

June

place (F)

responsible  
newspaper  
to know

MHT

2.20.11

This is Teddy Taylor's paper that he wants to go to Shadow that I mentioned to you. I told Chris Patten that it had to go to Keith Joseph first.

This must come before a steering committee - CS but first

Teddy must clear the Di newspaper

19 January just with Gifford, Stone

Agreed Patten with Robert Munn

SCOTTISH POLICY ISSUES.

LCC



A paper by Teddy Taylor.

(7)

~~By: Teddy Taylor.~~

The purpose of this paper is to seek guidance from colleagues on a number of Scottish issues. I have discussed the issues with George Younger and Alex. Fletcher and they agree with <sup>the propositions set out in</sup> the ~~working~~ of the paper.

1. Dispersal of Government Offices. There have been many delays in the plans to transfer a total of about 5-6,000 jobs to Glasgow and East Kilbride. The proposal is that the M.O.D. headquarters should be dispersed to Glasgow and ~~give~~ a small section of FCO (about 1000 jobs) to East Kilbride. The Government still insists that the transfers are going ahead and a site is being cleared for the M.O.D. office in Glasgow. Because of the repeated delays, we have been pressing the Government first because of the Party's good record on dispersal and second because we detect that the delay may cover disagreement within the Government. On a more practical aspect, the jobs would be a great help in the depressed Stathelyde Region.

DECISION REQUIRED:- Can we continue to commit the Party to proceeding with the dispersal programme.

2. <sup>Use of</sup> Oil Revenues: In our October, 1974 election manifesto we committed ourselves to establish an oil development fund for Scotland. The words used were as follows:-

"Income from North Sea Oil will be used to create a Scottish Development Fund with a number of important objectives. This Fund will be used to ensure that every part of Scotland derives the fullest benefit from oil.....Projects financed by the Fund will be in addition to expenditure to which Scotland as an integral member of the United Kingdom is entitled". There then

followed a number of examples of how the Fund might be used:-

- (a) The financing of services required as a result of oil development:-  
housing, sewerage etc.
- (b) Replacement of out of date housing and industry.
- (c) Roads.
- (d) Abolishing Road tolls.
- (e) Sports <sup>facilities</sup> like the upgrading of Hampden Park.

There is no doubt that the establishment of such a fund- even if it were financially cosmetic- would be well received in Scotland where there is



(2)

a feeling that oil hasn't brought many jobs for Scots but has brought a lot of trouble i.e. disruption of wage matters in traditional industries, influx of troubleshooters in quiet communities, loss of agricultural land, damage to fishing gear, congestion on roads etc.

It doesn't seem wrong that when Scotland has carried all the adverse effects of oil development we should have little benefit.

Nevertheless, I would be reluctant to advocate specific spending pledges like the abolition of tolls or the upgrading of Knapdale (the latter is likely to go ahead on a reduced scale anyway).

Nevertheless, it would be a major help to our candidates if we could restate the pledge that the Fund would be available to the Secretary of State to deal with special problems of infrastructure, and to help with our housing plans, perhaps the financing of the discounts on council house sales.

DECISION REQUIRED:- Will the Party restate, perhaps in a modified form, the 1974 pledge to establish an oil development fund in Scotland?

3. Regional Policy:- We have deplored the sudden withdrawal of REP which resulted in a loss of about £60 millions per annum to Scottish industry. We have also made it clear that we are unhappy with the structure of grants to aid industry - some of which result in massive sums being given to capital intensive industries which would probably have been located in Scotland in any event. We have also expressed reservations about the T.E.S. But despite all this, I think that colleagues accept the need for a strong regional policy.

DECISION REQUIRED:- Will the Party commit itself to reviewing regional policy with a view to establishing a job related inducement to attract and maintain manufacturing industry in Scotland.

4. Scottish Party participation in Devolution Referendum:

We are being pressed by candidates and colleagues, as well as the Press, to give some indication of whether the Party would be prepared to participate in an "umbrella" organisation with other groups and parties in the Referendum.

The "Scotland is British" organisation has been established for some time and has been campaigning largely against the principle of an Assembly.



(3)

Seven Scottish Labour M.P.s have established, with the help of some trade unionists and local government Socialists, an organisation to fight the Bill, (but not devolution) in the Referendum.

We have not so far given any indication of what we would do. Initial approaches from Scotland is British and Labour M.P.s indicates that they would be willing (and in some cases enthusiastic) to participate in an "umbrella" organisation.

The arguments for co-operation are substantial. First it would give us a better chance to defeat the Bill in the Referendum. Second, it would be much easier to attract substantial funds to a non-Party organisation. And third, it would make for ~~xxxxxxxxxxxxxxxx~~ a tidier set-up for the media when T.V. broadcasts are being allocated. A fourth, and not inconsiderable advantage, is that the establishment of an "umbrella" would concentrate the argument on the merits and demerits of the Bill as opposed to the alternative proposals of the Conservative Party.

The only argument I can see against the proposal is that if the Bill is defeated in the referendum, the glory will have to be shared.

DECISION REQUIRED:- Would colleagues find it embarrassing if the Scottish Party was to co-operate in an "umbrella" organisation to fight the Bill in the Referendum.



② ④

By Maximising Party Unity on Referendum:-

The party's present stance on devolution creates two problems for us in Scotland.

First, it creates the impression of indecision and candidates are being constantly asked the inevitable questions - "Are you in favour of an Assembly?" and "What would you propose to the Constitutional Conference?"

Second, although the majority of former pro-devolutionists and constant pro-devolutionists would like to join with us on the Referendum, they need some crumb of comfort.

Third, the Party's position is so vague (inevitably) that it means that candidates and M.P.s are constantly giving different views and attitudes "Speaking personally I think devolution is rubbish" - "Speaking personally I would like an Assembly" or "Speaking personally I am a Federalist" etc.

I fully appreciate the endeavours made by Francis Pym to find a solution in face of so much conflicting advice, but wonder if it might be possible to extract a uniform theme for candidates and M.P.s to express on devolution within the framework of the present policy position. It would be, in a nutshell, "Series will let the Scottish people decide the devolution issue and will honour and carry out their wishes".

In practical terms this means that our devolution stance would be as follows:-

1. We oppose the Bill as a threat to the Unity of Britain and will oppose it in the Referendum.
2. We believe that it would be best to have a Constitutional Conference to consider how the Government of the U.K. as a whole, including Scotland, would be improved and would initiate such procedures if returned to power before the Bill is passed or if the Bill is defeated in the Referendum.
3. If, however, the Bill is passed by Parliament and then we have an Election before the Referendum, we would organise a referendum ourselves and accept the decision of the Scottish people.

DECISION REQUIRED: Would colleagues agree to Scottish M.P.s and candidates, within the framework of our present devolution policy, shifting the emphasis to one of "letting the Scottish people decide" while advocating rejection of the Bill?

LCC

TO: ALL MEMBERS OF THE LEADER'S CONSULTATIVE COMMITTEE

I enclose a paper on Scottish Policy Issues by Mr. Taylor, which will be discussed at the Shadow Cabinet meeting tomorrow, Wednesday, 15th February 1978.

CHRIS PATTEN

Conservative Research Department,  
24 Old Queen Street, London, SW1.

CFP/MHN  
14.2.78

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COPY NO. 1..

SCOTTISH POLICY ISSUES

A Paper by Teddy Taylor

The purpose of this paper is to seek guidance from colleagues on a number of Scottish issues. I have discussed the issues with George Younger and Alex Fletcher and they agree with the propositions set out in the paper.

1. Dispersal of Government Offices

There have been many delays in the plans to transfer a total of about 5/6,000 jobs to Glasgow and East Kilbride. The proposal is that the M.O.D. headquarters should be dispersed to Glasgow and a small section of F.C.O. (about 1,000 jobs) to East Kilbride. The Government still insists that the transfers are going ahead and a site is being cleared for the M.O.D. office in Glasgow. Because of the repeated delays, we have been pressing the Government, first because of the Party's good record on dispersal and, second, because we detect that the delay may cover disagreement within the Government. On a more practical aspect, the jobs would be a great help in the depressed Strathclyde Region.

10,000 jobs  
Dispersing

(ii) P.O. Savings Bank  
Locally employed

DECISION REQUIRED:


Can we continue to commit the Party to proceeding with the dispersal programme?

2. Use of Oil Revenues

In our October 1974 election manifesto, we committed ourselves to establish an oil development fund for Scotland. The words used were as follows:-

"Income from North Sea Oil will be used to create a Scottish Development Fund with a number of important objectives. This Fund will be used to ensure that every part of Scotland derives the fullest benefit from oil ..... Projects financed by the Fund will be in addition to expenditure to which Scotland as an integral member of the United Kingdom is entitled."

There then followed a number of examples of how the Fund might be used:-

- 
- (a) The financing of services required as a result of oil development - housing, sewerage, etc.
  - (b) Replacement of out-of-date housing and industry.
  - (c) Roads.
  - (d) Abolishing road tolls.
  - (e) Sports facilities, like the up-grading of Hampden Park.

There is no doubt that the establishment of such a fund - even if it were financially cosmetic - would be well received in Scotland where there is a feeling that oil hasn't brought many jobs for Scots but has brought a lot of trouble, i.e., disruption of wage patterns in traditional industries, influx of troublemakers in quiet communities, loss of agricultural land, damage to fishing gear, congestion on roads, etc.

It does seem wrong that when Scotland has carried all the adverse effects of oil development we should have little benefit.

However, I would be reluctant to advocate specific spending pledges like the abolition of tolls or the up-grading of Hampden (the latter is likely to go ahead on a reduced scale anyway).

Nevertheless, it would be a major help to our candidates if we could restate the pledge in principle and make it clear that the Fund would be available to the Secretary of State to deal with special problems of infrastructure, and to help with our housing plans, perhaps the financing of the discounts on council house sales.

DECISION REQUIRED:

Will the Party restate, perhaps in a modified form, the 1974 pledge to establish an oil development fund in Scotland?

3. Regional Policy

We have deplored the sudden withdrawal of R.E.P. which resulted in a loss of about £60 million per annum to Scottish industry. We have also made it clear that we are unhappy with the structure of grants to aid industry - some of which result in massive sums being given to capital-intensive industries which would probably





have been located in Scotland in any event. We have also expressed reservations about the T.E.S. But despite all this, I think that colleagues accept the need for a strong regional policy.

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We are being pressed by candidates and colleagues, as well as the Press, to give some indication of whether the Party would be prepared to participate in an "umbrella" organisation with other groups and parties in the Referendum.

The "Scotland is British" organisation has been established for some time and has been campaigning largely against the principle of an Assembly.

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We have not, so far, given any indication of what we would do. Initial approaches from Scotland is British and Labour MPs indicates that they would be willing (and in some cases are enthusiastic) to participate in an "umbrella" organisation.

The arguments for co-operation are substantial. First, it would give us a better chance to defeat the Bill in the Referendum. Second, it would be much easier to attract substantial funds to a non-Party organisation. And third, it would make for a tidier set-up for the media when T.V. broadcasts are being allocated. A fourth, and not inconsiderable advantage, is that the establishing of an "umbrella" would concentrate the argument on the merits and demerits of the Bill as opposed to the alternative proposals of the Conservative Party.



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5. Maximising Party Unity on Referendum

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Third, the Party's position is so vague (inevitably) that it means that candidates and MPs are constantly giving different views and attitudes - "Speaking personally I think devolution is rubbish"; "Speaking personally I would like an Assembly", or "Speaking personally I am a Federalist", etc.

I fully appreciate the endeavours made by Francis Pym to find a solution in face of so much conflicting advice, but wonder if it might be possible to extract a uniform theme for candidates and MPs to express on devolution within the framework of the present policy position. It would be, in a nutshell, "Tories will let the Scottish people decide the devolution issue and will honour and carry out their wishes".

In practical terms this means that our devolution stance would be as follows:-



- (1) We oppose the Bill as a threat to the unity of Britain and will oppose it in the Referendum.
- (2) We believe that it would be best to have a Constitutional Conference to consider how the Government of the U.K. as a whole, including Scotland, would be improved and would initiate such procedures if returned to power before the Bill is passed or if the Bill is defeated in the Referendum.
- (3) If, however, the Bill is passed by Parliament and then we have an Election before the Referendum, we would organise a referendum ourselves and accept the decision of the Scottish people.

DECISION REQUIRED:

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