

THE YEAR AT WESTMINSTER

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The Westland whirlwind

On January 9, 1986, Malcolm Rifkind was at his Duddingston home suffering from a bout of 'flu when the Prime Minister telephoned out of the blue to tell him he had been elevated to the post of Scottish Secretary and catapulted into the Cabinet at the relatively young age of 39 within one hour of the dramatic walk-out by Michael Heseltine.

A stunned Rifkind told reporters of his "absolute amazement" at Mrs Thatcher's call when he said: "It was not one of the things I woke up to this morning expecting to happen."

Despite his surprise, the transition from the long reign of George Younger to that of Malcolm Rifkind was about the only orderly and predictable moment of the strange Westland affair.

After Heseltine had collected his papers in the midst of an arcane discussion on the meaning of collective responsibility and had marched out of the Cabinet room, a rather stunned Prime Minister adjourned the meeting and called Younger into her study.

He at last was given the job he had sought for at least two years, and replaced Heseltine at Defence. There was then no doubt in the mind of either Younger or Thatcher over the credentials of Rifkind to succeed him, and he was appointed within the hour.

Rifkind had more than won his spurs as Minister of State at the Foreign Office, a gruelling job carrying much of the day-by-day work of foreign affairs, but also requiring immense diplomatic skills and a sharp knowledge of a range of issues from East-West tensions to arms control negotiations and the thorny question of South Africa.

His track record in Scotland before his move to the Foreign Office in that earlier crisis of the Falklands in May 1982 was also considered excellent by both Thatcher and Younger. For the first three years of the Thatcher Government, Rifkind had handled the tricky area of local government during a severe period of economic contraction when the squeeze was on public spending, with consummate skill and much wit.

If any doubts had lingered in her mind over the appointment, they centred around his age (the Prime Minister had contemplated elevation in earlier reshuffles and been concerned about this point) rather than his earlier support for devolution or his mild tendency towards the Wet wing of the Conservative Party.

Rifkind took over at an unhappy moment for the Scottish Tories, with the Government facing a number of seemingly intractable problems, in particular the teachers' dispute, reform of the rating system and the row over the closure of the Gartcosh steel rolling mill.

The morale of his party was low, and there was a general feeling that the Younger technique of placating endless delegations of councillors, trade unionists and businessmen by expressing genial sympathy while being unable to do more than sweeten the bitter pill of central government action, had begun to wear a bit thin.

Thus it was more than just a passing reference to Rifkind's heavy cold when Younger, in preparing to hand over the Great Seal of Scotland, joked: "I hope he will be well enough to carry it because it's very heavy."

The New broom at Dover House

When Winston Churchill took over from Neville Chamberlain in 1940, it was said that civil servants began to run down the corridors of power as the new Prime Minister galvanised the Government machine into action. Though Scottish Office officials may not have broken into a trot, there was very swiftly a new mood of urgency about the approach to the Government's problems in the offices of St Andrew's House in Edinburgh and at Dover House in Whitehall.

The expression 'Action this Day' could well have been applied to Rifkind's first few months in office. Rifkind decided that the best hope of recovery for the Conservatives in Scotland lay in attack, and in a move designed to lift his party from the depths of despair which accompanied its drop to the low 20s and high teens in the opinion polls, set the Conservatives the target of reaching 30 per cent by the next election – 2 per cent higher than in 1983.

Rifkind's task amounted to trying to deal with a number of running sores before he could embark on his own initiatives, and indeed the first of these was dealt with by the Cabinet within his first hour as Secretary of State, and, inevitably, in his absence.

Grasping the nettle of rates reform

When the rather shaken Cabinet of January 9 resumed, the question of

rating reform was at the top of the agenda. The proposed Green Paper had undergone a rather difficult and stressful gestation period given the rather different levels of enthusiasm for the concept of a poll tax, or as it was to be labelled, a community charge.

The pressure for reform on domestic rates had, of course, been strengthened inside the ranks of the Scottish Conservative Party by the rates revaluation crisis of 1985, and only partly alleviated by the promise of up to £50 million directly from the Treasury for additional assistance to hard-hit ratepayers.

But that pressure was not replicated in England and Wales, largely because of the continued postponement of revaluation. In addition, there seemed to be a built-in suspicion inside the Department of the Environment at the prospect of another upheaval in local government finance.

Younger therefore pushed the public pace of reform at the Blackpool conference in October 1985. It had become clear that any reform south of the border would be, to say the least, leisurely. Despite earlier refusals by Downing Street to contemplate a two-speed programme in which the Scottish legislation was introduced ahead of the English by at least one year, Younger floated the proposition behind the scenes at Blackpool.

He immediately contradicted suggestions by Kenneth Baker, then the Environment Secretary and the chairman of the Ministerial rating reform committee, that Scotland could not have separate legislation, arguing that Scottish Office Ministers were simply "working in tandem" with their English counterparts on the issue, and expected legislation to be on the Statute Book by the time of the general election.

Younger's difficulty proved to be a formidable resistance to change in a combination of UK departments. The Department of the Environment's doubts centred not only around the practicality of a poll tax, but more specifically around disparities of income district-by-district and around the question of business payments, an issue far more accentuated in England's large cities than in Scotland.

The Home Office, initially under Leon Brittan and then under Douglas Hurd, expressed concern over the correlation of the duty to pay a local government tax with the right to vote. The Department of Health and Social Security inevitably had an interest in the question over the extent of rebates for those paying the poll tax.

Above all, the Treasury viewed the plan for the great leap in the dark to voter accountability as the key method of controlling local government expenditure as a rather inadequate replacement for the armoury of controls which it had built up since 1979 to keep a grip on high-spending local councils.

In the end, these differences could only be resolved by the formulation under Baker's guidance of a putative timescale for introduction of the community charge under which Scotland would have its Bill in the 1986/7 session and the English a Bill in the following one – which would conveniently fall with the dissolution of Parliament, if Thatcher decided to go through the final winter of the term.

Within that, there would be a further differential timetable inside England which would enable the community charge system to be implemented more quickly in some local authority areas than in others. The problems with the Home Office were ironed out by agreeing to a separate roll for community charge, while Thatcher herself forced the pace on the question of accountability of voters by insisting on a clause in the Social Security Bill (implementing the Fowler reforms) which would oblige all ratepayers to pay 20 per cent of their rate bills regardless of their means.

Despite considerable misgivings inside the Department of the Environment over the practicality of the community charge proposals – and much concern over the impact which they may have on many lower-income Tory-voting families – the discussion on January 9 was relatively smooth. In a delicious irony, one of the lead speakers in the discussion was Younger, putting the Scottish Office view in his last act before moving across the road to the Ministry of Defence.

If Rifkind ever viewed the proposals as a poisoned chalice, then he never betrayed it. He threw himself into the role of key promoter of the measure with all the skills of an Edinburgh advocate.

But when the Green Paper, *Paying for Local Government*, was published in late January, the striking point was the immediate opposition of most of local government in Scotland and the luke-warm response with which the plan was greeted in England.

In their enthusiasm, the Scottish Conservatives brushed aside Opposition complaints that a community charge, averaging at £207 per adult in Scotland, amounted to a strongly regressive tax for most citizens.

Indeed, Rifkind, in his statement to the Commons on the day after publication, clearly thought that the best form of defence was attack and accused his Labour opponents of being "wedded to a corrupt and out-of-date system" in concluding that the proposals should be rejected.

Donald Dewar, the Shadow Scottish Secretary, described the proposals as an "anti-social fraud" which would hit those least able to bear the burden. Sir Russell Johnston, the Scottish Liberal leader, described the poll tax as "a stride back into the Middle Ages", while Gordon Wilson, the SNP chairman, argued that the system was unrelated to the ability to pay, was expensive to implement and very hard to enforce.

Although the Scottish Office established a special group of civil servants to tackle what was seen by leading officials as one of the thorniest problems it had had to handle since devolution, it was clear that by mid-summer many of the problems had still not been ironed out, that the proposals were still implacably opposed by the bulk of local authorities and that they had won no consensus in Scotland at large.

The teachers' dispute: breaking the log-jam

Rating reform was not however as big a headache for Rifkind as the long-running teachers' dispute, and it was clear that his ability to lift Scottish education out of its downward spiral would prove to be the greatest challenge of his first few months in office.

Younger had been unlucky in the closing months of 1985 over the dispute. His attempts, along with Chris Patten, the Minister of State for Education, to persuade Thatcher to change her mind over a review of teachers' pay ran into the sands as Ministerial committee after Ministerial committee. A highly-secret initiative by Patten to convince Thatcher of a new attitude towards separate but parallel disputes in Scotland and England foundered over her instinctive distaste for such inquiries, which had led to huge pay problems for the Government in its early months in office.

The Patten-Younger initiative was also dogged by the early discovery by the media of the mission, and despite attempts to revive it during the Christmas recess, Younger found Thatcher as implacable as ever during his last few days in office.

Rifkind quickly spotted that the key to any settlement inevitably involved the concession of an independent inquiry by the Government in

exchange for the teachers accepting that conditions should be examined as well as pay. But laying the groundwork for Cabinet acceptance of the committee of inquiry, and the probability of acceptance by the unions, proved to be a much slower and more arduous process.

The latter was achieved through the arrangement of low key meetings with relevant figures in Scotland, the former by a well-judged campaign inside the Government pointing out the need for a strong political initiative in Scotland to pull both the education system and the Tory Party out of the morasses in which they found themselves. Perhaps the most important point in the package was the acceptance that the inquiry, which was chaired by the former Boots chairman, Sir Peter Main, should take into account what the Government could afford.

The initiative, announced just two days short of Rifkind completing his second month in office, marked a signal personal victory which was capped by the subsequent calling off of industrial action by the Educational Institute for Scotland (EIS) and only slightly marred by the subsequent penalties on education authorities for the 1985/6 settlement which fell outside the parameters set by the Scottish Office.

Gartcosh: the doomed campaign

The most curious aspect about the fight to save the Gartcosh steel rolling mill with its 750 jobs was that it was only mounted after the Government had decided that it could not intervene in what was essentially a management issue for British Steel.

The campaign could never have gained the same impetus as the successful fight to save the main complex of Ravenscraig itself mainly because the Government insisted it had no locus and additionally because even if it had, it could legitimately point out that the decision had been taken before the political storm broke.

In part, the timing was to blame. The Cabinet's consideration of the BSC corporate plan had taken place during the summer recess, so the *post facto* campaign in essence coincided with the build-up to the annual conference season and just after Leon Brittan had taken up the reins from Norman Tebbit as Trade and Industry Secretary in September 1985.

In the Opposition parties, there were no doubts about the importance of Gartcosh as an integral part of the Ravenscraig plant, and their fears that the closure of the mill, which took place in March 1986, were the prelude to

the destruction of the entire Scottish steel industry were supported by many Tory MPs and activists.

But hopes that an all-party campaign on the lines of the successful Ravenscraig fight of 1982 could be repeated were swiftly dashed. For a start, it could not be led by Younger who had been a party to the original Cabinet decision on the corporate plan. He was only able to tell the campaigners that he would pass on any fresh evidence over why the mill should be retained to British Steel in the hope that they would review the planned closure.

The revolt in Conservative ranks appeared more damaging to the party at the start than at the finish. It began with the resignation of Iain Lawson, a former parliamentary candidate, from the party, and threats of disaffiliation by two constituency parties in the west of Scotland. But when the vote was finally taken in the Commons on January 24th, only two Conservatives (Sir Hector Monro and Anna McCurley) voted against, and only one other abstained.

In an attempt to give impetus to the campaign, the Scottish Affairs Select Committee launched itself into an investigation of the role of Gartcosh which, much like an earlier examination of the future of Scott Lithgow shipyard, collapsed in much acrimony among its members.

Coup and counter-coup

Although the select committee could in theory boast a majority in favour of the retention of Gartcosh of nine to four, internal Conservative Party wrangles eventually made that impossible. Indeed, so bitter were the divisions, that Westminster saw the bizarre spectacle of a Right-wing campaign to oust Monro from his post as chairman of the Scottish Conservative Backbench Committee, only to be restored at a subsequent, and better attended, meeting of Tory MPs.

In a remarkable putsch in late November, a small group of English Tories belonging to the so-called St Andrews school of economics and masterminded by Michael Forsyth, the MP for Stirling, turned up to vote in the annual elections for the chairmanship of the Backbench Committee and elected Bill Walker, the populist Right-wing member of North Tayside.

Moderate and Wet Scottish Conservative MPs were outraged at the move, and wrote to Cranley Onslow the chairman of the 1922 Backbench Committee which oversees the elections, demanding a re-run. Their fear

was that Walker's would be able to claim the much more important role of leader of the Conservative side in the Select Committee, a powerful negotiating post given the Government's majority of eight members to five.

Onslow ordered the re-run, and also clarified the rules to prevent any future participating of English MPs in the contest. Although Monro was restored to his position (ironically, he gave up the post in June 1986 claiming pressure of work), the real reverberations of the split were felt when Forsyth was able to take advantage of an ill-conceived attempt by Monro to heal the wounds on his own side.

Labour had been convinced that it had secured a consensus with the pro-Gartcosh Tory members of the committee with the proposal that there should be a three-year moratorium on the closure of Gartcosh to coincide with the Cabinet review of all steel-making in Britain in September 1988.

But the committee was thrown into chaos when Monro surprised colleagues by producing an amendment suggesting yet another inquiry into the future of Gartcosh, in place of the three-year commitment. It was an ill-judged attempt to buy unity which left the fundamentalist Right unimpressed and alienated West of Scotland MPs who could accept nothing less than the moratorium plan.

The manoeuvres caused wilderment and anger in Scotland, and David Lambie, the Labour chairman, swiftly agreed with Monro that the package should be put back together again if possible. The committee produced a second report after threats by Forsyth and Walker to mount a lengthy filibuster which would have kept it sitting until Christmas was dropped at the last minute.

By the time Rifkind had taken over, the Gartcosh issue, was despite the famous march to London, effectively a dead political issue. In opening the debate in the Commons at the end of January, Rifkind marked out his own stand on the future of steel in Scotland, warning the BSC that the Government took very seriously its pledge that the future of Ravenscraig was not tied up with the closure of Gartcosh. Thus the rather inglorious parliamentary end of the campaign to save the mill came to its inevitable end.

The state of the parties

While 1986 could be viewed as yet another year of electoral grief for the Scottish Conservatives as their leaders tried to make some impact on

the party's poor poll ratings, it could only really be categorised as a year of waiting for the Opposition.

In the end, the prediction of Rifkind on taking office that "a change of personnel will change opinion not as much as some would hope but more than others would fear" had not borne fruit for the Conservatives by the time of the regional election in May, which were much worse than the Tories had feared.

Labour started the year anxious to protect its flank from the unknown quantity of the SNP, which had shown a mini-revival in a number of council by-elections in the central belt without the results feeding through into the opinion poll ratings. In fact, the local elections proved that Labour's domination of the political scene was by-and-large unchallenged, but that left the party with the old headache of how best to use that dominant position.

Perhaps with one eye on the SNP, the party sharpened up its devolution proposals with Neil Kinnock, the party leader, flying north to the Perth conference in March to knock away residual doubts about his new-found support for Home Rule which he told journalists (but strangely, not the conference itself) would be included in the first Queen's Speech of an incoming Labour Government.

It was a performance designed to convince the most sceptical of the Doubting Thomases who feared that he remained as opposed to devolution as leader as he did as an opponent of the ill-fated Wales Act in 1979. To back it all up, John Smith, the Shadow Trade and Industry Secretary, chaired a special committee to draw up draft plans for the Scottish devolution legislation which, it was argued, could be dealt with constitutionally for the most part in a committee and not block up the party's legislative programme on the floor of the Commons as in the 1974 to 1979 Labour Governments.

The SNP also had its sights on the electoral future, choosing to place much of its energy in the year in concluding a pact with Plaid Cymru in the hope of returning at least 13 MPs between them at the next election.

Under it, the two parties pledged full support in a future Parliament for each other's constitutional demands. Its weakness as a strategy lay not only in the hope of a hung Parliament after the election, but in a certain configuration of seats which would make the Nationalists more important or attractive to deal with than any other third grouping.

Similarly for the Alliance, which suffered some adverse publicity for its differing views on nuclear power and the Dounreay European prototype reprocessing plant, 1986 was more a year of preparation for the next election than anything else.

Conclusion

The publication of the inquiry by Sir Peter Main on teachers' pay and conditions left Ministers with a major headache when they returned to Westminster after the summer recess. Its recommendation of a 16.4 per cent increase over 18 months in exchange for concessions on working conditions led to an immediate split in the Cabinet sub-committee dealing with parallel disputes in Scotland and England.

The recommendations were broadly accepted by Malcolm Rifkind, and by Kenneth Baker, the Education Secretary, who saw implementation of the proposed award, with similar payments in England, as the Government's way out of a long and damaging dispute. Their argument was strengthened by the view that the Government could ill-afford another winter of disruption in the schools, particularly in the run-up to a General Election.

But implementation was strongly opposed by the Chancellor, Nigel Lawson, and by the Environment Secretary, Nicholas Ridley, also member of the ad hoc committee. They argued against on two grounds: the danger of a knock-on effect elsewhere in the public sector; and the question of cost. Although the cost of a settlement on the lines of Main for Scotland alone would cost just £234 million, an equivalent deal in England and Wales would cost the Exchequer around £2.5 billion.

The relatively large contingency reserve of £6 billion had already been heavily denuded by other local government costs, and Lawson was anxious to ensure that a teachers' pay deal affected the fund as little as possible.

The Prime Minister, who chaired the committee, was said to have blown "hot and cold", swithering between a desire to see the long-running and damaging disputes settled to assist Baker and Rifkind to start turning education into a positive election issue for the Tories, and her pathological dislike of Clegg-style commissions which caused her much anguish on the inflation front after coming to office in 1979.

In the event, the two sides reached an old-fashioned compromise at the

end of October and proposed to fund a slower staging-in of the proposals that recommended by Main. Rifkind argued that the deal was exceptionally favourable at a time of very low inflation, and that there was ample precedent for phased introductions of such recommendations when the police, nurses, doctors and dentists had been awarded large "catch up" increases.

But the Government's proposals found a hostile response in Scotland. Donald Dewar argued that a starting date for the first payment of January 1, 1987 (in place of October 1, 1986) and other adjustments suggested by Rifkind would rob the teachers of £50 million of pay.

The episode demonstrated both the strength and weakness of Rifkind's position. The former had been shown by his capacity to reverse Thatcher's long-held opposition to an independent inquiry on pay and conditions, securing approval for the setting up of Main where Younger had argued in vain. But the latter was illustrated by his inability to deliver the full recommended settlement, even though the Government continued to argue that Main should be treated "as a package" by the teachers in every other respect.

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