what it does and by what it fails to do. British shipowners were taxed in such a way that they found it difficult to replace old ships in a period of steady inflation; and by now Liberia has a larger merchant fleet than Great Britain. The Government seemed powerless to counteract the heavy subsidies given by other countries, including our own Dominions, to the yards with which British shipbuilders had to compete. Large foreign orders were lost by difficulties about credit, and the Minister of Transport told us at one stage that the Government could not

subsidise shipbuilding by means of loans. As a result the famous firm of Denny on the Clyde went into voluntary liquidation, and the hopes of a new hovercraft industry in Scotland were destroyed. Soon afterwards, when the North-East of England was in trouble in 1963, the policy was reversed, and modest loans were given to shipowners to finance the building of ships. Continual changes in Government policy were by themselves bound to hamper any industry, but it is impossible to follow all their vagaries here.

Whatever may be the excuse for such policies, it is hard not to contrast them with the treatment of the aircraft industry, whose activities are centred in the South of England. According to official statements it received £300,000,000 of the tax-payers' money every year. Even so, it seems to be in almost continuous difficulty.

Great ships could be built on the Clyde, but they could not be repaired there – only after years of agitation did the Government concede the necessary graving dock. Fewer and fewer ships sail from there to foreign parts, and even the local Clyde steamers, so long a source of pride and profit, offer difficulties to London management. Pier after pier is closed down throughout the Highlands and Islands to the detriment, if not the destruction, of some once flourishing community. Fewer things can be more depressing than to find that services which used to make for profit and for pleasure are steadily becoming worse than they were fifty or even a hundred years ago.

The system of remote control makes for managerial inefficiency as well as for economic loss. At one time it was discovered that the Clyde ferries were much better than those to the Isle of Wight. Somebody in London decided it would be a good idea to switch the two – presumably on the principle that Scotland must always have the second best. As a result Scottish passengers had to face discomforts and perils in ferries wholly unsuited to the local conditions. Only after the fiercest outcries was the original position restored.

Fortunately in this case there was no tragedy, but this was not always so. When in January, 1953, the *Princess Victoria* sank with a heavy loss of life on her passage from Stranraer to

Ireland, the disaster was at least partly caused by inefficient control from London which had failed to take the necessary precautions for safety.

6. *Air transport*

There is also the question of air transport. It may be that airmen are accustomed to wider horizons, and there is gratitude for what they have done for the Highlands and Islands. Nevertheless the complaints about the London bureaucracy are of the usual kind. It is claimed, for example, that the Highlands and Islands had a better and cheaper and more profitable service when this was still in Scottish hands. The emergency ambulance services, so necessary for the more isolated regions, were drastically reduced because of a refusal to use the small planes and small runways which were suited to the country and had been so efficient in the past. The Toothill report (to which we shall come later) recognised that the air services in Scotland were inadequate, that tourism had been favoured at the expense of business, and that disruption of business traffic had done serious harm to the economy. But the main complaint is that Prestwick, an airport which is unique in Europe by its freedom from fog, has been starved in the supposed interests of London. By deliberate government policy it has been denied feeder services and direct Continental links: even its use by Scandinavian and Icelandic and Dutch lines on their way to and from America has been jealously watched and severely restricted. If, as Mr. Thomas Johnston proposed in 1943, it had been made the responsibility of a Scottish public utility corporation, it could have become a first-class gateway to Europe, and the gain to Scotland would have been immense.

This is not the opinion merely of Scotsmen. A dispassionate American expert speaks of 'the shabby aviation treatment of the Scots'. 'Stultification, restrictions, and bureaucratic manoeuvring by London, may hold down Prestwick by arbitrary means, but the real loser is Britain herself.'

The British Government may be willing, and even anxious, to hand over to local authorities airports that are losing money; but Prestwick, as we were euphemistically told, must be

associated with others of international status in Britain. This means presumably that Prestwick must be subordinated to its London rivals, and London must continue to be the main gateway from Scotland into Europe, no matter how much it may be cluttered up with an excess of traffic. After all, this is only a mirror of the whole political situation.

Already in 1966 there were ominous signs of Prestwick's probable destiny. A big new airport at Abbotsinch – nearer to Glasgow but without Prestwick's natural advantages – has been built at vast expense and is already spoken of as a great international airport of the future; and the first bright thought of the new administrators at Prestwick was apparently to charge the American Air Force fees so high that it would be encouraged to move somewhere else. The Ministry of Aviation also showed its attitude, rather meanly, by throwing cold water on a proposal to put up a memorial plaque at Prestwick to Group Captain McIntyre – one of the leading pioneers in aviation and a founder of the airport, which without his foresight might never have developed into an invaluable transatlantic terminal during the War.

It should be added as a postscript that the official figures used to discredit Scottish claims are not always above suspicion. At one time we were told that British European Airways would have made a profit but for the loss on services to Scotland and must therefore be given a special subsidy if these services were to continue. Later it emerged that there was a loss, in some cases a greater loss, on nearly every local service in Britain.

7. *Electricity and water-power*

There is one field where Scotland enjoys a natural economic advantage over England: she is better able to produce from water-power the electricity so much resented by our friend from the Home Counties. The North of Scotland Hydro-Electric Board, set up in 1943 through the influence of Mr. Thomas Johnston in a coalition Government, was not placed under London control; and its aim from the first was to benefit the Highlands by bringing cheap light and power even to remote parts. It is acknowledged to have been one of the few institutions

which have succeeded in helping this neglected area, though it still has much to do.

This does not mean that it has escaped unsympathetic sniping in Parliament and tiresome interference from the South. In 1962, for example, the Board was compelled to raise its charges, although it had made a profit of one and three quarter million pounds in the previous year. Even more serious is what looks like an attempt to restrict or prevent its further development and to destroy its independence.

The usual way of pursuing such an end is to appoint a committee – in this case the Mackenzie Committee – and to hold up further activity till a report has been produced and accepted. At the end of 1962 the committee duly reported that the overwhelming majority of witnesses had expressed satisfaction with the achievements of the Board. Yet in spite of 'the affection and esteem' the Board had won, especially in the Highlands, the committee recommended that it should be amalgamated with the South of Scotland Electricity Board, which had no experience of producing electricity from water-power. The argument for this amalgamation was in the main the general one that the bigger the organisation, the more efficiently it can be run. The same argument could be used at a later stage for putting all generation and distribution of electricity in Scotland under the direct control of London.

The newly appointed English chairman of the South of Scotland Electricity Board welcomed the proposal with enthusiasm; but almost everywhere else such a fury of opposition was aroused in Scotland that the Government rejected this main recommendation of its own committee. But the proposed new projects of the Hydro-Electric Board were still held up until local enquiries could examine objections; and the local enquiries themselves seemed to be unnecessarily delayed. Between 1956 and 1963 the labour force was reduced from 8,500 men to 2,000. There is a fear, let us hope mistaken, that there will not be the skilled technical and labour force available to carry on the work. All this at a time when Scotland was suffering from unemployment.

Such enquiries nowadays are no longer held in London, but

local landowners can hire expensive lawyers, not only to defend their own sporting and fishing rights, but also, in their zeal for Highland welfare, to argue at great length about the technical and economic and even aesthetic aspects of hydro-electric power in general. What is even more remarkable, the Secretary of State insisted that one local enquiry should also examine these aspects of a project to which there had been no objections at all. He did so on the ground that the Mackenzie Committee had failed to consider the question of capital costs. This omission on the part of the Mackenzie Committee, and the even stranger ignorance of the Scottish Office after so many years of experience, could surely have been made good more cheaply and more effectively by consulting a couple of experts than by all the expensive legal paraphernalia of a protracted local enquiry.

The Report on the two proposed Hydro-Electric Schemes – the Fada/Fionn project and the Laidon project – was published in 1965. As was to be expected from its two distinguished authors, it is a formidable document full of facts and figures which no one who is not an expert can be competent to criticise. It condemned both schemes on economic grounds, and its conclusions may be right. Nevertheless I may perhaps be forgiven if I express some uneasiness about its general background.

The supposed advantage of hydro-electric generating stations is that although their original construction is costly, they last very much longer than other kinds of generating stations and their upkeep is much cheaper. Their fuel, so to speak, comes from Heaven and so does not increase in price and is not affected by inflation. These advantages, if I understand the Report aright, are set aside, whether on Government instructions or on other grounds. Inflation, for example, is not to be considered, because the authors understood that it was the policy of Her Majesty's Government 'to secure economic growth without inflation' – as if other Governments had not pursued this policy for years without success. So too it could not be assumed that fuel would rise in price 'in the relevant years' – although the Coal Board immediately afterwards proceeded to impose further discriminatory charges against Scottish coal in

addition to those already existing. We might have imagined that while the rain, which is the fuel of a hydro-electric station, keeps on coming down, its price neither goes down nor up. And if the phrase 'in the relevant years' means that a hydro-electric scheme must be supposed in our calculations to have a life no longer than that of schemes based on coal or oil, are we not ruling out its greatest economic advantage?

These may be simple-minded misunderstandings to which there is an obvious answer, but one statement in the Report remains a source of uneasiness: 'We accept, according to your direction, 8 per cent as the "right" rate of "interest" for the purpose of this Report'. If the words 'right' and 'interest' have to be put in inverted commas because they are being used in some special sense, could this mean that the direction from the Government was intended to bias the calculations from the start?

These may be unworthy suspicions, but it is difficult not to remember how Mr. Johnston 'upset the astrologers on the London money market' when by enlisting the help of the Scottish banks he floated a loan of £5,000,000 for the Hydro-Electric Board in July, 1947, with an offer of $2\frac{1}{2}$ per cent at par. Its success showed what the people of Scotland were willing to do for a Scottish public purpose. Why should they not be allowed other opportunities of the same kind?

So far as generating stations are concerned, it appears to be commonly assumed – for example, in the Labour Plan for Scotland – that on the strength of this Report no further projects from the Hydro-Electric Board need be considered. If it is uneconomic to produce electricity from water-power in Scotland (though apparently not elsewhere), we should be told so directly and explicitly. Otherwise it may be suspected that obscure forces – or perhaps even jealousy of independent Scottish activities – are endeavouring to destroy by administrative action a Board which has done outstandingly useful work in the Highlands. Perhaps experts from Norway could explain to us why the abundance of cheap electric power at the service of Norwegian workmen makes the comparable figures for Britain seem almost ludicrous – 52,800 units as against 6,200 according

to a report in 1963. What a breath of fresh air it would be if these matters could be discussed freely in a Scottish Parliament with power to make its own decisions!

8. Coal

Coal has been the foundation of Scotland's industrial prosperity, and it might have been expected that she would gain from the nationalisation of the coal mines in 1947. At that time the Scottish owners received £34,000,000 in compensation. Since then the National Coal Board has poured out some £100,000,000 or more for maintenance and development. What has been the result?

In spite of this vast outlay about £120,000,000 had been lost in Scotland between 1949 and 1962 in day-to-day operations; and in 1961 the annual operating loss rocketed to £20,000,000. Since nationalisation the total cumulative loss of the National Coal Board throughout Britain – some £80,000,000 – was alleged to be entirely due to the failure of the Scottish mines. If no coal at all had been mined in Scotland, the Board, it was claimed, would have made a total cumulative profit of £20,000,000.

If these figures are correct, no wonder the Board was compelled, however reluctantly, to close down one Scottish pit after another with sickening acceleration. The case was supposed to be so clear that repeated demands for an enquiry into the management, planning, and financial transactions of the Board in Scotland have been firmly and even resentfully refused. Government departments and similar institutions cannot admit mistakes. It is enough if they can say that in spite of the estimated 10,000,000,000 tons of Scottish coal reserves, mining in Scotland is uneconomic. It has even been suggested that Scottish managers at the pithead need an infusion of new blood, presumably from England.

The strange thing is that before nationalisation the Scottish mining industry was a good going concern. The average output for a day's work in Scotland had for years been above the British average. In the first year of nationalisation, when the

National Coal Board made a loss of £6,000,000, the profit from Scotland was £2,000,000. Even in the second year the Scottish mines gave a profit of £3,400,000. It was only when the Board got fully into its stride that the story of Scottish mining became one of steady and ever accelerating decline.

This astonishing failure clearly did not spring from any lack of good will. Millions of money were poured into show mines in Fife which, after a brief period of production, were condemned to die under a load of debt. Charges of incompetence and lack of foresight were indignantly rejected – the highest experts were consulted, and the devilry of nature was wholly unpredictable. In the absence of a public enquiry the true state of affairs must remain obscure; but it is not surprising if the bland assurances with which the Board meets all criticism are received in Scotland with some suspicion. In any case the economic results are only too sadly clear.

The two great aims of nationalisation were to secure better conditions of employment for the miners and to maintain equality of coal prices throughout the country.

It was inevitable that a number of miners would have to move at some inconvenience from older and less profitable pits to newer and more profitable ones. What came as a shock was that so many were thrown out of work altogether with all that this means in human misery. In the middle of 1962 it was alleged that the Coal Board's axe was poised to chop off more than two thirds of the country's remaining 106 collieries. Attempts have been made, whether successfully or not, to provide alternative employment; but the Board naturally declines to be made responsible for Scotland's unemployment problem – this is 'some one else's job'. At one time it even objected to the introduction of new industries into Fife. It has, however, tried to induce Scottish miners to emigrate to the more successful coal fields in England – another example of the way in which English take-over bids lead to the emigration of Scotland's best men. We need not here enquire into the truth of the charges that the promises made to encourage this emigration were often broken.

The principle that coal prices should be the same throughout

the whole country has been abandoned. At the very moment when the productivity of the Scottish mines began to show a marked increase it was decided that coal was to cost ten shillings more a ton in Scotland than it did in the South. It might seem obvious that this must lay a further heavy burden on her struggling industry. It is, however, easy to bear with equanimity the sufferings of others, and we were given the usual official assurances that the burden was only a little one. We were even informed that since the Scottish mines are close to the manufacturing area, the higher pit-head charges need not mean that the cost of coal 'under the boiler' will be greater, and this is what matters. Here we have the usual failure to look at Scotland as a whole, much of which is remote from the industrial belt; but even apart from this the assurance is unconvincing. One big Scottish steel firm alone was said at the time to pay annually at least half a million pounds more for its fuel. What is quite certain is that charges for gas and electricity had to be increased immediately, with all that this implies for the industrial as well as the private consumer. Even the charges for electricity from water-power were obliged by Government request to follow suit. Assurances that higher charges for fuel and power do not discourage the new factories which the Government hopes to see set up in Scotland strain human credulity to the utmost.

The official pronouncements took a startlingly different tone when they turned to the South. The discrimination against Scotland was defended by a contrast with the coalfields of Yorkshire and the Midlands. These, we were told, supply the most vulnerable part of the country where competition is at its keenest, and any increase in price in these areas would mean loss of business. Apparently increased prices and loss of business do not matter in Scotland, but they must be avoided in the richest parts of England even if this means the abandonment of the most fundamental principle of nationalisation. This strange argument was justified on the further ground that only so could the less lucrative mining operations elsewhere be subsidised. The argument, if it can be called an argument, became all the more strange when accompanied by an assurance that

within a short time the Scottish mining industry would no longer be in need of subsidies.

If this is a sample of the mentality by which a great Scottish industry is now controlled, it is hardly surprising if Scotsmen think they could manage their own affairs better by themselves.

9. *Industry in general*

The complaint of Scotland is not confined to the outstanding examples so far mentioned; it extends to the Government's industrial policy as a whole. It has been maintained, for example, that during the two Wars Scotland got its first setback because new factories were established in the South while Scotland was used mainly as a place for storage. Instead of bringing the jobs to the men, the Government preferred to conscribe Scotsmen – and Scotswomen – to factories in England. Mr. Bevin's innocent reply to Scottish protests was simply that the Government had every right to move British subjects to any part of Britain during a war. Questions are asked about the reasons for distributing strip mills, with all their further industrial benefits, in a proportion of three to Wales and one to Scotland – and that one only after a strenuous fight. The fundamental complaint is that modern 'growth industries', which attract other job-spinning industries, have in most cases been built up in England on the strength of Government grants and research and development projects. Scotland had to depend on her older industries and did not get enough growth industry to start the process of expansion. Belated attempts to remedy the situation have had only a moderate success, especially as expansion in Scotland has to be checked whenever there is too much expansion in the South. Those who swim against the stream may have to swim their hardest not to be carried farther down.

Trivial though it may sound, an unnatural dependence upon England seems to impinge on every walk of life. There is a widespread belief that the best of everything in Scotland is taken away to London – this is the answer one gets when one asks why it is so difficult to get characteristically Scottish products in their country of origin. The basis for this would seem to be

bulk buying by the richer parts of the South. But it is frustrating to find that so many goods can be obtained only from England, and that even the simplest things have so often to be repaired South of the Border – with resultant delays which are effectively increased by the devious methods of British Railways. All this is connected, at least partly, with the commercial take-over bids which remove the control of Scottish enterprises to England (and sometimes the enterprises themselves); but it does look as if, under the present system, Scotland is tending towards the ‘industrial helotry’ which Mr. Harold Wilson, in his speech to the Council of Europe in 1967, deplored as a danger, not indeed for Scotland, but for British industry in its relation to the United States of America.

10. *White papers and reports*

In setting out the complaints of Scotland it is easy to give an impression of unrelieved gloom. In comparison with the South of England the prospect has long been gloomy enough, and it can be improved only by fundamental reforms. But in spite of difficulties Scotland does make progress and does share in the benefits of the Welfare State. Her level of wages, though lower than that in England, is going up, and the number of her unemployed, though far too large, is nothing like what it was between the Wars. The more cheerful aspects of the situation should not be forgotten although here we have to take them for granted. Whatever may be said on this subject, the fact remains that the present system of government and administration continues to drain away the wealth and skill of Scotland to more affluent regions in the South.

Similarly it remains true that government policies are determined by conditions in England and are too often applied to Scotland with little regard to her special needs and problems. But it would be misleading to give the impression that these needs and problems were given no consideration at all. From time to time we have reports and white papers to enlighten and guide us. We may think them inadequate, but at least they are there, and some of their recommendations may sometimes, after long delays, be translated into action.

It would be ungracious to ignore these efforts, but it is impossible to discuss them here with the thoroughness they deserve. All that can be done is to give some very summary impressions.

In 1961 we had the Toothill Report, which developed further a still earlier report by Professor Cairncross. The Toothill Committee was set up, not by the Government, but by the Scottish Council (Development and Industry). In order to secure strict impartiality the Toothill Committee had on it a majority of Englishmen, and in its report it made as many as eighty-one recommendations. Some of these perhaps showed too firm a grip on the obvious: the Scottish people ought to show initiative and enterprise, and managers should develop London connexions. The more detailed, and more useful, recommendations cannot be discussed here, but two important principles were put forward. The first, which had been advocated by Professor Cairncross ten years earlier, was that instead of aiming as in the past at the immediate relief of unemployment the Government ought to foster economic growth. This suggestion was promptly turned down. The second, not too elegantly expressed, was that where a ‘region’ suffered from the general financial measures of the Government there ought to be, where practicable, regional differentiation if uniformity resulted in a regional sacrifice out of proportion to the national gain. This reasonable proposal is almost bound to remain a pious hope unless we have a revolutionary change in the system under which Scotland is governed; but the Committee would have no truck with the idea that the functions of London departments should be transferred to Scotland or that Scotland should be allowed a Minister of Commerce like the one permitted in Northern Ireland. Although the need to co-ordinate ‘regional development measures’ was recognised, no serious attempt was made to suggest how this could be done.

In 1963 we were given a White Paper on Central Scotland similar to the one already produced for North-East England. This leaned heavily on the Toothill Report and renewed the proposal that the Government should seek to foster economic growth instead of concentrating on the relief of unemployment;

and this time the proposal was accepted. The White Paper, like the Toothill Report, was concerned only with the narrow industrial belt of Scotland, and even here there were strange omissions. Yet without a view of Scotland as a whole the best we can hope for is to set up a minor magnetic field in Central Scotland which may do something to counteract the pull of London and the Midlands, but unless watched carefully may itself draw skill and wealth away from the other regions of Scotland.

In January 1966 we were given a new White Paper on Scotland. This purports to set out plans for the expansion of the Scottish economy, within the framework of the National Plan, in the period up to 1970. It professes to deal for the first time with Scotland as a whole, and so may be thought to dispose at long last of the charge that this is what can never be done under the present system. It contains a lot of useful information; and it is to be welcomed as recognising in principle that Scotland's main problems should be studied in relation to one another. The whole of Scotland, except Edinburgh, is to be a 'development area' entitled to new special incentives for industrial investment.

Although it is natural that a White Paper should be based on previous Reports, a whole plan cannot be made by enclosing a lot of little plans within one cover or even by specifying a large number of desirable goals. To judge it one way or the other, we should have to see how it works in practice.

On the whole its prescription seems to be very much 'the mixture as before'. If the Scottish economy is to be 'revitalised', the Government must do this, that, and the other thing: the Government will even organise representative groups for consultation: the Government will increase what it calls 'public investment' in Scotland (mainly for housing and roads) to the impressive sum of nearly £2,000,000,000 during the period in question.

In the end everything must depend on the way in which the Plan is carried out; and, at least according to the Conservative Party, the Plan is already a wreck. The Budget which followed shortly afterwards did not inspire high hopes that it would be

carried out effectively. This imposed a novel 'selective employment tax' which seems likely to deal a body blow to the Highlands, about whose welfare the White Paper had been so solicitous. The aim of this tax was to force employees out of service industries into manufacturing industries (which were supposed to be already hoarding labour). Its method was to impose an extra tax on all industries, but to return the tax to the manufacturing industries along with a bonus.

How far the method was fitted to further the aim is not here our concern. What is clear is that these new devices were directed, like so many others, to the rich manufacturing regions of England. The Highlands depend for their prosperity on providing services, and their manufacturing industries are relatively few. Hence these regions – and at least some others in Scotland – will pay the tax in full, but will receive hardly any of the bonus. Many workers will be thrown out of jobs, but will not find manufacturing industries able to offer them employment. They will, in short, be forced to emigrate. This already makes nonsense of the Plan for the Highlands.

Plan or no Plan, it looks as if Scotland will still have to stomach remedies – squeezes and freezes – devised for ailments other than her own. She begins to look like a hospital patient who has strayed into the wrong ward and is confined to bed by kindly doctors and nurses who seek to cure – or 'revitalise' – her by injections and drugs unsuited to her condition. The one thing they will not do is to let her get out of bed and walk.

White Papers must deal with the Scottish economy on broad lines and so cannot bring out the petty details in which London has to take a hand. It may be possible (if not very plausible) to argue that Scotland will gain if some authority in the South can decide, within a 'national' plan, which Scottish ports should be developed and which should be neglected; but it is not easy to see why, for example, Cairnryan, the port which used to handle the export of Scottish coal to Ulster, should be left to be dismantled by scrap merchants, while Maryport in Cumberland should be equipped to export coal from Durham to the same destination. If we turn to minor matters, it is not easy to see why the Minister of Works should be responsible for

ancient monuments in Scotland rather than the nation to which they belong; or even why he should decide the speed limit in the Royal Parks of Edinburgh. If traffic lights are to be put up in Dundee, their exact position must be determined by the Ministry of Transport. If they are later moved to a more convenient position without his express sanction, it will be no offence for a motorist to ignore them. If the Highland Fund should seek a loan from the Board of Trade to further one of its projects which have done so much for the Highlands, they will find it easier to draw blood from a stone; and if exceptionally their request is considered, this will be accompanied by impossible conditions – such as that two of the directors of the project must resign and be replaced by two nominees of the Board. Such continuous petty interference is not well suited to encourage Scottish initiative or to ‘revitalise’ her energies; but it would be tedious to examine it in detail. We have had to consider primarily the larger policies of the chief administrative organs which exercise control in Scotland; and it is hardly an exaggeration to say of them that, so far as Scotland is concerned, they touch nothing which they do not deform.

11. *The case for Scotland*

It will be said that this account is over-simplified, one-sided, and unfair.

There is no reason to deny that it is over-simplified: every topic discussed in it could profitably have a whole book to itself. In mapping so large a territory there must be over-simplification: without this there could be no map.

The account is also one-sided in the sense that it is a summary outline of the Scottish case – the plea of an advocate rather than the decision of a judge. In England the Scottish case is almost unheard and unknown. The present attempt to state it, however imperfect, is necessary to challenge the far more one-sided assumptions under which Scotland is misgoverned. The case, I suggest, is very strong; if not unanswerable, it is at least unanswered.

The main contention of this chapter is that economic progress in Scotland is hampered and hindered by centralised

control from London and by policies devised primarily in the interests of the South of England. Whatever qualifications should be added, this contention cannot simply be swept aside as unfair. Indeed it may claim to state the inevitable consequences of a system of government under which the power of making policies and of taking decisions, both on the public, and even to a considerable extent on the private, side of industry, is being steadily reduced in Scotland. This cannot but have adverse economic effects: its psychological effects may be even worse.