

## THE ORIGINS OF THE SCOTTISH DEVELOPMENT DEPARTMENT, 1943-62

*Ian Levitt*

In April 1962 the Conservative Government announced the dissolution of the Scottish Home Department and the Department of Health for Scotland. In their place two new departments with different identities were established, the Scottish Home and Health Department and the Scottish Development Department. (See the Appendix for the SDD's administrative structure.) At the time the announcement evoked considerable all-party support and was generally welcomed in the press: James Hoy, one of the shadow Labour Scottish spokesmen, and the Labour Lord Provost of Glasgow were approached before the announcement (SRO, SOE 1/267). **The Glasgow Herald** (16 April 1962) thought the structure of the Scottish Office had become 'untidy' with many new functions allocated almost at random to the existing departments. **The Scotsman** (16 April 1962) hoped the changes would bring 'a new sense of purpose' into the direction of Scottish business. It was the first substantial alteration to Scottish administration since the 1939 Re-Organisation of Offices (Scotland) Act, which itself followed the recommendation of the official inquiry into Scottish Administration chaired by Sir John Gilmour. Most contemporary commentators attributed the 1962 re-organisation to the publication of the inquiry into the Scottish economy by the Scottish Council (Development and Industry), chaired by J.N. Toothill, the managing director of Ferranti in Edinburgh, which had been published the previous November (SCDI 1961). Amongst a wide set of recommendations to 'stimulate growth', the inquiry urged the creation of a new Government department to combine the Scottish Secretary's statutory

---

*Ian Levitt is professor of history in the department of historical and critical studies, University of Central Lancashire, Preston, PR1 2HE. Some information for this paper has been gained by interview and correspondence with retired civil servants. Sadly since beginning the research a number have died.*

### *Scottish Affairs*

responsibilities for planning (then held within the Department of Health) with his non-statutory function to promote Scottish industry (then held within the Scottish Home Department). It commented: 'we do not think the present distribution of responsibilities in the Scottish departments is calculated to promote the co-ordination of economic development' and added that apart from the existing functions the proposed Department would advise 'on the broad issues of investment policy, on the Scottish implications of national economic policies, on the implications of public investment programmes, and on the economic effects of major issues before [other] departments'. In summary the SHHD assumed responsibility for law and order (the police, prisons and the probation service) and for health matters (hospitals, the general practitioner and other community services), whilst the SDD assumed responsibility for industrial co-ordination, physical services (roads and electricity), housing and planning. Sir John Anderson, the Secretary to the SHD, became head of the SHHD and Douglas Haddow, the Secretary to the DHS became the head of the SDD.

Yet the apparent smoothness of the restructuring and its subsequent acceptance as an almost natural development of Scottish administration belies a full appreciation of its origins and the objections many within the Scottish Office raised about its potential to promote administrative efficiency. Within a few years those that raised objections were to be proved correct and the SDD lost its responsibility for regional development to the Office of the Secretary of State for Scotland. Haddow, who became the Permanent Under Secretary of State in 1965, insisted that the SDD division which liaised with other Whitehall departments on industrial matters report directly to his Office.

An issue that dominates much of the current literature on Scottish Administration centres on the notion of the 'democratic deficit', the apparent and growing distance between London decision-making and Scottish opinion (Paterson 1994; McCrone 1992). Such cannot be ignored, not least because successive elections seem to have confirmed a shift in public attitude towards devolution. Equally important in the literature are those accounts that discuss the relationship between Scottish well-being and political leadership (Harvie 1994; Mitchell 1990). After 1914, it is claimed, Scotland suffered from the inability of its leaders to penetrate the emerging corporatism of UK government. It was certainly the case that few Scottish MPs became Cabinet ministers. Nevertheless the focus of these accounts has tended to be on Scottish-led considerations with much less attention given to the dominant concerns of UK administration. Westminster's reaction to Scotland's

### *The Origins of the Scottish Development Department, 1943-62*

dependence on traditional industry and its view of appropriate development has rarely been assessed. Similarly, recent literature has acknowledged the growth in staff numbers and the appointment of additional ministers, but has found it difficult to assess fully its impact on the quality of government. One account suggests that administrative devolution gave Scottish Administration a freer hand to develop policy closer to Scottish interests, although comparative research on this issue between England and Scotland seems sparse (Kellas 1989). To appreciate the origins of the Scottish Development Department and have a better understanding of its establishment it is necessary, perhaps, to consider two inter-related issues. First that the Scottish Office developed as part of British Government and like any other ministry was expected to articulate 'the Scottish interest' through the usual and appropriate channels - ministerial meetings, inter-departmental committees and official correspondence (Milne 1958, Gibson 1985, Pottinger 1979). Second, again like other ministries, the Scottish Office was expected to develop an understanding of its brief and a methodology to conduct itself in public. It seems difficult to come to any firm conclusion about the 1962 re-organisation, unless the ideas and attitudes of those most closely associated with the contemporary discussion are considered, particularly as the re-organisation was not the product of any political campaign. The Scottish Office may have altered since the re-organisation but, as one recent note has indicated, the imprint of those changes lasted for over thirty years - until education rather than urban regeneration was seen at the forefront of development (**The Times** 20 June 1994). The changes implemented in 1995 have linked education and employment training in a new Department presumably designed to maintain a skilled workforce for the twenty-first century. In many respects the Government's pronouncements on the re-organisation bear a striking similarity to those in 1962 - a Treasury desire to reduce administrative costs and a view that the grouping of functions within Departments no longer held the same coherence or public resonance. The promotion of administrative 'efficiency', it appears, remains the antidote to political devolution.

### **THE SCOTTISH INTEREST AND ADMINISTRATIVE CO-ORDINATION BEFORE 1939**

In the inter-war period Scottish administration was not considered to have much influence on British policy. Part of this stemmed from the division of responsibility between the small Scottish Office based in London and the Board of Health, the Board of Agriculture and the Scottish Education

### *Scottish Affairs*

Department which were based in Edinburgh. The Edinburgh Boards were technically independent of the Scottish Office and its Permanent Under Secretary, a fact which, on occasion, caused some 'friction' between senior officials (PRO, CAB 87/72 MGO 61). Some also stemmed from the political weakness of the Scottish Secretary whose post was considered one of the more junior in Cabinet. Some also stemmed from the fact that much Scottish administration was carried out by British departments, like the Admiralty, the Board of Trade and the Ministry of Labour, who at times appeared not to consider any special Scottish need in the development of policy. (In 1925 the Admiralty reduced its contract for West Lothian shale oil, despite the high unemployment, oil being cheaper from the Middle East. During the same period the Ministry of Health, which considered it was the lead Department to determine British housing policy, blocked Scottish claims for higher allowances.) The situation improved with the elevation of the Scottish Secretary to a Secretary of State and the substitution of departments for boards, but public unease about the coherence of Scottish administration, and its domination by London, and concern over departmental liaison led to the establishment of the Committee on Scottish Administration. The National Government, after the Committee reported, sought to overcome these difficulties, first by locating the base for the Scottish Departments in Edinburgh (including virtually all the functions of the old Scottish Office) and, second, by maintaining a small liaison office in London, including a new Office for the Secretary of State. The role of the Permanent Under Secretary was clarified as the principal advisor to the Scottish Secretary where there was a division of view from the Edinburgh departments and, by exercising 'an effective voice' in the formulation of Government policy, generally co-ordinate Scottish activities in Whitehall (SRO, HH 36/1). The re-organisation, Scottish officials thought, would overcome the apparent tension between the Scottish departments operating as functional departments, like other British ministries, and a territorial office pursuing subsidiarity within a common, united Parliament. The 'new' Scottish Office was essentially a federation of departments. Their Secretaries had complete independence to advise Ministers, but were expected to keep the Permanent Under Secretary of State informed.

In theory, each of the four Edinburgh departments, Agriculture, Education, Health and Home held equal status, but in practice the Home Department gained a certain amount of ascendancy. This ascendancy arose because its staff were from the old Scottish Office and because it inherited part of the Scottish brief that held precedence, namely police, prisons and local government. In addition the sensitivity amongst Scottish opinion to London

*The Origins of the Scottish Development Department, 1943-62*

domination meant that the day-to-day consideration of the Scottish Secretary's non-statutory functions (such as reaction to pressure for Home Rule) was allocated to a 'general' division within the SHD, rather than the Office of the Secretary of State. This division also dealt with the Special Areas Act, Highland development, the Probation Service and the Physical Training and Recreation Act.

**CENTRAL PLANNING AND ADMINISTRATIVE  
FUNCTIONALISM, 1943-54**

Tom Johnston was appointed Scottish Secretary in 1941 principally to restore confidence to an office that many Scottish MPs felt had been sidelined by the war effort. Johnston firmly believed that Scottish institutions preferred and worked better with an Edinburgh administration than with British ministries operating from London. An issue that greatly concerned him (and Scottish opinion) was Scotland's failure to attract significant war industry and he sought to press the Ministry of Production to bring manufacturers north. By 1943 securing this industry had settled on the SHD's 'general' division and Johnston visualised that its work would be extended to include the North of Scotland Hydro-Electric Board and an amended Special Areas Act with greater powers to stimulate industry (SRO, HH 36/18). However, his attempts to transfer the Ministry of Production functions for factory building were thwarted, partly because the Treasury suspected further parallel administration might sustain an argument for political devolution, but also because it thought that centripetal administration in economic affairs was much to Scotland's advantage and commented:

It is important to emphasise the desirability of single administration in matters which are likely to be the subject of national economic planning. The march of progress has made the island smaller, and it will in the future be a much more compact economic unit. It is to Scotland's interest that her needs and resources should be considered at the same time and in the same place as those of the rest of the country.  
(PRO, CAB 87/72 MGO 36)

A Scottish administration detached from UK economic management would, the Treasury believed, reduce the prospect of English firms investing in the new industries (cars, aircraft and consumer goods) that Scotland lacked. In 1944 the Cabinet agreed that the lead ministry for the Distribution of Industry Act was the Board of Trade, though Johnston insisted that no part of the

### *Scottish Affairs*

Scottish Development Area could be descheduled without the Scottish Secretary's approval (PRO, CAB 87/94; the Area covered most of Clydeside, including Glasgow, and Dundee.) To facilitate the administration of the Act and to ensure that the Scottish Secretary was kept informed of Scotland's economic progress, the DHS was allocated another town and country planning division and the SHD a second general division to deal with industrial development, civil aviation, the Highlands, tourism and the Scottish Secretary's other 'penumbra' functions (PRO, T 222/324 EOWG(50)26).

By 1946 it was apparent that Scotland was not securing sufficient new factories to reduce unemployment as fast as in England. To deal with this problem Sir Stafford Cripps, the President of the Board of Trade, proposed that one of the Scottish Departments should become responsible for factory building in Scotland and so be on the spot to ensure the local co-ordination of effort (PRO, CAB 124/671). Joe Westwood, the Scottish Secretary, rejected this offer, largely because it might convey the impression he was in control of the distribution of industry, whereas, in reality, he held no power to compel or direct industry north (PRO, CAB 124/671). The most appropriate way forward, Westwood thought, was for the Board of Trade to strengthen its Scottish offices and use its influence to facilitate Scottish arguments. Westwood's approach was broadly supported by other ministers. The Treasury, like Westwood, believed that the Board should increase the authority of its senior officers to deal with a wide range of Scottish business 'on the spot' (SRO, HH 1/1231). Herbert Morrison, the Lord President went further. He felt that the Scottish Secretary's involvement with industrial development lessened the Board's 'sense of responsibility', much to the advantage of Wales and the English regions (PRO CAB 124/676; **The Times** 20 Sep 1944).

Scottish unease with the apparent difficulties of co-ordination and the fact that, on nationalisation, responsibility for electricity supply, coal-mining and the railways was given to UK boards based in London led, in 1947, to the first Home Rule 'Covenant' campaign. Westwood's immediate response was to alter his 1946 view and restate Johnston's war-time argument in favour of parallel administration, with, perhaps, the creation of a separate Ministry of Economic Affairs. He also proposed the establishment of an inquiry into the possibility of further administrative or legislative devolution (PRO, T 222/1048; PRO, CAB 124/911). The Treasury and the Lord President's Office re-acted with disbelief at both of these suggestions and thought the central issue remained the integration of Scottish interests within Whitehall

*The Origins of the Scottish Development Department, 1943-62*

decision-making for two reasons (PRO, CAB 124/911; PRO, T. 222/1048). First, with two Ministers, there might be difficulty in deciding who was the senior minister - the minister for home affairs or for economic development. Second the pressure to transfer additional responsibilities from London would increase. Westwood's proposals, it was thought, would lead to a weakening of British interest in Scottish economic affairs, especially in the framing of commercial policy.

Westwood's successor as Scottish Secretary, Arthur Woodburn, took a more cautious line, but accepted that economic administration within Scotland required reorganisation. (Westwood was sacked in Attlee's dollar crisis reshuffle.) Woodburn, who had been Johnston's Parliamentary Private Secretary, proposed a Scottish Production Council under his authority, to integrate the Scottish production drive into one executive body (PRO, CAB 124/911). This suggestion was also rejected and Woodburn reluctantly agreed to accept a non-executive 'Conference' (PRO, CAB 124/911; the Council would have no control over semi-finished materials, especially steel imported from England). The second 'Covenant' campaign in 1949 brought a similar response, but the Conservatives, sensing political advantage, pledged its next Government to increase the number of Scottish ministerial posts, and establish a Royal Commission to enquire into Scottish Affairs and the case for the transfer of responsibility for the nationalised industries to separate Scottish Boards.

When the Conservatives entered office in 1951 the impact of the Dollar crisis, the Sterling devaluation and the Korean war had weakened the electorate's faith in central economic planning. In Scotland the prospect of a new steel mill for the lower Clyde (as envisaged in the Abercrombie plan) was dashed through lack of capital funding, and Labour retreated from using the Distribution of Industry Act to compel Ford to establish a car assembly plant near Glasgow. New factory building, which in the period 1945-7 had averaged about fourteen per cent of the UK total, slumped to around 8%, barely enough to maintain employment at its current level. Although some parts of Scotland, most notably Tayside and Edinburgh, were fully employed, the long term future of the Clyde's coal and shipbuilding industries remained in doubt. Hector McNeil, the Scottish Secretary in Attlee's second administration, took a more pragmatic line towards development, and through a mixture of opportunism and Cabinet presence attracted a number of large scale projects, most notably IBM to Greenock and Rolls Royce to East Kilbride (**Hansard** 21 Nov 1951, 10 Jul 1952). Nevertheless, by the time the Royal Commission was established in 1952, the press and many MPs felt that

### *Scottish Affairs*

the Board of Trade in Glasgow had found it difficult to represent the Scottish case with the degree of vigour Scottish opinion seemed to demand (**Glasgow Herald** 9 Jul 1952; **The Scotsman** 11 May 1951).

The Royal Commission reported in July 1954 and endorsed the existing structure of Scottish administration, including the distribution of duties between the four Edinburgh departments and the Office of the Secretary of State (Royal Commission 1954). It could find no 'obvious' lack of co-ordination between departments and the Office of the Secretary of State. The Permanent Under Secretary, it noted, normally attended the weekly meetings of the Heads of Department (in Edinburgh) and received copies of departmental submissions to ministers. The London liaison office, headed by an assistant secretary from the SHD, received, as a matter of course, all Cabinet papers, as well as those relating to other official committees. The Commission's principal recommendations were that the responsibility for roads should be transferred from the Ministry of Transport and that the authority of British officials in Scotland to deal with exclusively Scottish concerns should be increased. The Commission had rejected the idea of separate Scottish 'economics' ministry, but initially proposed that the SHD would have the right to be consulted on any firm that wished to expand its factory in London. Treasury officials pointed out its political difficulty in relation to Wales and the English regions (PRO, T 222/686).

The Treasury was disappointed with the Report - although repeating its 1946 view on the delegation of authority. Officials had expected the Commission to look more critically at the Scottish departments and the way they handled Scottish problems in home affairs, education and the social services (PRO, T 222/686). Instead it seemed as if the Commission was far more interested in confirming the benefits of parallel administration, almost as a prelude to further devolution. What were the Treasury's concerns? First, since 1939 the Scottish Secretary had assumed greater responsibility for town and country planning, the national health service and housing and had a greater concern for agriculture, forestry and fisheries. The number of SHD and DHS divisions had more than doubled, and whatever the addition to ministerial strength, it was by no means certain that the structure of Scottish administration was either logical or efficient, though it accepted that the principles applied elsewhere were not necessarily appropriate for a territorial office. Second, the Treasury accepted that the 1943 strategy of centripetal management had not worked to Scotland's advantage. After the dollar crisis in 1947 and the drive for exports, Labour substituted industrial efficiency as the primary test for investment not the balanced distribution of industry. The

### *The Origins of the Scottish Development Department, 1943-62*

Conservatives shifted Government policy still further from direction and preferred a tax and monetary climate where primary responsibility for development lay with individuals themselves. If the amount of industry likely to require a new location in any one year had diminished then the Treasury thought that the focus of the Scottish Secretary's work needed to alter. One official noted that the Board of Trade held responsibility for administering the Distribution of Industry Act, but the Act formed only one part of its duty to advise the Government on industrial strategy (PRO, T 199/235). Another felt that the Commission should have examined the co-ordinating role of the Office of the Secretary of State and the apparent allocation of non statutory 'economic affairs' work to the SHD (PRO T 222/686). In the event, Edward Bridges, the Permanent Secretary, could not find a satisfactory way to press the Treasury's reservations and in December 1954 the Government announced its intention to implement the Report (PRO, T 222/686).

### **ADMINISTRATIVE EFFICIENCY AND AFFINITY OF WORK**

In 1956 the Scottish roads division was transferred from the Ministry of Transport to the SHD. In 1955 a new division was also established with responsibility for electricity supplies, including the South of Scotland Electricity Board which had been transferred from the Ministry of Power. The following year David Milne, the Permanent Under Secretary, asked the Treasury for the appointment of an additional under secretary to relieve the existing three under secretaries of their increased work. Norman Brook, the new Permanent Secretary, refused the request and, paraphrasing earlier Treasury discussion, suggested that many of the new post-war responsibilities had seemed to 'gravitate' towards the SHD. By exercising some of the co-ordinating functions of the old Scottish Office the Department appeared to have acquired precedence, contrary to the intention of the 1939 Act (SRO, SOE 1/262). Brook suggested that the Scottish Office might hold an enquiry into the work of the Office of the Secretary of State and the four Departments.

Milne understood this to be an inquiry into the work of the four departments and asked his Heads of Department to consider what services could be transferred between departments. W.S. Murrie, the SHD Secretary, subsequently provided a detailed listing (SRO, SOE 1/262). Murrie thought that the work of the Scottish Education Department and the Department of Agriculture was fairly homogeneous and could not be broken up without 'loss of efficiency'. However in the DHS only half of the divisions, those that dealt

### *Scottish Affairs*

with the health services proper, related to its basic function, whilst in the SHD, only a quarter, those relating to law and order, were 'core' activities. There were other large blocks of work in the DHS, planning, housing and water and sanitation, but these could be transferred to another department. In the SHD the same applied to local government, roads, industrial development and child care. Smaller blocks of work, which were shared between departments included the Highlands (SHD and the Department of Agriculture for Scotland), the museums and art galleries (SHD and Scottish Education Department), the universities (SHD, SED and the DHS), milk hygiene (DAS and DHS) and the Physical Training and Recreation Act (SHD and the SED). Murrie then set out the aims of any review, at least as far as the Scottish Office was concerned: first, to ensure that Departmental functions had some 'affinity' with each other and, second, that Departments maintained broadly equivalent numbers of staff with a similar level of responsibility attached to their Secretaries. Essentially Murrie restated the principles outlined by the Haldane Report in 1918, that, to secure the highest level of administrative efficiency, it was important to distribute functions between departments according to the nature of the service, rather than the needs of individuals or interests (Committee on the Machinery of Government 1919).

Milne replied to Brook and said that he accepted that the distribution of functions between departments was uneven, although he rejected the view that the SHD held precedence (SRO, SOE 1/262). It was inevitable, he wrote, that where Departments were responsible to a single minister one would be concerned with certain 'residual' matters of common interest. Brook remained unhappy that the proposed Heads of Department inquiry would exclude a review of the Office of the Secretary of State and urged that the issue should be reconsidered (SRO, SOE 1/262). He also urged that the inquiry should consider using the number of assistant secretaries as a guide to the scale of Departmental functions rather than staff as a whole.

The Department with the lowest number of assistant secretaries was the SED with six. The DAS had ten, the DHS fourteen and the SHD thirteen. An initial review drafted by I.M. Robertson, the inquiry's secretary, suggested moving the health functions of the DHS to the SED and moving local government and roads to a new department termed 'Local Government' (SRO, SOE 1/262). The SHD would retain responsibility for home affairs, fisheries, electricity and industry. This, however, created a combined education and health department significantly larger than the others. Robertson revised the model, bringing the DHS's health services and the SHD's law and order functions into a new 'Home and Health' department and

*The Origins of the Scottish Development Department, 1943-62*

creating another new department based on housing, planning, industrial development and local government (SRO, SOE 1/262). This created a more equitable balance, but left the SED untouched with significantly fewer assistant secretaries. Yet another model ('X') was devised, this time moving the health services to the SED and creating a new 'Planning and Development' Department which combined the development, roads and fisheries divisions of the SHD with housing and town and country planning (SRO, SOE 1/262. Memorandum). As this created an Education and Health Department with the largest number of assistant secretaries a further variation was produced ('Y'), with Education joining the law and order functions of the SHD, the DHS acquiring local government. This produced a more equitable distribution, but the Heads of Department felt there might be a political objection to the use of the word planning (it echoed Labour's post-war scheme of economic management) and the proposed Departmental title was altered to 'Development'.

After further discussion between the Heads neither of these two models seemed feasible. 'X' split housing from town and country planning and both 'X' and 'Y' were thought to present 'formidable' political disadvantages, particularly if school administration was merged with hospitals and prisons. The Heads reluctantly agreed that their inquiry could not produce an equitable balance of work and instead turned to Murrie's first view that it was important to create departments which had some degree of functional affinity (SRO, SOE 1/262). Alternative 'Z' was produced which transferred the fisheries and Highland divisions from the SHD to the DAS, and child care, the universities and the national museums to the SED. It then broke up the SHD and the DHS and created two new departments, 'Health and Home' and 'Local Government and Development'. The SED remained small, with only seven divisions, but the other departments had between twelve and thirteen divisions, a reasonable degree of equality. The Heads, however, opposed any significant change in the function of the Office of the Secretary of State. Both the Gilmour and Balfour Reports had uniformly rejected the idea of a single 'comprehensive' Scottish Office as counter-productive to the notion of devolved administration; the spread of work was so great that it was difficult to see how a unified department could be efficient.

Brook agreed that it would be difficult to merge education with any other block of work and thought that model 'Z' held 'the most promising course' in producing affinity of function. However, he remained convinced that the Heads had not fully understood one of the Treasury's key concerns and in his letter to Milne appended a note:

### *Scottish Affairs*

Are the Scottish Departments satisfied with their handling of general economic questions and of detailed economic matters like the investment programmes of the Scottish public undertakings? The impression in certain quarters is that there is little fundamental thinking on Scotland's real needs, but rather a tendency to ask for whatever seems available for England. If England has a large road programme, Scotland presses for the Forth Road Bridge. If England is to have atomic power stations, Scotland presses for one. The sum of all these investments is not necessarily the best way to spend money on capital development. (SRO, SOE 1/262).

Milne accepted that the Treasury's view required further consideration, but continued to reject the view that Scottish economic affairs should be a central part of his brief. The duties of the Minister of State, first appointed in 1951, he replied, included liaising with other Government departments in Scotland and he felt that if there was any deficiency this link should be increased (SRO, SOE 1/262).

Brook's outline approval of 'Z' led the Secretary of the DHS, John Anderson, to ask his under-secretaries for comments on the proposed 'Local Government and Development' Department. Craig Mitchell, the Under-Secretary responsible for housing, thought the proposal was 'timely' and likely to be welcomed (SRO, SOE 1/111). He thought as planning was a local authority function it seemed sensible for the same department also to handle housing. Douglas Haddow, then responsible for planning, was even more enthusiastic, calling the proposal a 'trump card' in assisting administrative efficiency. He commented:

I should point out that one of Scotland's big industrial problems is the relocation of industry to be displaced by Glasgow redevelopment; this just cannot be hived off from the operation of Glasgow overspill. More generally, I have seen no evidence that those who handle industrial affairs in the SHD at present realise what the planning machine can offer, both as a source of information about industrial development and potentialities, and as the main means by which local authorities can play a practical part in stimulating or guiding industrial development. (SRO, SOE 1/111).

Haddow, the first administrative class entrant to the DHS in the 1930s, shared Brook's concern that the SHD's apparent 'pre-eminence' was counter-

*The Origins of the Scottish Development Department, 1943-62*

productive. Others in the Department of Health were less enthusiastic. The Chief Medical Officer, Sir Kenneth Cowan, in particular, expressed caution about the attitude of the medical profession towards a Department that also dealt with the police and the prisons (SRO, SOE, 1/263).

The Heads felt uncertain about which proposal to support and in December 1958 Milne met Brook to discuss the difficulties recommending change. Brook, clearly not pleased that the Treasury had met resistance, agreed that no restructuring should occur before the next election (due by Spring 1960) and that it might be better to agree a minor restructuring, with the fisheries and the university functions of the SHD moving to other Departments, before any major transfer of functions (SRO, SOE 1/264). Nevertheless he felt that the Heads should reconsider the issue of the Office of the Secretary of State, even if, as he wished, the proposal for a 'Local Government and Development' Department was adopted. The Heads reviewed the issue again, but by this time opinion within Edinburgh was hardening. The proposal to give the Permanent Under Secretary direct responsibility for the Scottish Secretary's functions as 'Scotland's Minister' did not, to the Heads, seem 'workable' (SRO SOE 1/264). Much of this brief required the Edinburgh-based assistant secretaries liaising with other British Ministries in Scotland and, the Heads argued, it would inevitably lead to the Permanent Under Secretary spending more time in St Andrew's House than in London. His ability to influence Government policy would diminish. They could see no resolution to the medical issue involved in creating a 'Health and Home Affairs' department. In the event Brook decided to come north and discuss the proposed re-organisation with St Andrew's House staff. After meeting the senior staff and hearing their objections, Brook, somewhat shocked by the tenor of opposition, met the Heads of Department and agreed to drop the issue of the Office of the Secretary of State (SRO, SOE 1/264). However, he remained in favour of model 'Z', on grounds of 'logic and of administrative capacity' and after discussion with the Heads it was agreed that the SHD and DHS should give further consideration to the implications of integrating planning, roads and industrial development into one department.

Haddow quickly submitted a memorandum supporting model 'Z', very much on the lines he previously argued - it linked an overview of Scottish economic needs with the local implementation of policy. Two of the SHD Under-Secretaries, R.M. Bell and W.G. Pottinger, submitted a note raising reservations about any re-organisation (especially its effect on the public previously assured by the Balfour Commission), but passed the matter to the Under-Secretary who dealt with development, R.E.C. Johnson. Johnson

### *Scottish Affairs*

thought the proposal misunderstood the nature of the development division's work, which was less to do with local authority matters, but more with 'displaying the nationalist flag' in Whitehall (SRO, SOE 1/170). The principal function of the division was to 'forage' for whatever marginal investment it could secure. Johnson argued that this work was highly specialised and it was not certain that a unified Department could combine policy implementation at the local level with 'keeping the [industrial] needs of Scotland continually before Whitehall'. Policy negotiation was an art form in itself, especially as in Scotland's case it involved the mitigation of industrial decline.

In July 1959 Milne reported to Brook that the balance of argument was against any radical restructuring (SRO, SOE 1/265). The proposed 'Local Government and Development' Department would not necessarily produce the kind of efficiency the Treasury had sought and, as the industrial brief of the Scottish Secretary was itself becoming more predominant, it would lead to the new Department acquiring precedence. In February 1960, J.S. Maclay, the Scottish Secretary, announced a limited restructuring, with fisheries and highland development being transferred from the SHD to the DAS and child care to the SED. A number of other minor functions were transferred between departments, but Maclay decided against transferring the universities, national museums and art galleries brief to the SED. They objected to a 'department of schools'.

The Treasury's difficulty in inducing change stemmed from a number of factors. One was institutional inertia, inside and outside the Scottish Departments. As Milne told Brook, there had been no independent report or inquiry recommending change. Parliamentary interest in restructuring seemed limited. The same was true of the press. Part also came from the administrative history of the Scottish Office. Many senior officials remembered the 1920s and 1930s where the Scottish Departments' apparent lack of influence on Government policy led to a resurgence of nationalism and the demand for political devolution. To them the structure of the Edinburgh Departments' with the senior officers all housed in St Andrew's House had done much to convince domestic opinion that administrative devolution worked (**Glasgow Herald** 30 Mar 1960). An attempt to resurrect a London dominated administration, was, in their view, likely to unsettle opinion and re-kindle past campaigns for a separate parliament. Part also came from the way certain Scottish interests had built up their influence on Government policy, the education profession from the establishment of the SED in the 1870s and the medical profession from the Board of Health in 1919. The fishermen, the farmers, even the police were never the easiest of

*The Origins of the Scottish Development Department, 1943-62*

interest groups to manage. In 1959, the Treasury, from the more distant confines of Whitehall, may have detected a degree of administrative 'inefficiency' in Scottish arrangements, but it found Scottish opinion wedded to the notion of parallel administration. The benefits gained from centripetal economic investment - the Forth Road Bridge, nuclear power stations and Ravenscraig - remained at the margins of Scottish thought.

**PURPOSEFUL THINKING:  
THE CONCEPT OF NATIONAL DEVELOPMENT, 1961-2**

The construction of a strip mill at Ravenscraig led the Government to encourage a number of car manufacturers to establish steel consuming plant north of the border. By the middle of 1961 BMC had opened a factory at Bathgate and discussions were well advanced with Rootes to open another at Linwood. However, this inward investment was offset by further decline in shipbuilding and in heavy engineering. Coalmining also continued to contract and generally the flow of inward employment never looked likely to match further projected job losses (**The Scotsman** 6 Jul 1961). Although Government investment during the 1950s exceeded 13% of the UK total, private investment averaged about 9%. Within Scotland the main thrust of policy to counter industrial decline had been to stress the importance of 'decongestion', particularly on Clydeside where 250,000 people were housed in Britain's worst slums. In 1955 the Government secured Glasgow's approval to establish Scotland's third new town at Cumbernauld and with the passing of the Housing and Town Development, Act 1957, it seemed likely that the Department of Health would be heavily involved in co-ordinating what was the largest 'planned' movement of population and industry Britain had seen. In 1958 Maclay fought for and won the re-establishment of the advance factory programme (suspended since 1951) and the first factories went to Cumbernauld a year later. Planning as the antidote to industrial decline took hold amongst the press, local authorities and the STUC and, in 1961, Maclay announced a fourth new town for West Lothian (**The Times** 6 July 1961; **The Scotsman** 5 July 1961). The experience of East Kilbride, Scotland's first new town, which had combined housing with Government sponsored industrial development (and much employment in new technology), confirmed the view that planning, based on 'growth' centres, could work. On the political level the Government introduced a period of economic restraint (the 'pay pause') and a series of by-election reverses culminated in the loss of Lincoln and Orpington in March 1962 (**The**

### *Scottish Affairs*

**Scotsman** 28 July 1961). It was in this context that the Toothill inquiry reported.

Maclay was not all that impressed by the Report; many of its recommendations had been stated before, though he thought it might aid Scottish claims for special treatment (SRO, SEP 4/1691). His Minister of State, Lord Craigton, made no comment at all and Murrie, by then the Permanent Under Secretary, advised the Treasury that Maclay was unlikely to pursue the recommendation concerning re-organisation (SRO, SEP 4/1820). The Treasury did not like the proposals either; the recommendation for an 'economic planning' department echoed early discussion within the Balfour Commission (SRO, SEP 4/1820). However, the day after the Treasury sent their response to the Scottish Office, **The Times**, as well as the whole of the Scottish press, reported favourably on Toothill's recommendations (**The Times** 22 Nov 1961, **The Scotsman** 22 Nov 1961, **Glasgow Herald** 22 Nov 1961). The proposals to improve co-ordination within the Scottish economy 'seemed sensible and not unduly demanding' - it was time to 'change attitudes'. Maclay decided to advise the Cabinet that the Government should establish a special committee of officials to review its recommendations. He also indicated that he was considering what other response might appear appropriate (SRO, SEP 4/1820). Craigton agreed to meet Toothill, who was offered the Minister's 'warm congratulations' on producing the most 'important' report on Scotland since the war (SRO, SEP 4/1820).

Maclay asked his officials for advice on future strategy and the Heads of Department agreed that they should not wait until the SCDI had formally considered the Report (SRO SEP 4/1820; SRO, SOE 1/228). The recommendation for an 'economic planning' department puzzled the Heads as the Report gave no indication of what evidence it had received. Haddow, on inquiry, reported that the Committee had not received any specific evidence in favour, except the Chairman's own 'cerebrations' (SRO, SOE 1/253). Toothill, in fact, had visited France and a number of other European countries in late 1960 and felt impressed by the commitment to central economic planning, and what was more important to 'the purposeful advanced thinking' that integrated administration brought (SRO, SEP 4/1691). He rejected an early draft of the Report, which supported the status quo, and was reluctantly persuaded against recommending a new department which would have included the Scottish functions of the Ministry of Labour and the Board of Trade. (For a note of the change in the draft between 23 March and 11 May, 1961, see SRO, SEP 4/1828.) Members of the

*The Origins of the Scottish Development Department, 1943-62*

Committee advised that to make the Scottish Secretary responsible for the distribution of industry could be counter-productive as many firms had 'interests' in England and that Government assistance often came within the 'fiscal sphere'. Toothill believed that growth could only be achieved by a 'simultaneous attack' on past traditions and that, as in industry, the Government's administrative structure should follow 'the job to be done' (SRO, SOE 1/253; Toothill said that Ferranti had found it difficult to ensure its existing sales, design and accountancy divisions worked together to exploit the potential of a new teaching machines and the firm established a division under the direct responsibility of the managing director). Although the administrative principles of industry were not the same as those of Government, Toothill felt that Scottish circumstances required 'concentration' of effort.

Haddow was quick to respond and in a memorandum to the other heads he suggested that Toothill's case could be met by model 'Z', previously rejected in 1959. He commented:

The fact that both the Scottish Home Department and the Department of Health have been obliged, at top levels, to participate continually in considering the Toothill Report itself seems to me to underline the time-wasting consequences of the present state of affairs. It is not as if the two Departments have had different interests to look after; basically it is the same interest, but it is of such importance to both Departments as at present constituted that both Heads have been obliged to participate personally in the work.

In early January 1962 the Heads of Department discounted the possibility of a fifth department largely on financial grounds, but also because it might have given a 'false' impression of the Scottish Secretary's powers to direct economic development (SRO, SOE, 1/253). However, they agreed, in principle, to support Haddow and model 'Z', though John Anderson restated Johnson's earlier view that the Scottish Secretary's statutory responsibility within Scotland was not necessarily symmetrical with his work as 'Scotland's Minister'. The restructuring was supported by the Press Office who stated that if the Government refrained from a positive response, Labour might pledge more radical action.

Maclay was more cautious and still not certain of its administrative advantage (SRO, SOE 1/253). He asked his officials to consult with the Treasury, his fellow Scottish Ministers and other informed opinion. In early

### *Scottish Affairs*

March Murrie reported that 'opinion' had swung decidedly in favour of change (SRO, SOE 1/253). The Treasury thought that the re-organisation would convince the public that effective co-ordination existed in Edinburgh - one department devoted whole-time seemed better than part-time in two. The issue remained the titles of the proposed Departments. The medical profession wanted a 'Health and Home Affairs' Department, while the SHD wanted the reverse, arguing that law and order held precedence in Government business (SRO, SOE 1/267). For the other Department Lord Craigton, supported by Scottish officials, considered the use of the word 'Development' inappropriate, largely because the proposed Department would exclude the Highlands (whose brief was held by the Department of Agriculture and Fisheries) and because it might offend the Board of Trade, which was technically the lead Ministry for Scottish development (SRO, SOE 1/267). 'Local Government and Housing' also posed a problem, this time because the Department's brief was wider than the similarly named English Ministry. Maclay thought Prime Minister Macmillan would object to 'Local Government and Planning' (planning implied 'the application of a rigid blue-print' to the detriment of initiative) and personally seemed inclined towards 'Local Government and Development', though none of the suggestions were particularly euphonic (SRO, SOE 1/267; see Maclay's comments, **Hansard** 24 July 1961). In the event, Maclay asked Murrie to consult the Scottish press editors who uniformly stated a preference for short titles (SRO, SOE 1/267). Murrie, despite his dislike of a name similar to a magazine title, recommended the 'Scottish Home and Health Department', and then for the sake of 'brevity', the 'Scottish Development Department' (SRO, SOE 1/267). 'Development', he told the Board of Trade, was the most accurate and compendious title available. In Maclay's own mind it brought out the Government's commitment to a 'flexible economy' where Scottish officials could think out in advance the opportunity for investment.

In some respects the SDD was the product of politically-motivated change calculated to bolster the position of a Government in electoral disarray. The Department did capture the popular imagination that Scotland was 'on the march' and that positive, purposeful thinking was again at the core of Scottish administration. (John Anderson dubbed the re-organisation 'Operation Phoenix'.) In another respect it crossed the politically sensitive issue of parallel administration and clouded the relations that Scottish Departments had with centripetal economic development. Although the restructuring involved no transfer of functions the Development Department symbolised the Government's administrative commitment to arrest industrial decline. Nevertheless the Department held no power to direct or even encourage

## *The Origins of the Scottish Development Department, 1943-62*

English industry to move. Its principal function was to develop Scotland's infrastructure, co-ordinate 'the Scottish interest' more effectively and manage a change in industrial culture. Equally important, and hidden from public view, was a new role for the Scottish Secretary - to take the Department's conceptualisation of development and use it in Cabinet to align British policy with Scottish interests. As Haddow discovered, dealing with local authorities and other Scottish interests involved a different administrative practice to policy negotiation in London. It was not the centripetalism of 1943.

### **APPENDIX**

#### **THE ADMINISTRATIVE STRUCTURE OF THE SCOTTISH DEVELOPMENT DEPARTMENT, 1962**

Key:       \* transferred from the SHD  
          \*\* transferred from the DHS

##### *Secretary*

##### *Under Secretary 1: (Economic and Physical Planning)*

Division 1<sup>\*</sup>: General Economic Development; matters arising from Secretary of State's interest in general industrial and economic development of Scotland

Division 2<sup>\*\*</sup>: Town and Country Planning; industrial and economic aspects of town and country planning; central Scotland planning; new towns and overspill.

Division 3<sup>\*\*</sup>: Town and Country Planning; Highlands and Borders, countryside questions, tourism; building preservations, clean air.

Division 4(a)<sup>\*\*</sup>: Town and Country Planning; general planning policy and procedure.

##### *Under Secretary 2: (Physical Infrastructure)*

Division 4(b)<sup>\*\*</sup>: Redevelopment; urban policy

Division 5<sup>\*</sup>: Roads; trunk and motorways

Division 6<sup>\*</sup>: Roads; classified

Division 7(a)<sup>\*</sup>: Electricity Boards

##### *Under Secretary 3: (Local Authority Services)*

Division 7(b)<sup>\*</sup>: Local Government; general policy and legislation

Division 8<sup>\*\*</sup>: Housing; legislation; subsidy and rents; improvement grants

Division 9<sup>\*\*</sup>: Housing; programme, multi-storey flats, slum clearance; SSHA; building regulations, standards, etc.

Division 10<sup>\*\*</sup>: Water and Sewerage

*The Finance and Establishment divisions reported direct to the Secretary.*

### **REFERENCES**

Committee on the Machinery of Government (1919). **Report**. Cmd. 9230. London.

Departmental Committee on Scottish Administration. **Report** Cmd. 5803.

*Scottish Affairs*

- Gibson, J. (1985). **The Thistle and the Crown**. Edinburgh: HMSO.
- Glasgow Herald** (9th Jul. 1952). 'Distribution of Industry'.
- Glasgow Herald** (30th Mar. 1960). D. Milne, 'St Andrews House: the Scottish Departments and the Scottish Public'.
- Glasgow Herald** (22 Nov 1961). 'Toothill Report'.
- Hansard** (21 Nov. 1951). Vol. 493, c.489.
- Hansard** (10 Jul 1952). Vol. 503, c.1541.
- Hansard** (24 Jul 1961). Vol. 645, c.153.
- Harvie, C. (1994). **Scotland and Nationalism**. London: Routledge.
- Kellas, J.G. (1989). **The Scottish Political System**, Cambridge University Press.
- McCrone, D. (1992) **Understanding Scotland: the Sociology of a Stateless Nation**, London: Routledge.
- Milne, D. (1958). **The Scottish Office**. London: Allen and Unwin.
- Mitchell, J. (1990). **Conservatives and the Union**. Edinburgh University Press.
- Paterson, L. (1994). **The Autonomy of Modern Scotland**. Edinburgh University Press.
- Pottinger, G. (1979). **The Secretaries of State for Scotland, 1926-76**. Edinburgh: Scottish Academic Press.
- PRO, CAB 87/72 MGO 61. B. Fraser, memorandum on 'Non-Government Organisations', 3rd Jan. 1945.
- PRO, CAB 87/72 MGO 36. Report, Official Committee of the Machinery of Government Committee, 24th Dec. 1943.
- PRO, CAB 87/94. Distribution of Industry Committee, 31st Oct. 1944.
- PRO, T 222/324 EOWG(50)26. Division I; Development Questions, 6th May 1950.
- PRO, CAB 124/671. Letter, 28th Feb. 1946.
- PRO, CAB 124/671. Letter, 8th Mar. 1946.
- PRO CAB 124/676. Minute, A. Johnston, Under-Secretary Lord President's Office, 18th Jul. 1946.
- PRO, T 222/1048. Minute, June, 1947.
- PRO, CAB 124/911. Letter, 27th Jun. 1947.
- PRO, CAB 124/911. Letter, Herbert Morrison, 25th Jul. 1947.

*The Origins of the Scottish Development Department, 1943-62*

- PRO, T. 222/1048. Minute, E.E. Bridges, Permanent Secretary, Treasury, 5th Jun. 1947 and minute, W.S. Murrie, Deputy Cabinet Secretary, 30th May 1947.
- PRO, CAB 124/911. Letter, 6th Nov. 1947.
- PRO, CAB 124/911. Minute, A. Johnston, 8th Nov. 1947.
- PRO, T 222/686. Minute A. Johnston, Second Secretary, 3rd Apr. 1954.
- PRO, T 222/686. Minute, A. Johnston, 1st Jul. 1954.
- PRO, T 199/235. Minute, D. Allen, Assistant Secretary, 2nd Jul. 1953.
- PRO T 222/686. Minute, A. Johnston, 3rd Jun. 1954.
- PRO, T 222/686. Minute, 8th Aug. 1954.
- Royal Commission on Scottish Affairs (1954). **Report**. Cmd. 9219.
- The Scotsman** (11th May 1951). 'Scottish Industry'.
- The Scotsman** (6 Jul 1961). 'Scotland's Future'.
- The Scotsman** (5th Jul. 1961). 'Sound Choice'.
- The Scotsman** (28 Jul. 1961). 'Scotland and the Cuts'.
- The Scotsman** (22 Nov 1961). 'Plan for Expansion'.
- Scottish Council (Development and Industry) (SCDI) (1961). **Report on the Scottish Economy**. Edinburgh.
- SRO, SOE 1/267 minute, W.S. Murrie, Permanent Under Secretary of State, Scottish Office, 12th Apr. 1962.
- SRO, HH 36/1. Inter-Departmental Committee on Scottish Administration (SAC 7), 25th Oct. 1937.
- SRO, HH 36/18. Minute, D. Milne, Secretary SHD, 26th May 1943.
- SRO, HH 1/1231. Notes on Regional Organisation, June, 1946.
- SRO, SOE 1/262. Letter 15th Oct, 1957.
- SRO, SOE 1/262. Memorandum, 11th Nov. 1957.
- SRO, SOE 1/262. Letter 19th Dec, 1957.
- SRO, SOE 1/262. Letter, 6th Jan. 1958.
- SRO, SOE 1/262. Memorandum, 14th Mar. 1958.
- SRO, SOE 1/262. Memorandum, HD(RDF)1, 9th May 1958.
- SRO, SOE 1/262. Memorandum, HD(RDF)2, 19th May 1958.
- SRO, SOE 1/262. Memorandum, HD(RDF)6, 22nd May 1958.

*Scottish Affairs*

- SRO, SOE 1/262. Letter (with note drafted by A. Johnston), 3rd Jul. 1958.
- SRO, SOE 1/262. Minute, 7th Jul. 1958.
- SRO, SOE 1/111. Minute, 5th Aug. 1958.
- SRO, SOE 1/111. Minute, 19th Aug. 1958.
- SRO, SOE, 1/263. Minute, 22nd Sept. 1958.
- SRO, SOE 1/264. Note of meeting, 11th Dec. 1958.
- SRO SOE 1/264. Memorandum, HD(RDF)16, 12th Jan. 1959.
- SRO, SOE 1/264. Note of meeting, 14th Jan. 1959.
- SRO, SOE 1/170. Minute, 23rd Apr. 1959.
- SRO, SOE 1/265. Letter, 21st Jul. 1959.
- SRO, SEP 4/1691. Minute, 9th Nov. 1961.
- SRO, SEP 4/1820. Minute, 9th Nov. 1961 and letter of Murrie, 17th Nov. 1961.
- SRO, SEP 4/1820. Letter of B.F. Trend, 21st Nov. 1961.
- SRO, SEP 4/1820. Minute, Murrie, 28th Nov. 1961.
- SRO, SEP 4/1820. Note of meeting, 7th Dec. 1961.
- SRO SEP 4/1820. Minute, W.S. Murrie, 24th Nov. 1961.
- SRO, SOE 1/228. Note of meeting, 27th Nov. 1961.
- SRO, SOE 1/253. Minute, 20th Dec. 1961.
- SRO, SEP 4/1691. Meeting, Toothill Committee, 23rd Jan 1961.
- SRO, SOE 1/253. Minute, W.S. Murrie, 26th Mar. 1962.
- SRO, SOE, 1/253. Meeting, Heads of Department, 3rd Jan, 1962.
- SRO, SOE 1/253. Minute, W.S. Murrie, 5th Mar. 1962.
- SRO, SOE 1/253. Minute, W.S. Murrie, 15th Mar. 1962.
- SRO, SOE 1/267. Memorandum, W.S. Murrie, 'Toothill Report and Organisation of Scottish Departments', 26th Feb. 1962.
- SRO, SOE 1/267. Minute, W.S. Murrie, 5th Mar. 1962.
- SRO, SOE 1/267. Minute, 23rd Mar. 1962.
- SRO, SOE 1/267. Minute, W.S. Murrie, 6th Apr. 1962.
- SRO, SOE 1/267. Minute, 6th Apr. 1962.
- The Times** (20 June 1994). Obituary, W.S. Murrie. London.

*The Origins of the Scottish Development Department, 1943-62*

**The Times** (20 Sep 1994). Obituary, A. Johnston. London.

**The Times** (6 Jul 1961). 'Scotland looks Ahead'.

**The Times** (22 Nov 1961). 'Scotland's Chance'.

*March 1995*