

PRIME MINISTER

We meet tomorrow at 10.45 am to go through the contributions received for the Scottish Conference speech. In case you have time to look at them tonight, I attach all those that have come in.

- Ian Lang MP
- John MacGregor MP
- Michael Portillo MP
- Andrew Dunlop
- Russell Lewis
- Ronnie Dundas
- Michael Harrington

(who, as you know, is joining the Policy Unit and is Scottish).

Gerry Malone and Bruce Anderson have also promised some material which will arrive in the next day or so.

JMW
7

JOHN WHITTINGDALE

5.5.88



From Ian Lang

Opening

No special people or events to mention.

James Highgate completing first year as President of SCUA.

Congratulate on presiding over an eventful year, through which the Association has emerged in fine fettle - witness lively conference.

Party organisation improved beyond measure under James Goold and John MacKay. Much still to be done, but clear we mean business.

The Scottish Identity

There is a general belief that our policies are devised to suit English circumstances and forced on to Scotland. It is worth stressing, therefore, the key role that Malcolm Rifkind and his colleagues have in policy formulation within government on Scottish matters - e.g. separate housing and education Bills going through Parliament at present.

At the same time, Scotland not so dramatically different. Much in common between countries of UK. Strength lies in unity through diversity. Prime Minister, not of England or Scotland, but of the UK.

The Economy

Nobody can persuade me that the spirit of enterprise is any less powerful in Scotland than elsewhere, or that tax cuts are any less effective in stimulating growth and creating jobs.

Unemployment down almost 50,000 in the past year.

Self-employment growth.

New companies started.

Scotland's vulnerably narrow industrial base now broadened and strengthened - more diversity, more opportunities for future expansion in industries of the future.



Great success in attracting inward investment.

Examples in Electronics, Health Care, Financial Sector.

Govan Shipbuilders - Norway, with the world to choose from, wants to come to the Clyde to build its ships.

Other countries acknowledge qualities - skills, hard work, attractive environment, academic institutions, etc. Why do we allow the gloom-merchants at home to talk us down?

Ford - Dundee

Major achievement securing against fierce competition.

Loss - a one-off. History of over 50 years' car manufacturing and related industrial relations problems. Determined not to let it damage our great success in attracting overseas companies. Scotland won Ford. Labour lost it.

Revealing reminder of the capacity of Socialism to damage and destroy - winter of discontent - outmoded attitudes more concerned with petty union interests than the national interest.

Power to the People

Opposition accuse us of centralization - must have been reading histories of their own periods in government.

Our policy - decentralization, diffusion of power, give people control of their own destiny, e.g. council house sales; Scottish Homes giving choice to tenants; School Boards; wider share ownership.

Nationalization the greatest centralising force of Socialist years. Now, privatization gives the chance - electricity, buses - to bring control of Scottish companies back to Scotland.



*- determined by local authorities - 10 million
payable by us*

Community charge - greater accountability - power from local authorities to local residents - that's why our opponents don't like it.

Scotland leading the way - the reform you demanded of us after 1985 revaluation. The law is in place; the machinery is established; the implementation is on target. It will happen.

Fairer system that takes account of ability to pay.

Domestic rates abolished within a year from now.

Durability of Scottish Conservative Party

Recent history just published (by Gerald Warner - Scottish Central Office should have sent you a copy).

We've been around a long time - longer than any other party. We intend to stay around.

We have had our ups and downs, in Scotland as elsewhere. We are the Party that has lasted (Robert Blake?)

We believe in true values - the values that have lasted. Scotland will come again to realise that her beliefs and ours are as one.

From JOHN MacGREGOR

SCOTTISH CONSERVATIVE PARTY CONFERENCE

Scottish farming has to make its way in a world where trading conditions are tough and surpluses abound in almost every product. The Common Agricultural Policy was designed to stimulate production and increase self-sufficiency. That it has achieved, and I would like to pay tribute to the resilience and enterprise of our farmers, often in difficult conditions in bringing this about.

But in our new circumstances, it can all too easily become an engine for over-production: spending the tax-payers' money on storage and disposal of surpluses instead of more worthwhile causes; subsidising consumers in other countries at the expense of our own.

That way lies disaster. Without radical reform the CAP would have collapsed under its own weight, with damaging consequences for farmers and farm workers alike. It is Britain's success in winning the battle in Europe which will give longer term security to the farming industry.

We have put a limit on the budget and brought spending under control. We are now seeing those surpluses coming down in some sectors and the industry is being brought closer to the market. Scottish farmers are prepared to compete with anyone in the world - as long as the terms are reasonably fair.

This Government has fought discrimination on every occasion. In lamb, beef and cereals we have beaten off powerful attempts to disadvantage British farmers. We can now prepare for the real common market in 1992 with the confidence that our industry is able to compete and win.

Already Scottish livestock and embryos, seed potatoes and malting

barley have established major export markets. Above all, Scotch whisky has set an example from which any industry can learn. In 1986 exports exceeded £1 billion in value. Whisky is Scotland's largest export, accounting for 80% of all UK exports of alcohol and soft drinks.

Ministers have taken every opportunity to support the whisky industry in the face of discriminatory measures found in many export markets. The Government has given its support to Bill Walker's Private Member Bill, which will I hope complete its passage through the Lords before the end of the summer.

The whisky industry's success has of course been based on producing a high quality product. That product had to be sold and sold effectively. If we do not see that all our agricultural products are well presented and well marketed, then others will take those markets from us.

GATT - Japan

This Government recognises the vital importance of Scottish agriculture to Scotland. It is not only the food that it produces, but the countryside it cares for. We will encourage farmers to find new outlets for their products, new ways of adding values, new opportunities for expanding their businesses. Yet in the end, it is the farmers themselves who will have to make their own success. I have no doubt that Scottish farmers can set the pace in the European Community.

FROM: MICHAEL PORTILLO

One of the reasons why we need a growing economy is that only growth enables the most fortunate in our society to help those most in need. Because of our economic record, our society has been able to respond generously to relieve the poverty that would otherwise exist. The poorest in the nation have shared in the improvement in national prosperity. At every level, ^{average} living standards have risen.

The elderly have seen a bigger rise than any group in our society, including those in work. For years in the 1970s, inflation robbed them of all that they had saved, throwing them, after decades of thrift, into dependence on the state. Inflation destroyed their savings, their self-reliance, their self-esteem. No government ever committed a less compassionate, less caring act than to humble the old by the attrition of inflation. But no government ever gave a greater gift to our pensioners than this one, by controlling inflation, restoring both their savings and their independence.

Yet still the role played by the taxpayer has grown. For every three pounds that Labour spent on benefits, we spend four, even allowing for inflation. On the disabled our record is particularly fine, with spending up 80 per cent in real terms under us.

But the more we spend, the more it is our duty to be sure we spend it wisely. In particular, we must never pretend that for the young person or for the family, to live on benefit is an acceptable substitute for being in work.

It was a point that troubled Beveridge. He feared a benefit system which gave too little incentive to find work, to fend for oneself. By the 1980s that was what we had.

Housing benefit could pay you more if you were out of work than if you had a job. If you were unemployed you could get a grant for beds, carpets, cookers and curtains. If you had a job you could not. If you had children, you could be better off staying on the dole than taking a job. If you received a pay rise, were promoted or worked harder, you might well be poorer at the end, not richer. If you left school, did not apply for a job and refused a training place, you could receive benefit as easily as those unemployed and searching desperately for a chance to work again.

There was no compassion there, no caring. The message that the system gave was perverse and corrupting. It taught people the futility of effort and the rewards of relying on the state.

Our reforms take us closer to the vision of Beveridge: of a benefit system designed to help with need but not to demolish the incentive to work. The new system is simpler and more humane. It gives, for example, extra help to the disabled without the need for intrusive questions. The new system recognises different needs at different ages. It gives more to the unemployed man in his fifties both for his daily needs and for his housing than to the 19 year old who has never worked. And it means that for virtually every family, to be in work will be worthwhile and to work harder will pay off.

These are substantial achievements. They are the result of 4 years of work and of consultation. They represent an important step forward in the effective use of taxpayers' money, in the relief of poverty and in the fight against unemployment.

SCOTLAND AND THE OPPOSITION

It is not for nothing that the Conservative Party is the oldest political party in Scotland.

It has been through challenging times before and has always bounced back to continue serving Scotland's interests.

We have, of course, some hard work ahead if the fortunes of the Conservative Party in Scotland are to be restored. But ~~our~~ opponents have been much too quick to write us off here in ~~Scotland~~. As Mark Twain said: "reports of our death are greatly exaggerated."

But thanks to Jim Gold, John Mackay + Scottish CCO.
~~And~~, we have a firm foundation on which to build.

In the last century Scotland became the intellectual and industrial powerhouse of the British Empire; with Glasgow its second city. Not because Scotland relied on state subsidy. Not because it had an Assembly. But because of the opportunities which over 100 years of union with England and Wales had been able to provide. And above all because of the character and enterprise of the Scottish people.

Conscientious. Creative. Canny. These are all Scottish characteristics. And they are Conservative values as well.

I know that people say that the Scots don't like our policies.

To them I say: well why is it that the Scots take advantage of them?

Look at the facts.

It was a Conservative Government which gave council tenants the right to buy their homes. And over 113,000 Scots have done so.

It was a Conservative Government which gave people the opportunity to choose to which school they send their children. And over 100,000 Scots have done so.

And it was a Conservative Government which gave people the opportunity to buy shares in British industry. And today twice as many Scots own shares than was the case in 1979.

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This is real devolution. Policies which give real power back to the people. Policies which the people support. The challenge for us all now is to turn support for our policies into support for our party.

But if Conservatives want power for the people, Labour want power for themselves.

Labour have opposed every Government initiative to hand power back to the people. They voted against the Right to Buy. They opposed the Parents Charter. And they have fought privatisation tooth and nail. They are truly the enemies of greater choice, individual freedom and the real devolution of power.

Yet when asked what are their own policies for Scotland, answer came there are none. For the real truth is that on all the major questions confronting Scotland today the Labour Party has absolutely nothing constructive to say. And what is worse they don't believe that they need bother.

For far too long Labour have taken Scotland for granted. They expect the Scots to continue returning Labour MPs to Westminster with huge majorities come what may. And they regard the constituencies they hold and their constituents with all the arrogant complacency of medieval barons.

Well, Mr President, Labour have sold Scotland short long enough. They have failed to provide the representation that Scotland deserves, preferring petty political posturing to serious consideration of the problems of the day. And we will see that they are held to account at the next General Election.

Just consider for one moment how the Labour Party and its allies seek to serve Scotland's interests.

Scotland's interests are ill-served by politicians who are prepared to vandalise the House of Commons and abuse its procedures.

The Scottish workforce is ill-served by unions who are prepared - in pursuit of some misplaced ideological purity - to sabotage and sacrifice Scottish jobs in DunDee.

And the majority of law-abiding citizens in Scotland are ill-served by a party some of whose MPs are prepared to urge law-breaking in an attempt to frustrate the introduction of a fairer system of local government finance. A system which will put the community back in charge.

But Mr President, no-one should be surprised at these antics. We've seen them all before. And today Scotland is reaping the bitter harvest of a failure of leadership. The failure of the Leader of the Labour Party to control the wild men in his party.

Remember how he refused to condemn unequivocally the violence during the miners' strike.

Remember how he failed to act decisively to expel the Militants. And how Liverpool was brought to the brink of bankruptcy.

Is it little wonder then that today the Labour Party in Scotland behaves with so little regard for the real interests of the Scottish people?

Scotland cannot look to the Labour Party for a positive lead. For their only concrete policy for Scotland is devolution. A policy for which their own leader has such a manifest lack of enthusiasm.

The truth is that Labour have tried to hide behind their commitment to devolution. And they have done so not only to give themselves a spurious Scottish identity, but also to disguise the fact that on all the major questions of the day - the questions to which most Scots attach the greatest importance - they lack any credible policies at all.

And just stop to think for one moment how utterly inadequate and superficial their proposals for devolution really are. They want to establish a Scottish Assembly - another layer of government - with the power to raise taxes. Yet they leave unanswered questions which are of fundamental importance for Scotland's future.

Why should companies want to invest in an area which would almost certainly have higher taxes than the rest of the country?

Why should Scottish MPs be able to vote on English matters at Westminster while English MPs are excluded from consideration of Scottish issues?

Who would have to foot the bill for the additional bureaucracy required?

How would Scotland benefit from losing influence and representation in Whitehall and Westminster?

More bureaucracy. More taxation. Less representation and less influence for Scotland within the United Kingdom. The truth is that Labour have exploited devolution for their own political purposes. And the price to be paid would be the undermining of the unity of the United Kingdom and Scotland marginalised and forever condemned to stand on the periphery.

The Conservative vision for Scotland is different.

People say that we are not a Scottish Party - and they are right. We are not. But neither are we an English Party or a Welsh Party. We are a Party of the whole United Kingdom. We are the Conservative and Unionist Party. And we will always be a Unionist Party. And to those who think that we might make short-term electoral gain by embarking on the road to devolution, I would say that the unity of this country of ours is more important than any standing in the opinion polls.

Only by having a firm foundation of unity in Britain can Scotland play the role for which history has prepared it.

Just as Scotland, as a full partner in the United Kingdom was able to take full advantage of all the opportunities of Empire, so also will Scotland - galvanised with the renewed spirit of enterprise which 8 years of Conservatism has brought-be able to play its full part in a new golden age of opportunity which is now on our doorstep. An age that will be heralded in by the creation in 1992 of a single European market.

The Conservative vision for Scotland is confident and outward-looking. In contrast Labour's vision is parochial and sterile.

ON TO 1992 (Draft by Russell Lewis)

Ever since world war II statesmen have dreamed of a Europe without frontiers. Back in 1951 Ernest Bevin yearned for the time when he could go to the nearest railway station, book a ticket and go where he damn well pleased. At last that dream looks like being fulfilled in 1992 when the Single European Market becomes a fact. If you haven't yet heard of the Single European Market, then believe me you soon will, or my Minister for Trade and Industry, Lord Young, will want to know the reason why. He recently began a vigorous campaign to make everyone aware of this date with destiny. He is even now getting into training to chew his way through twenty major regional breakfasts in order to spread the word to Britain's boardrooms. But if his own keenness to exploit this opportunity in Europe infects our businessmen his strenuous ~~exertions~~ ^{jawings} will have been well worthwhile.

For the prospect is exhilarating: a home market of 320 million consumers instead of the 56 million it is today. We can expect the improved efficiency brought by the removal of economic barriers rapidly to create up to five million new jobs, increase the Community's annual income by L175 billion and permanently boost its rate of economic growth.

How this will come about was explained over two centuries ago by the great Scottish economist, Adam Smith. The wealth of nations, he said, results from the division of labour. By this he meant not the divisions of the Labour party - though that at least helps to stop wealth being destroyed - but specialisation. That specialisation, he said,

depends on the extent of the market. I don't need to tell you that you will get a lot more specialisation in a market of 320 million than in one of 56 million.

But, you may ask, why hasn't this happened already? The Common Market has been going for thirty-one years and the tariffs and quotas between members have disappeared long since. That is quite true. What is more, that original burst of commercial freedom worked a treat. It had much to do with the economic miracles common on the continent in the sixties. Unhappily, just after we joined in the seventies, the oil price soared and many of the Community countries resorted to protection of their industries by covert means. Regulations to safeguard health, safety or the environment multiplied but in many cases their real intention was to keep foreign competition out. As a result the economy of Community Europe stagnated compared with those of America and Japan. Growth was sluggish and there was a signal failure to generate new jobs.

The officials in Brussels sought to stop this clogging-up of trade by creating what they called "harmonised" European regulations under which all traders would be treated equally. Unfortunately this amalgamation of national laws was a slow process and new barriers were set up faster than they could knock them down. Also the Eurocrats got mired in futile definitions of Europroducts. For long they insisted that the products of our breweries were not beer. They said that what our chocolate factories were

producing could not be called chocolate. But what really made us feel that it was time something was done was when they started chattering about some monstrous concoction called Eurowhisky.

What was sorely needed was a dose of commonsense. This I am happy to say was something our Brussels Commissioner, Lord Cockfield, was able to supply. He mapped out 300 legislative proposals which would set the European market free. It is essentially his scheme which is to come to fruition in 1992. He was helped by a growing recognition on all sides of another bit of Adam Smith's Scottish wisdom and one well understood, incidentally, by most of the great Tory statesmen of the past such as Pitt, Peel and Churchill. This was that protection harms not only the foreigner against whom it is aimed but also the nation applying it. The jobs saved by measures to block foreign competition are invariably worth much less than the losses they impose on the consumer through burgeoning costs and narrowing choice.

So bashing the trade barriers is not mainly an exercise in being kind to your neighbour (though it is that too) but in doing a good turn to ourselves.

Well that's the theory. What will it all amount to in practice?

It will mean reducing 70 different import/export documents to a single form.

It will call for the setting up of fast entry channels for Community citizens at major airports and ports and subjecting them only to spot checks - rather like "nothing to

declare" people going through customs today.

It will allow any goods which are acceptable in any one country to be traded freely throughout the Community, provided they pass certain agreed minimum safety, health and environmental standards.

It will require Community-wide recognition of qualifications in eighty professions. If that sounds like a tall order remember that free movement of doctors, dentists, nurses and vets is already a fact.

The Single European Market also envisages an end to national restrictions of all kinds of services. These include many in which the interest of the canny Scots of Silicon Glen and the thrifty Scots of Glasgow, Edinburgh and Aberdeen is intense, such as information technology, finance and banking.

It should mean an end to the scandalous overcharging of the airways cartel which makes it as expensive to fly to Greece as to the U.S.A.

It calls for the alignment of value-added taxes. This poses problems for all the Community countries including us. Yet it does not, as some critics say, require the rates of tax charged to be exactly the same everywhere any more than they are between the different states of America. The differences simply must not be so wide as to cause distortions in trade.

This is an exciting programme for change but it cannot go forward without beefing up of our common approach to crime, terrorism and drugs. For instance, unless there is much closer cooperation between national police forces,

RONNIE DUNDAS

Unlike the 1970s when the dead hand of socialism cast a blight across the whole economy, nobody now seriously believes that Scotland would be better off materially outside the UK.

The sea change in attitudes reflects the fact that Scotland has been a major beneficiary of the economic prosperity that has been generated by creating the right environment for commerce and industry to flourish.

Enterprise is alive and kicking again as can be seen from the burgeoning of new Scottish companies feeding on the benefits of lower company taxes, wider economic opportunities, and rising standards of living.

No longer are jobs dependent on state subsidies, granted at the expense of these businesses which must meet their cost. Instead firms are thriving on their ability to compete with the best in the world, and Scotland's leading companies are healthier than they have been for a generation. Two major new companies are to be created through the privatisation of electricity. Steel making demonstrates that even traditional industries can thrive.

Oil exploration and development companies have developed new techniques to allow valuable national resources to be exploited in a climate of lower oil prices. Scottish skills have been a magnet for electronic companies seeking a presence in the European market.

The Scots have been leaders in banking, insurance, and investment for centuries, and the public's demand for financial services has brought new opportunities for world famous Scottish institutions to expand and develop. New opportunities will flow from the creation of a single European market by 1992 in this and other areas.

Edinburgh has made its mark as a major European financial centre, marketing its success in managing other people's money. Glasgow is commercially vibrant and a model for inner city development throughout the UK.

The Scottish Development Agency has been transformed from an engine of socialism into a vehicle for the encouragement of enterprise and initiative. The Glasgow Garden Festival is set to become a landmark in the late twentieth century renaissance of Scotland.

Throughout the world more and more people earn their liveliehoods from the provision of services, and Scotland is no exception. The main streets of Scotland's cities and principal towns are bursting with activity.

If we do not notice what has been happening around us, it is because the transformation has been part of an evolutionary process, and it is now so long since the economic life of the nation was being strangled by socialism and incompetent Government.

It has been a central aim of this Government to create the environment in which people can prosper. Inflation has been controlled and higher productivity has allowed earnings to grow faster than prices so that real standards of living have improved. Tax cuts have left people with more of their own money to spend on their families. New jobs have sprung from this, spreading prosperity into more and more hands.

The situations vacant columns of Scottish newspapers are bursting at the seams. These are real jobs founded on real needs. The way Scots have responded to these opportunities has brought a level of prosperity, surpassed only in the South-East of England and East Anglia.

For the first time home ownership has become a widely held aspiration in Scotland. In the long run this will be a body blow to the Labour Party which made prisoners of countless Scots in sprawling, depressing council estates. The right of council tenants to buy their own houses was a must in Scotland.

Glasgow's rejuvenated Merchant City is a product of private enterprise with converted warehouses housing a new generation of Scots in their own homes and providing an example in inner city development to the rest of the nation. Such development could not have occurred under a Labour Government.

All these changes are welcome, as will the progress still to be made. So much is still to be done, so great was the neglect of the past. That is why it is so important to Scotland that we do not depart from our policies of sound public finance, constant vigilance lest inflation returns, and lower taxes.

Scotland's industrial strength earlier in this century was built on the virtues of industry and thrift. When history comes to be written they will say that these were our achievements. The world knows that we have re-established our confidence as a nation. Now is the time for all to share in this future for which solid foundations have been laid. We cannot change course when so much is within our grasp.

However much our opponents in Parliament and some sections of the media may try to confuse the issue, in Europe and America everybody knows that Britain is a changed country.

In their most influential business journals and in other forums they are talking about the British renaissance and what can be learned from it.

In the 1970s, 1960s and even the 1950s people did not talk about Britain in this way. We used to be an awful warning; now we are a good example.

We are living through a great, serious and quite dramatic change in the image and substance of Britain. We are the first people in over a hundred years to see a strengthening of Britain's underlying position in the world.

Perhaps it is not surprising that some of our fellow countrymen cannot get used to the idea. Many are puzzled and even hurt because Britain is succeeding ~~through not~~ taking their advice. *by refusing to*

~~I have not forgotten the 364 economists - yes 364 - who some years ago wrote a public letter to the Government saying that our policies would lead to economic catastrophe.~~

I haven't heard much from them lately. I wonder who listens to them now?

Some of our opponents are rather like the cardinals who refused to look through Galileo's telescope because they were frightened of what they would see.

No possible good news will convince them. If you shown them areas of new industry and business, they will lament the decline of the old.

Where old industry is still to be found, they lament the absence of the new.

If the entire Conservative Government were to walk on the water, they would say "Look! The Tories cannot swim!"

This renewal of British creative and productive life comes out of the changes and reforms that have taken place since 1979.

At the heart of these changes and reforms, linking them together, there lies a public philosophy.

Now some have called it Thatcherism, though I always called it common sense.

But our opponents did not want to appear to be attacking common sense, so they decided to give it another name; they gave it mine.

So they did honour to me and lasting damage to themselves. Now whenever they wish to become a little more sensible, they have to move towards our positions.

~~In all the years when we sought the centre-ground we were never so central as we are today.~~

This public philosophy which has brought us so far bids us to continue, even in the face of controversy.

Behind the changes in local government finance and social security there lies the same public philosophy out of which have come the reductions in personal taxation, the reforms of the trades unions and the privatisation programme.

For the moment these new measures may be less popular, but they are no less important or urgent.

lead

The system of finance which separates voting power from financial liability is wrong at the root.

Only a radical reform will do. The Community Service Charge has fewer disadvantages than any other.

The clear link between what you get in services and what you pay is essential and fundamental if we are to have responsible, accountable local government.

{ In social security, since 1979 we have increased spending by 40% over and above inflation. Yet if we do not reform social security we should fail to give as much help as we could to those in serious need, and more help than we should to those whose need is less. }

We must be fair and decent to people experiencing hardship through no fault of their own. We must also be fair to the taxpayer.

Beyond the details of these immediate issues I keep in mind the lessons we are teaching the young about personal responsibility and independence.

If we want them to learn and understand the ethos of a free society, the moral code which allows it to function, we must wean them off the culture of dependency.

All our measures and all our advocacy will amount to little unless we can transmit our ethic of personal freedom, and personal responsibility through the generations.

Yet if we succeed, then beyond the next election, and the one after, we will be shaping the future of our country.