

Address given by George Rosie, to SIC plenary on 25th August 2009.

FIRST OF ALL, MANY THANKS FOR INVITING ME TO TALK. I APPRECIATE IT. LET ME START WITH A POLITICAL DECLARATION. I AM NOT NOW, NOR HAVE I EVER BEEN, A MEMBER OF THE SCOTTISH NATIONAL PARTY. IN FACT, I AM NOT NOW, NOR HAVE I EVER BEEN A MEMBER OF ANY POLITICAL PARTY. TO THAT EXTENT I HAVE NO PARTY POLITICAL AXE TO GRIND.

WHAT DRIVES ME, I SUPPOSE, IS SHEER BLOODY CURIOSITY. AN URGE TO FIND OUT WHAT HAPPENED BEHIND THE SCENES. AND FOR SOME TIME I HAVE BEEN INTRIGUED BY TRYING TO FIND OUT JUST HOW SUCCESSIVE BRITISH GOVERNMENTS – LABOUR AND TORY – HANDLED SCOTTISH NATIONALISM AND THE HOME RULE MOVEMENT – AND I'D ARGUE THERE IS A DISTINCTION BETWEEN THE TWO.

NOW WE'VE ALL GOT A PRETTY GOOD IDEA OF WHAT GOVERNMENT MINISTERS AND MPS SAID AND DID. WHAT WE'RE NEVER TOLD IS WHAT THE UNELECTED CIVIL SERVANTS WERE SAYING AND DOING. UNLESS WHITEHALL OR ST ANDREWS HOUSE SPRINGS A LEAK, WE'VE GOT TO WAIT 30 YEARS UNTIL THE GOVERNMENT FILES ARE ACCESSIBLE – AND EVEN THEM SOME REMAIN UNDER WRAPS.

BUT AS THIS YEAR – 2009 – WAS THE 30TH ANNIVERSARY OF THE OUTRAGEOUSLY RIGGED DEVOLUTION REFERENDUM OF 1979, I SPENT A FEW WEEKS TRAWLING THROUGH WHAT WAS AVAILABLE IN THE NATIONAL ARCHIVES IN KEW AND AT CHARLOTTE SQUARE.

MY PARTICULAR INTEREST, I SUPPOSE, WAS TO FIND OUT HOW THE UK GOVERNMENT HANDLED THE NATIONAL COVENANT OF THE LATE 1940S AND EARLY 1950S, AND THEN WHAT I'VE COME TO THINK OF AS THE DEVOLUTION DECADE, THE 1970S.

BUT BEFORE I GO INTO THAT LET ME SKIM OVER SOME EVENTS ON WHICH THE ARCHIVES SHED SOME LIGHT. AS I'M SURE MANY OF YOU KNOW, DURING WORLD WAR TWO THERE WAS A ROUND-UP OF SOME PROMINENT SCOTTISH NATIONALISTS BY THE SCOTTISH POLICE ACTING UNDER THE DIRECTION OF MI5.

A FEW, AMONG THEM ARTHUR DONALDSON AND DOUGLAS YOUNG, SPENT A FEW WEEKS OR MONTHS IN JAIL. I CAN'T GET TOO HOT UNDER THE COLLAR ABOUT THAT. BRITAIN WAS FIGHTING FOR ITS LIFE – GIVEN WHAT WAS HAPPENING ELSEWHERE IN EUROPE AT THE TIME IT WAS VERY SMALL BEER. I TALKED TO ARTHUR DONALDSON NOT LONG BEFORE HE DIED AND HE DIDN'T SEEM TOO BOTHERED ABOUT IT. CERTAINLY NEVER SAW HIMSELF AS A MARTYR.

BUT THE BRITISH STATE TOOK THE NATIONALIST FRINGES QUITE SERIOUSLY. IN KEW I CAME ACROSS A CLUTCH OF PAPERS BY SPECIAL BRANCH OFFICERS REPORTING ON NATIONALIST MARCHES AND MEETINGS AND, PARTICULARLY ON THE ACTIVITIES OF WENDY WOOD. ONE OF THE SPECIAL BRANCH OFFICERS, INCIDENTALLY, THOUGHT THE NATIONALIST SPEECHES WERE INTERESTING AND THAT THEY HAD A GOOD CASE.

BUT I WAS DISMAYED TO FIND THAT THE KEY DOCUMENTS ON THE DISGRACEFUL SO CALLED CONSPIRACY TRIAL OF FOUR YOUNG NATIONALIST STUDENTS IN NOVEMBER 1953 ARE STILL UNDER WRAPS. ALL THE EVIDENCE IS THAT THEY WERE SET UP BY POLICE AGENTS PROVOCATEUR WHO SUPPLIED THEM WITH DUMMY EXPLOSIVES..

IT WAS ALSO THE TIME OF THE FLURRY OF BOMBS IN PILLAR BOXES WHICH CARRIED THE EIIR NUMERALS AND ONE OR TWO BOMBS ON ELECTRICITY PYLONS IN THE BORDERS AND IN THE NORTH OF ENGLAND.

POINTLESS IF COLOURFUL STUFF, BUT LESS IMPORTANT, I THINK THAN THE GROUNDSWELL OF DISSATISFACTION THAT MANIFESTED ITSELF IN THE NATION COVENANT MOVEMENT.

NOW THEN, AT THE END OF OCTOBER 1949, AFTER TWO YEARS OF DELIBERATION AND ARGUMENT, AN ORGANISATION CALLING ITSELF THE SCOTTISH NATIONAL ASSEMBLY LAUNCHED WHAT THEY CALLED THE NATIONAL COVENANT. IT WAS FAR FROM BEING A UNILATERAL DECLARATION OF INDEPENDENCE.

we solemnly enter into this Covenant whereby we pledge ourselves all loyalty to the Crown and within the framework of the United Kingdom, to do everything in our power to secure for Scotland a Parliament with adequate legislative authority in Scottish affairs.'

A MODEST PROPOSAL INDEED. BUT IT WENT DOWN LIKE A LEAD BALLOON WITH ARTHUR WOODBURN THE SECRETARY OF STATE FOR SCOTLAND, WHO WROTE TO THE BRITISH CABINET SAYING.

On the main question of Scottish home rule, I have, since I became Secretary of State, taken and expressed strongly the view that the present time is not opportune for its consideration: and that indeed those who are pressing for it are doing Britain a disservice... I hope my colleagues will keep this danger in mind and be vigilant when they are dealing with matters affecting Scotland.'
[HH41/454]

NOTE THE WORD DANGER.

TWO MONTHS LATER CLEMENT ATTLEE'S GOVERNMENT MANAGED TO HANG ON TO POWER IN A GENERAL ELECTION. THE NEW SECRETARY OF STATE WAS HECTOR McNEIL.

WHEN MCNEIL TALKED TO THE CHANCELLOR STAFFORD CRIPPS ABOUT TAKING A LOOK AT THE FINANCIAL RELATIONSHIP BETWEEN SCOTLAND AND ENGLAND HE FOUND CRIPPS OPPOSED.

in his view the work involved would be out of all proportion to the results obtained.... The Chancellor said that he was opposed to a Royal Commission because in his view they would be almost bound to suggest some alternative methods of devolution.'

AND A CABINET PAPER OF MAY 1950 CONCLUDED THAT

nationalist movements of the kind fostered by the Scottish National Assembly were out of accord with the current movement for increased integration into Europe. Moreover, any concession to a nationalist movement of this kind was likely to lead merely to further demands, both in Scotland and in Wales.'

THE CABINET DID, HOWEVER, ASK MACNEIL TO 'TAKE SOUNDINGS' AMONG SCOTTISH MPS AS TO WHETHER HE SHOULD TALK TO A DELEGATION FROM THE SCOTTISH NATIONAL ASSEMBLY. THIS WAS THOUGHT TO BE A GOOD IDEA – IF ONLY TO TELL THE COVENANTERS WHERE TO GET LOST.

WHICH IS EXACTLY WHAT HAPPENED WHEN MACNEIL HELD A MEETING WITH A DELEGATION IN GLASGOW IN JUNE 1950.

NOW, THE SENIOR SCOTTISH OFFICE CIVIL SERVANT AT THAT MEETING WAS ONE GEORGE POTTINGER – A MAN WHO WAS TO END UP IN JAIL FOR CORRUPTION.

BUT JOHN MCCORMICK AND THE SNA WERE NOTHING IF NOT DOGGED. THEY CONTINUED TO PRESS. THEY ASKED FOR A MEETING WITH PRIME MINISTER ATTLEE WHO WOULD BE AT THE COWAL GATHERING IN AUGUST THAT YEAR. THAT REQUEST GOT SHORT SHRIFT FROM HECTOR MCNEIL.

'I have consulted the Prime Minister, but I am afraid that it will not be possible for either him or me to meet you during the short period when Mr Attlee is to be in Scotland.'
[HH41/1390]

THE COVENANTERS DID SEEK SUPPORT FROM THE SCOTS TORY MPS AND GOT THIS REPLY FROM JAMES STUART – WHO WAS SOON TO BECOME SECRETARY OF STATE FOR SCOTLAND.

We do not, however, hold the view that such extremely complex matters (i.e. devolution) can properly be determined either by plebiscite or by reference to the number of signatories affixed to any document.

THE COVENANTERS NEXT PLOY WAS TO CIRCULATE ALL MPS POINTING OUT THAT ONE AND A HALF MILLION SCOTS HAD SIGNED THE COVENANT IN LESS THAN A YEAR AND ASKING THE QUESTION

Do you agree that if the majority of the electors in Scotland clearly express their desire for a Scottish parliament within the framework of the United Kingdom, that desire should be favourably met by the United Kingdom parliament?'

ENTER ONCE AGAIN GEORGE POTTINGER WHO SENT THIS ADVICE TO THE LORD PRESIDENT OF THE COUNCIL

In the circumstances there would seem to be no need for any other ministers to trouble themselves to reply to the Covenant Committee's latest questionnaire. Perhaps the Lord President's office or No.10 could advise ministers accordingly.'

[HH41/1390]

AND IF ANYONE THINKS THAT SENIOR CIVIL SERVANTS HAVE NO POLITICAL ROLE, I'D POINT OUT THAT IN SEPTEMBER 1950 GEORGE POTTINGER HELPFULLY PENNED A CURT NOTICE FOR THE LABOUR CHIEF WHIP TO CIRCULATE TO ALL LABOUR MPS. .

'In view of the recent correspondence between the Secretary of State and the National Covenant Committee, members (I.E. MPS) are advised not to send any reply.'

IN OTHER WORDS, IGNORE THEM AND THEIR COVENANT AND THEY'LL PROBABLY GO AWAY. WHICH, IN EFFECT, THEY DID.

1950 WAS, OF COURSE, WHEN IAN HAMILTON & CO LIFTED THE STONE OF DESTINY. NOW THERE ARE A NUMBER OF INTERESTING FILES ON THAT AFFAIR. BUT AS THE EVENTS THAT SURROUND THAT ARE WELL KNOWN I'M SKIPPING OVER THEM. ALTHOUGH THERE ARE ANY NUMBER OF INTERESTING FILES ON THE TOPIC.

THEN, IN OCTOBER 1951, BACK CAME THE TORIES WITH WINSTON CHURCHILL AT THEIR HEAD. A FEW MONTHS LATER KING GEORGE VI DIED WHICH MEANT THAT A CORONATION CEREMONY WAS PLANNED FOR 1953. WHICH PRODUCED A FEW INTERESTING PAPERS BETWEEN THE GOVERNMENT AND BUCKINGHAM PALACE.

CHURCHILL'S SECRETARY OF STATE FOR SCOTLAND WAS JAMES STUART WHO CAME UP WITH THE IDEA OF KEEPING SCOTS HAPPY BY SOMEHOW INCORPORATING THE SCOTTISH CROWN JEWELS – THE REGALIA – INTO THE NEW QUEEN'S CORONATION CEREMONY.

IN MAY 1952 HE WROTE SUGGESTING THIS TO ALAN LASCELLES, THE QUEEN'S SECRETARY. LASCELLES WAS NOT KEEN BUT SUGGESTED THAT IF A SERVICE COULD BE ARRANGED IN EDINBURGH THERE MIGHT BE AN ARGUMENT FOR PARADING THE SCOTTISH REGALIA AT ST GILES. THE IDEA WAS PASSED ON TO JOCK COLVILLE, WINSTON CHURCHILL'S RIGHT HAND MAN WHO WROTE BACK TO STUART

'The Prime Minister is inclined to think that there might be no objection to the Scottish Regalia being carried at St. Giles in the Queen's presence provided it is made clear from the start that there is no question of a second coronation or indeed anything in the service suggesting that it has special significance as far as The Queen's constitutional position in Scotland is concerned.'

[PREM11/31]

THEN UP POPPED THE DEAN OF THE THISTLE WITH ANOTHER, DESPERATELY RADICAL IDEA – THAT THE QUEEN MIGHT ACTUALLY HOLD THE SCOTTISH SCEPTRE OF STATE.

THIS NOTION WAS IMMEDIATELY REFERRED TO THE LORD CHANCELLOR OF ENGLAND, ONE OF WHOSE MINIONS WROTE BACK AT THE END OF 1952 SAYING:.

If The Queen were to hold the Scottish Sceptre, Her Majesty would be repeating, during her coronation visit to Scotland, one of the symbolic rites already performed.. and the symbolism might be regarded as implying that Scotland was a separate Kingdom. The Lord Chancellor, therefore, thinks it would not be proper for Her Majesty to hold the Scottish Sceptre on that occasion.'

[PREM11/31]

SO SHE DIDN'T. IN FACT SHE TURNED UP TO ST GILES IN A WORKADAY OUTFIT CLUTCHING A HANDBAG. AND THE CEREMONY WAS WIDELY REGARDED IN SCOTLAND AS A FARCE.

WHEN THE GENERAL ELECTION ROLLED AROUND TWO YEARS LATER, IN MAY 1955, THE TORIES WON FAIRLY EASILY. IN 1956 THE COVENANTERS (AS I'D COME TO THINK OF THEM) MADE A LAST GASP ATTEMPT WHEN THEY WROTE TO THE GOVERNMENT ASKING FOR

'... legislation to permit the desires of the Scottish people to be expressed.'

TO WHICH THE PRIME MINISTER'S OFFICE REPLIED

'The policy of Her Majesty's Government remains to maintain the union of Scotland and England and to oppose anything tending to separate the two nations...

AND THAT, MORE OR LESS WAS THAT. IT BROUGHT TO AN END A WAVE OF NATIONALISM AND HOME RULERY WHICH HAD LASTED FOR ALMOST TEN YEARS. IT WAS TO BE ANOTHER TEN YEARS BEFORE IT WOULD RESURFACE AS BIGGER WAVE.

THE TORIES SURVIVED UNTIL 1964 WHEN THEY WERE REPLACED BY HAROLD WILSON'S LABOUR GOVERNMENT WITH A SMALL MAJORITY WHICH IT INCREASED IN 1966. THE FOLLOWING YEAR A POLITICAL BOMBSHELL WHEN WINNIE EWING TOOK THE PARLIAMENTARY BY ELECTION AT HAMILTON.

WHICH GOT A FEW PEOPLE IN THE WILSON GOVERNMENT THINKING, ONCE AGAIN, ABOUT DEVOLUTION. ONE OF THEM WAS RICHARD CROSSMAN WHO WROTE TO HAROLD WILSON IN NOVEMBER 1967 TO SAY THAT HE HAD NO OBJECTION TO

'... responsibilities of the Secretary of State for Scotland transferred to a Scottish Government meeting in Edinburgh and responsible to a Scottish Parliament.'
[PREM13/2151]

SIX MONTHS LATER EDWARD HEATH, THEN THE LEADER OF THE TORY OPPOSITION DECIDED THAT DEVOLUTION MIGHT BE NO BAD THING. AT HIS NOTORIOUS DECLARATION OF PERTH HE DECLARED

'We would propose.... an elected assembly to sit in Scotland. What we have in mind is that the Scottish Assembly would be a single chamber, and would take part in legislation in conjunction with Parliament.'
[PREM13/2151]

A YEAR LATER THE LABOUR GOVERNMENT DECIDED TO GRASP THE THISTLE BY SETTING A CONSTITUTIONAL COMMISSION UNDER LORD CROWTHER TO EXAMINE DEVOLUTION. WHEN CROWTHER DIED HE WAS SUCCEEDED BY THE SCOTS JUDGE LORD KILBRANDON.

BY THEN THE THINGS BEGAN TO CHANGE WHEN THE FIRST FINDS OF NORTH SEA OIL WERE DECLARED.

IN JUNE 1970, AND IN A SHOCK ELECTION RESULT, THE TORIES TOPPLED THE WILSON GOVERNMENT. HEATH WAS NOW PRIME MINISTER AND HIS SEC OF STATE FOR SCOT WAS GORDON CAMPBELL. THE ONLY SNP SEAT WAS HELD BY DONALD STEWART IN THE WESTERN ISLES.

MEANWHILE, THE KILBRANDON COMMISSION GATHERED ITS EVIDENCE. AND IN 1972 THE SNP LAUNCHED IT'S SCOTLAND'S OIL' CAMPAIGN. IT PROVED VERY VERY EFFECTIVE. AND JUDGING FROM THE ARCHIVE IT PUT THE WIND UP BRITISH GOVERNMENTS.

IN 1972 THE SNP GAVE ADDITIONAL EVIDENCE TO KILBRANDON. IT WAS, AS THE NEXT DECADE WAS TO PROVE, REMARKABLY PROPHETIC. HERE'S A SMALL PART OF WHAT THE SNP SAID:

'There is a danger that the discovery of Scottish oil wealth will persuade English politicians that Scotland is now too valuable to the United Kingdom to be allowed independence. Scottish oil may be seen as a means of rectifying the chronic payments imbalance which has plagued the United Kingdom since 1945, and a source of wealth to cure United Kingdom economic problems.'
[HO221/210]

AT THE END OF OCTOBER 1973 THE KILBRANDON COMMISSION REPORTED RECOMMENDING A DIRECTLY-ELECTED, UNICAMERAL SCOTTISH ASSEMBLY OF AROUND 100 MEMBERS.

WHICH SET THE DEVOLUTION HARE RUNNING AGAIN IN THE UPPER REACHES OF THE CIVIL SERVICE. THE FIRST MURMURINGS OF WORRY SEEM TO HAVE COME FROM THE NEW DEPARTMENT OF ENERGY. WHAT WOULD HAPPEN TO THE OIL? AT THE BEGINNING OF 1974 ONE CIVIL SERVANT WROTE TO ANOTHER

'The case for not devolving responsibility (for oil) seems to me overwhelming'

AND ANOTHER WROTE

'Licensing policy must remain in the hands of central government... We recommend that it would not be consistent with political and economic unity of the United Kingdom at large to devolve legislative responsibility for oil and gas developments to the regions.'

THAT WAS JUST BEFORE THE GENERAL ELECTION OF FEBRUARY 1974 WHICH USHERED IN THE SECOND WILSON GOVERNMENT – BUT WITH NO MAJORITY TO SPEAK OF.

WILSON'S SECRETARY OF STATE FOR SCOTLAND WAS THE WILLIE ROSS. THIS TIME ROUND THERE WERE SIX SNP MPS.

THERE'S NO DOUBT THAT THE PROSPECT OF DEVOLUTION SPOOKED THE MANDARINS. DEFENDING THE OIL AND GAS REVENUES AGAINST THE MAD SCOTTISH DEVOLVERS BECAME A PRIORITY. IN JULY 1974 PETER CHEMINANT OF THE DEPT OF ENERGY WROTE TO STUART SCOTT WHYTE, THEN THE SCOTTISH OFFICE'S MAN IN LONDON. THE LETTER WAS MARKED 'SECRET'

'The first call on these resources (i.e. oil) must be to right the present major imbalance in the UK's overseas accounts and to repay the massive debts we are currently incurring on oil account.'

SCOTT WHYTE AGREED AND MEMOED PETER MOUNTFIELD AT THE TREASURY WARNING

There is a strong belief in Scotland that the control of "Scottish" oil from London will bring inadequate benefit to Scotland, together with a belief that oil could solve all Scotland's present ills...Decisions about devolution must therefore be reached in close relation to decisions about oil.'

AND HE WARNED

to provide a directly-elected assembly in Scotland with a real or simulated sense of grievance over the handling of oil would provide a focus for national discontent, particularly since oil has now made plausible the possibility of full Scottish independence.'
[T319/2928]

TO ADD TO WHITEHALL'S MISGIVINGS IN JULY 1974 A SPECIAL CONFERENCE OF THE LABOUR PARTY IN SCOTLAND OVERTURNED A PREVIOUS DECISION AND VOTED IN FAVOUR OF A SCOTTISH ASSEMBLY. A COUPLE OF MONTHS LATER THE FIRST DEVOLUTION WHITE PAPER WAS PUBLISHED.

AFTER THAT, THERE WAS ANOTHER GENERAL ELECTION (IN OCTOBER 1974) AN INCREASED MAJORITY FOR LABOUR AND ANOTHER FIVE MPS FOR THE SCOTTISH NATIONAL PARTY, MAKING A TOTAL OF ELEVEN.

THAT SAME MONTH JOHN GARLICK, THE SECOND PERMANENT SECRETARY AT THE CABINET OFFICE, WAS MADE HEAD OF A CABINET OFFICE CONSTITUTION UNIT (COCU). THE UNIT'S JOB WAS TO MAKE DEVOLUTION WORK.

ONE OF THE CIVIL SERVANTS SECONDED TO THE NEW CONSTITUTION UNIT WAS STUART SCOTT WHYTE, THE MAN FROM THE SCOTTISH OFFICE HAD DECLARED HIMSELF HOSTILE TO THE DEVOLUTION

IN JANUARY 1975 SCOTT WHYTE WROTE TO GRAHAM CAMPBELL AT ENERGY WORRYING ABOUT WHAT AN EXECUTIVE AND EDINBURGH MIGHT DO..

'The Scottish administration might wish deliberately to restrict the programme in order to husband reserves or, more generally, to frustrate the central government. This could happen if the SNP gained a majority or a dominant influence in the assembly... The emergence of a basically uncooperative Scottish administration is, by hypothesis, not regarded as likely, but it cannot be ruled out.

The risk underlies the whole devolution settlement and if it were to materialise it would mark the failure of the government's devolution strategy.

[SEP1/732]

WHITEHALL WERE IN A BIND. THEY KNEW THAT BRITAIN BADLY NEEDED THE OIL AND GAS. BUT AT THE SAME TIME THEY KNEW THE REVENUES COULD COMPLETELY TRANSFORM THE ECONOMY OF SCOTLAND.

IN FEBRUARY 1975 CHRISTOPHER SMALLWOOD OF THE CONSTITUTION UNIT WROTE A PAPER ADMITTING THAT

The discovery of oil in the North Sea has made previous estimates of the economic impact of Scottish independence (e.g. that presented to the Kilbrandon Commission....) not only out of date but quite irrelevant.

SMALLWOOD DECLARED THAT THE TREASURY ESTIMATED THAT REVENUES WOULD BE WORTH £3 BILLION BY THE 1980S

'To put this figure in perspective for Scotland, it should be recalled that the Scottish GNP is about £6,000 million. If the depletion rate were halved, the impact of oil on the economy of an independent Scotland could still fairly be described as enormous.'

'If the present legal boundary were followed (i.e. northeast from Berwick) England would receive no oil at all.'

'All in all it seems reasonable to suppose that after independence and at present exchange rates, Scotland's balance of payments would be running a surplus of at least £1,000 million, a sum equivalent of 15% of its GNP.'

[SEP1/732?]

THE MANDARINS DID NOT LIKE THIS NOTION THAT SCOTLAND WOULD DO WELL WITH THE OIL REVENUES. THEY DIDN'T WANT THAT WORD TO GET OUT.

A MONTH LATER JOHN GARLICK, THE HEAD OF THE CONSTITUTION UNIT, WROTE TO JOHN LIVERMAN OF THE DEPARTMENT OF ENERGY.

'Much discussion of devolution has implicitly accepted the thesis of the Scottish Nationalists that North Sea oil makes a prosperous independent Scotland a practical possibility; and there may have been a tendency for devolution to be regarded primarily as a necessary means of forestalling independence and thus securing the oil and the revenues from it as UK resources.'

GARLICK WENT ON TO LIST THE CHALLENGES THAT ANY STROPPY SCOTTISH ADMINISTRATION COULD PRESENT TO THE UK. IT COULD:

- * DELAY PLANNING PERMISSIONS
- * DELAY INFRASTRUCTURE PROGRAMMES
- * REFUSE TO EXERCISE COMPULSORY PURCHASE ORDERS

THIS WOULD:

- * REDUCE AND DELAY OIL EXTRACTION
- * SCARE OFF INVESTORS
- * DAMAGE THE BALANCE OF PAYMENTS
- * REDUCE PETROLEUM REVENUE TAX REVENUE

A SCOTTISH ASSEMBLY COULD ALSO DEMAND:

- *AN INCREASE IN SCOTLAND'S BLOCK GRANT
- *A SHARE OF THE NORTH SEA OIL REVENUES
- *MORE POWERS FOR SCOTLAND

THEREFORE, GARLICK ARGUED, HER MAJESTY'S GOVERNMENT SHOULD GO OUT OF ITS WAY TO

'Demonstrate that an independent Scottish economy would have serious weaknesses: to persuade majority opinion in Scotland that Scotland's future should lie within a unified economy; and by this means to lend stability to devolution arrangements which amongst other things, make it possible for UK oil interests to be safeguarded.'

AND HE ASKS THE QUESTION

'Is it possible against this background to demonstrate that an independent Scottish economy would have serious weaknesses: to persuade majority opinion in Scotland that Scotland's future should lie within a unified United Kingdom economy; and by this means to lend stability to the devolution

arrangements which, amongst other things, make it possible for United Kingdom oil interests to be safeguarded?
[SEP1/732] [SOE9/434]

NOW REMEMBER THIS WAS NOT A POLITICIAN. THIS WAS THE UNELECTED CIVIL SERVANT WHO'D BEEN PUT IN CHARGE OF THE DEVOLUTION PROJECT.

BUT QUITE QUICKLY THAT'S WHAT THE DEVOLUTION PROGRAMME BECAME – A WAY OF KEEPING THE SCOTS HAPPY WHILE AT THE SAME TIME MAKING SURE THEY HAD NO ACCESS TO THE OIL REVENUES.

AFTER WHICH CAME THE NOW WELL-KNOWN REPORT BY GAVIN McCRONE ENTITLED 'THE ECONOMICS OF NATIONALISM RE-EXAMINED'. IT WAS ACTUALLY WRITTEN BEFORE THE 1974 GENERAL ELECTION. HE WRITES

'It may well be... that the discovery of North Sea Oil will come to be seen as something of a watershed in Scotland's economic and political life... Scottish nationalism has been much more concerned with economic prosperity than nationalist movements in other countries...'

'This paper has shown that the advent of North Sea oil has completely overturned the traditional economic arguments used against Scottish nationalism... For the first time since the Act of Union was passed, it can now be credibly argued that Scotland's economic advantage lies in it's repeal.'

But there is a big but:

'Britain is now counting so heavily on North Sea oil to redress its balance of payments that it is easy to imagine England in dire straits without it... It is now likely that the transfer of North Sea oil to Scottish ownership would occasion much bitterness in England if not an attempt to forcibly prevent it.'

THERE IS ONE PARAGRAPH DOCTOR MCRONE GOT VERY WRONG

'If, in five years time (i.e.1979) North Sea oil is contributing massively to the UK budget while the economic and social conditions of west central Scotland continue in the poor state that it is today, it would be hard to imagine conditions more favourable to the growth of support for the national movement.'
[SEP1/732]

BUT THE CONSTITUTION UNIT WERE NOT TOO INTERESTED IN WHAT MCCRONE HAD TO SAY. THEIR MAN STUART SCOTT WHYTE WAS INTENT ON PUSHING THE LINE THAT, SOMEHOW, THE SCOTS WOULD BE WORSE OFF IF THEY HAD ACCESS TO THE OIL REVENUES. IN FACT HE PRODUCED A PAPER TO THAT EFFECT WHICH SPARKED SOME INTERESTING RESPONSES.

JOHN CRAWLEY OF THE CABINET OFFICE TOLD HIM

It is one thing to point out that independence with North Sea oil would be no easy panacea, and that many difficult problems would remain to be solved, and some new ones created. But it is another to imply... that an independent Scottish government would necessarily be incapable of tackling these problems with sensible policies.

Moreover, are there any reasons to believe that the 'inflationary pressures' or 'social tensions' to be suffered by an independent Scotland would be any more severe than those currently suffered by an integrated Scotland?'
[SEP1/732]

MICHAEL BUCKLEY OF THE TREASURY WAS EVEN MORE SCATHING.

If the UK discovered enough oil under the English Channel to ensure that we would be net exporters of oil to at least the end of the century, and if we were reliably promised that the real price of that oil would be ten times its present amount, would we be thrown into despair by the consequent economic problems? I imagine not.'
[SEP1/732]

IT WAS A SOMEWHAT CHASTENED STUART SCOTT WHYTE WHO WROTE BACK TO MICHAEL BUCKLEY

There can be no doubt that an independent Scotland would be better off with oil revenues than without them. The key question is whether an independent Scotland would be better off than a Scotland in continued economic integration with the rest of the United Kingdom, even though the share of revenues which a non-independent Scotland enjoyed was very much less.'

HE GOES ON TO MAKE THE REMARKABLE CLAIM

And Norway's experience shows that oil-based expansion carries dangers for a small country with an economy which is not broadly based.'

AND HE WARNS

It would be necessary to take into account the attitude of the rest of the United Kingdom to Scottish independence. This would likely be one of extreme hostility since the rest of the United Kingdom would, as a result, experience significant hardships.'

[SEP1/732]

PLAINLY, THE MEN TASKED TO SET UP DEVOLUTION, WERE ESSENTIALLY HOSTILE TO THE WHOLE IDEA AND WERE ANXIOUS TO MAKE SURE THAT ANY EDINBURGH ASSEMBLY HAD VERY LIMITED POWERS – AND NONE AT ALL OVER OIL AND GAS.

AND THEN THERE WAS THE FOREIGN AND COMMONWEALTH OFFICE (THE FCO) THEN UNDER THE COMMAND OF JIM CALLAGHAN. THEY TOO HAD THEIR WORRIES. THERE'S AN UNSIGNED PAPER OF JULY 1975 THAT SETS OUT THEIR CONCERNS,

'The most important international aspect of devolution will be its impact on foreigners. If.... devolution appears to other countries to be the first step towards the break-up of the United Kingdom, then this could damage our international standing. It could undermine our credit-worthiness and, in extreme cases, result in the Governments of other countries trying to deal directly with Scotland and Wales in the hope of turning the situation to their advantage.'

NOTE THE PHRASE 'IT COULD UNDERMINE OUR CREDIT WORTHINESS.' THE IMPORTANCE OF THAT WAS ENORMOUS. THAT BECAME A MOTIF OF THE FOREIGN OFFICE AND THE TREASURY. BECAUSE THE FACT WAS, DESPITE THE POTENTIAL OIL REVENUES BRITAIN WAS MOVING INTO A HUGE FINANCIAL AND ECONOMIC CRISIS.

IN NOVEMBER 1975 JIM CALLAGHAN SENT OUT A CABLE TO AMBASSADORS AND CONSULS AROUND THE WORLD INSTRUCTING THEM HOW TO RESPOND TO QUESTIONS ON DEVOLUTION.

'If asked whether the Scottish Executive will get a share of North Sea oil revenues, you should say that North Sea oil is a source of revenue for the whole of the United Kingdom.... Those claiming the oil for Scotland seek the removal of oil revenues from the pool of national resources. Their claim for oil is a claim for separatism, to keep all the benefits of oil.'

ONE OF THE CIVIL SERVANTS INVOLVED IN ALL THIS WAS MICHAEL BUCKLEY OF THE TREASURY. BUCKLEY WAS NO FAN OF DEVOLUTION AND STILL LESS OF INDEPENDENCE. BUT HE WAS AN HONEST MAN WHO REFUSED TO GO ALONG WITH THE HALF TRUTHS AND EVASIONS THAT WERE BEING PEDDLED IN WHITEHALL.

IN JANUARY 1976 HE WROTE TO THE PAYMASTER GENERAL THAT THE UK EXPECTED BETWEEN £2 BILLION AND £4 BILLION IN OIL REVENUES BY THE 1980S AND THAT THEREFORE.

an independent Scotland could very plausibly lay claim to the great bulk of this revenue: and the best prospects for further discoveries also appear to be in what would be Scottish waters. This would transform the Scottish budget and balance of payments: for comparison, the current level of Scottish GDP, in round figures, is about £6,000 million a year. An independent Scottish government would, for a time, have virtually unlimited room for manouver.

There would (apart perhaps from EEC difficulties, which would almost certainly be soluble in one way or another) be no obstacle to outbidding English incentives for mobile industries. The Scottish currency would become a very attractive form of international investment: the absence of balance of payments constraints would permit a lasting and stable policy of expansion.'

This not to say that no doubt can be cast on the case... If an independent Scotland pursued a foolish exchange rate policy her traditional industries could become completely uncompetitive. If she put most

of her new found resources into consumption, she could find herself in an untenable position when the oil ran out or became uneconomic.

But to suggest that is what would happen would carry no conviction: on the contrary it will be resented as a typical example of unionist doubting the capacity of the Scots to run their affairs.'

[T370/44]

IN MARCH 1976 HAROLD WILSON SUDDENLY RESIGNED AS PM AND THE ENSUING LEADERSHIP ELECTION WAS WON BY FOREIGN SECRETARY JIM CALLAGHAN. WILLIE ROSS RESIGNS AS SEC OF STATE AND BRUCE MILLAN IS APPOINTED.

INCIDENTALLY, THERE'S A FASCINATING LETTER FROM THE SCOTTISH OFFICE TO THE DEPARTMENT OF ENERGY ABOUT THE DEAL THAT THE ORKNEY AND SHETLAND COUNCILS HAD STRUCK WITH THE OIL COMPANIES. THE LABOUR GOVERNMENT, IT SEEMS, DISAPPROVED.

I pointed out that the Government had never approved of these payments and indeed had taken steps to ensure that they were moderated. I think it is important that we should avoid any suggestion that they were approved of by the Government still less that the Government encouraged companies to pay them.

IN OTHER WORDS, THE SCOTTISH OFFICE DID ITS BEST TO CUT BACK THE MONEY THAT THE OIL COMPANIES WERE READY TO STUMP UP TO THE ORCADIAN AND SHETLANDERS AS COMPENSATION FOR SULLOM VOE AND THE FLOTTA OIL TERMINALS..

FRETTING ABOUT DEVOLUTION SEEMS TO HAVE GONE ON IN JUST ABOUT EVERY CORNER OF WHITEHALL – EVEN IN THE MINISTRY OF DEFENCE. IN AUGUST 1976 GEORGE YOUNGER – AN OPPOSITION MP – TELEPHONED THE MOD SEEKING INFORMATION 'TO EMBARRASS THE SCOTTISH NATIONALISTS.'

THE MOD THOUGHT THIS 'REASONABLE' REQUEST AND SET THEIR DEFENCE SECRETARIAT MANDARINS HUNTING FOR MATERIAL TO RUBBISH THE SNP'S DEFENCE POLICY.

YOUNGER LATER FILED 19 PQS ON THE PROBLEMS AND COSTS OF DISENTANGLING SCOTLAND FROM THE UK'S DEFENCE INFRASTRUCTURE.)

THE SUITS AT THE DEPARTMENT OF INDUSTRY WERE ALSO FRETTING. IN SEPTEMBER 1976 ONE OF THEM, A MAN CALLED WILLOT, WROTE TO GAVIN MCCRONE SUGGESTING WAYS IN WHICH THE OIL REVENUES COULD BE BEST SPENT.

North Sea oil revenues could be used for the improvement of the north and south circular roads to motorway standards and to build an outer ring road. Building of the proposed Channel Tunnel might be reconsidered.'

[SEP4/5201]

MCCRONE REPLIED

'The notion that North Sea oil revenues could be used for the improvement of the north and south circular roads may well appeal to the commuting civil servant but it is impossible to present it as a measure to strengthen the UK economy and it would therefore be political suicide for any Government that was anxious to retain seats in Scotland.'

[SEP4/5201]

THE FCO WAS STILL WORRIED. AT THE BEGINNING OF 1977 TONY CROSLAND, THEN FOREIGN SECRETARY WROTE TO JIM CALLAGHAN TO SAY THAT HIS CIVIL SERVANTS WERE DEEPLY WORRIED ABOUT THE SNP AND POSSIBLE DAMAGE TO BRITAIN'S 'CREDITWORTHINESS'.

'My officials have therefore suggested that more should be done to bring before public opinion the doubtful nature of the SNP claim.'

CROSLAND GOES ON TO DISCUSS THE OFFSHORE BORDER BETWEEN SCOTLAND AND ENGLAND AND SUGGESTS THAT THE GOVERNMENT SHOULD "MAKE MORE OF THE ISSUE". HE RECOGNISES THAT THE EXISTING BORDER WAS A STRAIGHT LINE EAST OF BERWICK BUT CLAIMS THAT WOULD NEVER STAND INTERNATIONAL SCRUTINY. REDRAWING THE BORDER NORTH EAST WOULD LEAVE SCOTLAND WITH MUCH LESS OIL.

HE ALSO SUGGESTED THAT THE UK SHOULD PLAY THE SHETLAND CARD, IE SUGGEST THAT A BREAKAWAY SHETLAND WOULD LEAVE SCOTLAND WITH HARDLY ANY OIL AT ALL, THUS SCUPPERING THE SNP.

HE GOES ON TO SUGGEST PLANTING SUCH STORIES WITH `SELECTED PUBLIC OPINION FORMERS' AND BACK BENCH MPS.

WHICH ELICITED A REVEALING GROWL FROM BERNARD INGHAM, WHO WAS THEN HEAD OF PUBLIC RELATIONS AT THE DEPARTMENT OF ENERGY

`Information Division has sought for a long time in briefing to undermine SNP claims to North Sea oil; in the process it has played on the Shetland/Orkney uncertainty as well as the uncertainty about the angle of any dividing line between England and a hypothetically independent Scotland. Indeed it is part of my standard "sales patter".'

IN 1977 THE LATE JOHN SMITH – THEN A MINISTER OF STATE SUGGESTED IT MIGHT BE A GOOD IDEA TO SET ASIDE SOME OF THE OIL AND GAS REVENUES AS AN 'OIL FUND'. THE IDEA WAS CONSIDERED BY A TREASURY COMMITTEE WHICH DECIDED THAT IT WAS JUST NOT ON.

The proportions going to different regions would be highlighted.... There is, therefore, a risk that the proportion of the Fund which would go to Scotland...might not be sufficient to satisfy Scottish opinion. On the other hand it could be argued that the distribution of the fund which might satisfy Scottish opinion would not satisfy English opinion and vice versa... The setting up of a fund is unlikely to reduce the political pressures and could make them substantially harder to resist.'

[SEP1/662]

1977 WAS ALSO THE YEAR IN WHICH THE SNP PRODUCED ITS DRAFT CONSTITUTION FOR SCOTLAND, WHICH PROMPTED BRUCE MILLAN, THEN SECRETARY OF STATE FOR SCOTLAND, TO ASK HIS CIVIL SERVANTS TO PICK FLAWS IN IT.

ONE OF THEM – A MAN CALLED HENDERSON – WROTE TO HAROLD MILLS

I have assumed that what ministers are asking us to do here is to point out anything in the draft Scottish Constitution which might provide useful political ammunition against the SNP. I am unable to detect any inconsistencies with the SNP's declared objective of independence under the Crown. I do not, therefore, see any fresh angles for ministers in that regard.... I fear that ministers might get their fingers burned if they seek to expose the SNP submission to public criticism.'

[SOE9/136]

IN SEPTEMBER THAT YEAR LORD JAMES DOUGLAS HAMILTON – ANOTHER OPPOSITION BACK BENCHER – WROTE TO LABOUR ENERGY MINISTER ALEX EADIE ASKING HIM TO

give "top priority" to rebutting the SNP's oil policy and view of mineral resources. `It does seem vital that the Scottish electorate should have a clear view of the facts, and any help that the Government can give will be much appreciated.'

[POWE63/1259]

ONE CIVIL SERVANT NOTED

`Mr Eadie is, I understand, anxious to provide what help we reasonably can to Lord Douglas-Hamilton. I would interpret this as meaning that we gather together such publicly available information as exists.'

WHICH, WHEN YOU THINK ABOUT IT, IS EXTRAORDINARY. HERE WE HAVE A LABOUR MINISTER SETTING HIS CIVIL SERVANTS TO WORK TO PROVIDE MATERIAL FOR A TORY MP TO EMBARRASS THE SNP

OF COURSE, AS WE ALL KNOW, IT ENDED IN TEARS. IN JANUARY 1978 THE LABOUR MP GEORGE CUNNINGHAM PERSUADED PARLIAMENT TO MOVE THE GOAL POSTS BY HIS 40% RULE WHEREBY IN ORDER TO GET THEIR PARLIAMENT 40% OF THE TOTAL SCOTTISH ELECTORATE – NOT JUST 40% OF THE VOTE, BUT 40% OF THE ELECTORATE – HAD TO VOTE YES. FOR THE FIRST TIME IN BRITISH HISTORY AN ELECTION WAS HELD THAT COULD NOT BE WON BY ONE VOTE.

THE RECORDS FOR 1978-79 ARE INTERESTING. SCOTTISH OFFICE MANDARINS SPENT THE FOLLOWING YEAR AGONISING OVER WHAT NUMBER WOULD COMPRISE 40%.

HOW WOULD THEY COUNT THE PEOPLE WHO HAD LEFT SCOTLAND FOR ENGLAND OR ABROAD BUT WERE STILL ON THE ELECTORAL ROLLS? WHAT ABOUT THE MEN AND WOMEN WHO WERE AT SEA OR IN THE SERVICES? AND HOW ABOUT THE THOUSANDS OF SCOTS WHO WOULD HAVE DIED BEFORE THE REFERENDUM WAS HELD? AS THINGS STOOD, THEY WOULD ALSO COUNT AS HAVING VOTED NO.

THE RESULT WAS PREDICTABLE. THE SCOTS VOTED YES BY A SUBSTANTIAL MAJORITY BUT WELL BELOW THE 40% MINIMUM. HOME RULE WAS OFF THE AGENDA AGAIN. AND IN THE MOTION OF NO CONFIDENCE THAT FOLLOWED THE TORIES WON – BY ONE VOTE. AND THAT ONE VOTE USHERED THEM IN TO 18 YEARS OF POWER.

SO WHAT IT DO THESE RECORDS TELL US. WELL, THAT NATIONALISM AND HOME RULERY TENDS TO COME IN WAVES, AND THAT BRITISH GOVERNMENTS HAVE BEEN VERY GOOD AT BEATING BACK OR CONTAINING THESE WAVES.

WHETHER THIS BUILDING AND ALL IT REPRESENTS WILL ACT AS A BREACH IN THE BRITISH GOVERNMENT'S FLOOD DEFENCES, WELL, THAT REMAINS TO BE SEEN.

MEANWHILE, I SHALL CONTINUE TO PLUNDER THE ARCHIVES FOR RIPPING YARNS.

THANKS VERY MUCH FOR LISTENING.