

## **‘TOO DEEPLY COMMITTED’: AVIEMORE, THE SCOTTISH OFFICE AND GEORGE POTTINGER, 1959-72**

*Ian Levitt*

In early 1968 David Steel, the MP for Roxburgh, Selkirk and Peebles, issued a booklet that called for the establishment of a devolved Scottish Parliament. Steel's assessment of Scottish Administration led him to question whether the work of the Scottish Office, by virtue of the growth of government, was adequately supervised by Westminster. After a careful analysis of the time available in the Commons for Scottish affairs, he concluded that significant areas lay un-scrutinised which reduced its political accountability and its sensitivity to electoral concerns. (Steel's publication came shortly after the SNP had captured the previously rock-solid Labour Hamilton seat in a by-election.) In the Scottish Office the publication landed on the desk of George Pottinger, one of the under-secretaries responsible for regional development and all matters 'home rule'.<sup>1</sup> Pottinger was asked by ministers to prepare an assessment and review the factual position of Scottish administration ahead of ministerial discussion on devolution. Pottinger's report dismissed any notion of a 'democratic deficit' largely on the basis that such had been rejected by earlier reviews, including the 1954 Royal Commission on Scottish Affairs.<sup>2</sup> Although ministers considered various suggestions for

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*Ian Levitt is a professor in the Department of Social Work, University of Central Lancashire, Preston, PR1 2HE*

<sup>1</sup> *NAS, HH 41/1760, 27 Feb. 1968 and HH 41/2161, minute, 8 Mar. 1968. The booklet was called 'Out of Control, A Critical Examination of the Government of Scotland'.*

<sup>2</sup> *Pottinger had been secretary of the Royal Commission, 1952-54, effectively charged with its draft. He had entered the Scottish Home Department in September 1939 as an assistant principal, but was immediately called up for war service, serving*

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strengthening Parliamentary scrutiny and established a Commission of Inquiry, the Government decided that the basis for the 'discontent' lay primarily in the area of economic management, which would subside once its regional assistance policies had taken greater effect.

Four years later, during the bankruptcy hearing of the Yorkshire architect, John Poulson, it became evident that Pottinger had received substantial 'gifts' dating from 1963 when both were involved in a Government assisted project to build an 'all weather' tourist centre at Aviemore. The gifts, totally £30,000, included two suits of clothing, foreign holidays, a car and a bungalow built to his specification beside Muirfield Golf Course, of which he was a member. Pottinger's name was reported in the **Yorkshire Post**, but not in the Scottish press. However, a few days later, Douglas Haddow, the Scottish Office permanent under secretary, heard the story from a golfing friend at Kilspindie. Pottinger confirmed much of the evidence when interviewed, but denied any contractual relationship with Poulson – the gifts were from a 'close family friend'.<sup>3</sup> Haddow asked Pottinger to prepare a public statement on the matter and thought initially that the matter could be

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*with distinction. He returned on demobilisation in 1945 and was promoted to principal in 1947 and then assistant secretary in 1952. (In 1948 he had responsibility for administrative preparation of the Public Register and Records (Scotland) Bill, which saw the creation of the substantive post of the Keeper of the Records of Scotland and was successively private secretary to three Secretaries of State, 1949-52.) Pottinger was assistant secretary, the establishment division, 1954-56, with responsibility for the registry, when he moved to the local government division, in charge of discussion on the Exchequer contribution to local revenues. In October 1959 he was promoted to the post of under secretary and seconded to the Scottish Tourist Board to assist Sir Hugh Fraser on a tourist plan for the Highlands. He returned to the new created Scottish Home and Health Department in October 1962 where he carried out an internal review of local government restructuring ahead of a White Paper on the subject, undertook preliminary discussion with the Treasury on a tourist amenities bill and chaired the Scottish Office inter-departmental group on public investment, serving on a Whitehall committee on the building trade. He moved to the post of under-secretary, planning and local government in April 1963 and was transferred to the post of under-secretary of state, the Scottish Office, based primarily in London, December 1964-November 1968. Between 1968 and 1972 he was successively under secretary, deputy secretary and secretary at the Department of Agriculture and Fisheries.*

<sup>3</sup> **PRO**, BA 19/116, minute 19 Jun 1973.

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resolved by repayment (though Pottinger would face disciplinary charges). However, after discussion with the Cabinet Office, he accepted that there were wider issues and agreed to consult the Scottish Secretary on 'how serious the damage might be from the political point of view and in relation to the general standing of the Scottish Office'.<sup>4</sup>

Poulson also told the hearing that he had recruited the Conservative MP, Reginald Maudling, Chancellor of the Exchequer, 1962-64 and Home Secretary since 1970, as a director of one of his companies that dealt with the Middle East. Maudling, he said, had sought to further the interests of a failed American company, whose directors were being pursued through the courts on various criminal charges. In public there was little in the Maudling link with Poulson: he had accepted the directorship in 1966, but resigned in 1969 when Poulson's firm ran into financial difficulties. However, Poulson threatened to use further hearings to divulge additional material on Maudling and, on 3<sup>rd</sup> July, a number of Liberal and Labour MPs sought to raise the matter in the Commons. The following day there was widespread press coverage and a clamour for a public inquiry. A fortnight later Pottinger was suspended from duty and Maudling resigned as Home Secretary on 'technical' grounds that the Metropolitan Police would lead the investigation into Poulson's affairs. The investigation, the Cabinet noted, 'would cover the activities of two MPs, several civil servants and various other individuals in public life'.<sup>5</sup> In reaching the decision the Cabinet had accepted the view that 'the law should take its course' and that the public interest would not be served by an inquiry. At previous public inquiries those giving evidence had been granted immunity from further criminal proceedings.<sup>6</sup>

The following June (a few days after the Cabinet agreed to approach the opposition parties on the introduction of a voluntary register of MPs' financial interests), Pottinger and Poulson were arrested and charged with conspiracy to corrupt, the first of a series of charges and trials against those connected with the Poulson 'empire'. In February 1974 both men were found guilty at Leeds Crown Court and sentenced to five years gaol, reduced on

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<sup>4</sup> *PRO*, BA 19/116, minute 21 Jun. 1973.

<sup>5</sup> *PRO*, CAB 128/50/37, CM(72)36th, 13 Jul. 1973.

<sup>6</sup> *PRO*, BA 19/117, minute, 18 Jul. 1973.

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appeal on grounds of mercy in Pottinger's case to four years.<sup>7</sup> Further convictions followed of other Poulson associates (largely based in the North of England).

The arrests and trial were one of the period's most notorious incidents, coming during an upsurge of industrial unrest, military conflict in the middle-east and cuts in fuel supply.<sup>8</sup> There had been minor cases of fraud and corruption in public life before (in Scotland small burghs were notorious for defalcation), but not involving a senior civil servant. Press comment after the trial uniformly criticised the Scottish Office for its failure to 'vet' Pottinger more carefully (positive vetting refrained from financial inquiry), the apparent laxness in the 'policing' of gifts (it was admitted that some officials received 'free turkeys' at Christmas) and the quality of its registry. A large number of papers on Aviemore had either been destroyed or gone missing. The general surge of disaffection in Scotland towards Westminster and its institutions was such that the minority Labour Government after March 1974 felt compelled to support a programme of political devolution.

In recent years there has been much discussion about the direction of post-war economic policy in the Highlands, the Government's attitude towards tourism and the protection of the environment. A number of writers have highlighted the difficulties in attracting and sustaining industry without a substantial premium on any Government investment grant and generally in fostering skilled worker employment, regarded as a key element in area regeneration.<sup>9</sup> The Highlands and Islands Development Board, created in 1965 to redeem a Labour election pledge, soon found itself in some difficulty with a number of rather shady businessmen intent on exploiting the 'softer' conditions attached to its grant regime. Ultimately, but not without a series of

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<sup>7</sup> *The trial transcripts can be found at NAS, SOE 3/570-612 and the witness statements at PRO, J 291/60-82.*

<sup>8</sup> *M. Tomkinson and M. Gillard, Nothing to Declare: the Political Corruption of John Poulson, (London, 1980); M. Gillard, A Little Pot of Money: The Story of Reginald Maulding and the Real Estate Fund of America, (London, 1974).*

<sup>9</sup> *J. Hunter, Last of the Free: a Millennium History of the Highlands and Islands of Scotland, (Edinburgh, 1999); I. Levitt, 'The Creation of the Highlands and Islands Development Board, 1935-65', Northern Scotland, Vol.19, 1999 & 'Taking a Gamble': the Scottish Office, Whitehall and the Highlands and Islands Development Board, 1965-67', Northern Scotland, Vol.20, 2000.*

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financial scandals, the Treasury accepted that the economic vulnerability of the Highlands compelled the Board to accept a higher degree of risk than elsewhere. Past semi-official clearances and the depopulation evident in the 1961 census meant that positive policies were 'owed'.

Other work has discussed the restructuring of the Scottish tourist industry to maximise the potential of attracting the cultural tourist intent on experiencing, if not family roots, then certainly the heritage and the wildness of the landscape.<sup>10</sup> The marketing – branding – of a particular image may well have raised questions about its authenticity and distortion on identity, but it has been acknowledged that the modern visitor demands international standards of hospitality whilst enjoying the facilities. The factors inherent in maintaining the industry's competitiveness has been examined, not least the necessity to combine various sources of capital with appropriate labour and a suitable supply of well placed hotels, each able to ensure access to the amenities.<sup>11</sup>

Further work has also been completed on the environmental history of the Highlands, particularly from the impact of the human population.<sup>12</sup> The progressive denudation of the forest habitat has been critically reviewed, as indeed the intrusion of ill-thought-out Forestry Commission plantations in the post-1920 period. Although later plantings have taken environmental sensitivities into account, suspicion continues to exist that successive governments have given lip service to the concept of sustainable development, rather than embrace it at the centre of public policy. Aviemore is seen very much as an intrusion into the natural landscape, indeed an aberration of a positive policy towards integrating the environment within our consciousness.

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<sup>10</sup> J.R. & M.M. Gold, *Imagining Scotland*, (Vermont, 1995); D. McCrone, A. Morrison & R. Kelly, *Scotland the Brand: the Making of Scottish Heritage*, (Edinburgh, 1995)

<sup>11</sup> R. Maclennan & R. Smith, *Tourism in Scotland*, (London, 1998)

<sup>12</sup> R.A. Lambert, *Contested Mountains* (Cambridge, 2001); T.C. Smout & R.A. Lambert, *Rothiemurcus*, (Dalkeith, 1999); T.C. Smout, *Nature Contested: Environmental History in Scotland and North-east England since 1600*, (Edinburgh, 2000)

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Inherent in all of this work has been an acknowledgement that the history of Highland governance has been highly troubled, with the many interests not necessarily sharing the same conception of development or, even if they do, how it should proceed. Yet, very little work has been completed on the detailed evolution of public policy towards tourism and its basis in regenerating the Highlands, or indeed of Aviemore, except in terms of the latter's architectural style (certainly not Adam) and the misconception of the area's ability to sustain large scale tourism. Even more so, little attention has been paid to Aviemore's place within the contemporary debate on Scottish governance and the public's attitude towards the role and function of the Scottish Office in 'managing' Scottish affairs. Scotland may have been 'stateless', but many saw the Scottish Office as a benign 'Protector', operating to ensure the Scottish interest within Whitehall.<sup>13</sup> Within this mode of thought Aviemore undoubtedly represented an outstanding achievement and by ordinary accounts Pottinger should have received an honour, probably a CBE. However, there is a hint in the Scottish Office documents, now open, that such an acknowledgement might have represented a triumphant officialdom whose 'modus operandi' and advice to ministers had so effectively outsmarted the project's opposition. It was important to keep the myth that it had been a private venture, which only after the Aviemore consortium had secured all party consent attracted Government support. This article sets out to examine the history of the project in relation to contemporary concerns about the Highland economy, the operation of the Scottish Office in securing the project, and the context in which the subsequent scandal was effectively disconnected from Westminster life. In so doing it aims to cast further light on the relative power of the Scottish Office in relation to Steel's assertion of an administration 'out of control'.

The article continues with a review of post-war policy towards the national parks and the importance accorded tourist development in the Highlands as a means economic regeneration, rather than to detract from nature conservation. In doing so section 1 charts out ministerial consideration of policy options in relation to local opinion and the environmental lobby, two not necessarily compatible forces. It also charts out the Government's determination after 1958 that although it could engage with Scottish

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<sup>13</sup> D. McCrone, *Understanding Scotland: the Sociology of a Stateless Nation*, (London, 1992)

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institutions and be seen as a catalyst in new thought, it should not be seen as pre-determining or nationalising provision. It then examines the critical attitude of the Board of Trade towards the economic sustainability of Highland tourism against the backdrop of a Scottish ministerial commitment to deliver a high profile project. Section 2 examines the Scottish ministerial determination after 1962 to take control of project implementation, first by the redeployment of a senior Scottish official known for his ability to 'deliver', second by exerting political pressure on other ministries for financial support and finally by the 'creative' use of planning procedures to stifle any institutional opposition. Section 3 reviews the aftermath of the scandal, once it had been publicly revealed, particularly the Government's desire to isolate matters around the senior official concerned and prevent more searching examination of ministerial conduct, perhaps with greater constitutional impact. The issue of the 'missing' records is also examined, but with a conclusion different from that at Pottinger's trial, that from surviving papers not produced at Court ministerial direction was maintained at a high level. Whatever the bribes, Pottinger's actions were well known. The article ends with a reflective note on Scottish governance in a pre-devolutionary era.

## **1 'POPULAR TOURISM', THE HIGHLAND ECONOMY AND THE ENVIRONMENTAL LOBBY, 1948-63**

In the final stages of the Second World War the Coalition Government agreed to review of the use of the countryside for leisure activities where areas of natural beauty could be preserved and made accessible for public use. In 1948, after a report on the availability of substantial tracts of countryside next to urban areas, the Government decided that Scotland should be excluded from a requirement to establish National Parks under the legislation then being pursued.<sup>14</sup> However, to avoid criticism of 'laissez-faire' on preservation matters and to 'safeguard the National Park areas', the Cabinet agreed that the Scottish Secretary could issue directions to county councils on the right to 'call in' development plans, where these might be considered 'undesirable'.<sup>15</sup> Five such areas were subsequently designated,

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<sup>14</sup> *PRO*, CAB 132/10, LP(48)36 'National parks in Scotland', 20 Apr. 1948.

<sup>15</sup> *Department of Health for Scotland: Annual Report, 1948*, Cmd. 7659.

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including the Cairngorms. This appeased the National Trust for Scotland, which believed that to protect the environment public access to areas of outstanding natural beauty should be controlled and restricted to certain vantage points.<sup>16</sup> Nature Conservancy, a statutory UK body established by Royal Charter in early 1949, subsequently adopted a similar position and secured the designation of a reserve on the western part of the Cairngorms.

The growth of Scottish tourism in the 1950s, which almost doubled the number of visitors, re-inforced the views of the NTS and in 1958 they urged Jack Maclay, the Scottish Secretary, to take action. Maclay assured them that the Government was broadly in favour of legislation and proposed the establishment of an 'Advisory Council for Places of Natural Beauty' contained within a Countryside Bill. The Council's duties would include the distribution of grants for the provision of better recreational facilities, which, though not large (£25,000), would be in proportion to that received by the English National Parks for similar facilities. However, Maclay found that the local authorities were uniformly against the Council holding power to advise the Scottish Secretary on planning development and the Bill was formally withdrawn in 1961 after additional objections from landowners on access issues.<sup>17</sup>

Since the late nineteen thirties the Government had accepted that the Highlands required positive measures to arrest population decline and assist the indigenous economy. The flow of public expenditure (for instance, in support of hydro-electric schemes, road improvement and forestry) brought new jobs and a higher level of real income, but the clamour from the opposition, the Scottish press and local authorities remained. The Scottish Office expected that the 1961 census would reveal a further decline in population and apprehension existed over the Treasury's attitude towards the Highland investment programme, which after the introduction of macro-economic planning was regarded increasingly as one of 'social service', rather than sound economics.<sup>18</sup> The Treasury believed that the area lacked the

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<sup>16</sup> *NAS*, DD 12/3012, 'Amenities of the Countryside: background memorandum on proposed Scottish legislation', 26 Mar. 1964.

<sup>17</sup> *PRO*, CAB 134/2171 LC(61)44 'Countryside (Scotland) Bill', 21 Apr. 1961

<sup>18</sup> *R. Clarke, Public Expenditure, Management and Control*, (London, 1978); *A. Cairncross & N. Watts, The Economic Section, 1939-61*, (London, 1989).

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natural resources at a sufficient level to sustain relatively low levels of unemployment. (Hydro-electricity and forestry were seen as two possible candidates for a reduction in investment.) As a result in July 1958 Maclay agreed that officials in St Andrews House should review Highland policy ahead of ministerial discussion of a White Paper on the Government's future intentions. The initial proposal was to press for the further 'modernisation' of the area's physical infrastructure (roads, ferries, harbours and piers), principally to improve communications, but also to attract more tourists (the majority of 'trunk' routes were single lane with 'passing places'). However, one official, Ronald Johnson, the under-secretary responsible for regional policy, thought it necessary to tackle the Treasury's views more directly and suggested that,

I think that we must continually keep in view that the object must be not simply to attract more holiday-makers to the Highlands but to secure that more persons are employed in entertaining visitors and preparing for their reception, that is why I am cautious, or even sceptical, about road improvements alone. It would be possible for hundreds of parties to travel thousands of miles in the Highlands, carrying their own tents and tinned food, buying only a few cairngorm brooches made in Birmingham and providing employment for county roadmen and garbage collectors. To create more employment in the tourist industry no doubt requires capital, and in this it may be necessary for the Government to help.

The ultimate aim, he argued, was to make the Highlands 'a more hospitable place' with a greater variety of 'entertainment' and opportunity for the tourist to buy local services.<sup>19</sup> Johnson added that unless action was taken its competitive position, particularly in the North American market would weaken. (There was some evidence that the tourist trade had become more concentrated in Lowland Scotland.) Ministers liked the idea, but agreed that they should invite the Scottish Tourist Board and its local associations to conduct a survey of tourist resources and they, rather the Government, should put forward schemes to improve the attractiveness of the area. (Any scheme would therefore not be seen as an imposition from Edinburgh or London.) After a special Cabinet meeting on unemployment Harold Macmillan, the Prime Minister, approved and told Maclay that:

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<sup>19</sup> *NAS, SEP 12/128, minute, 18 Aug. 1958.*

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We were talking the other day about the future of the Highlands, and I think that you accepted the view that tourism in the widest sense must play a great role. I do not believe that the great forests and grouse moors can last much longer. What we want to do is to popularise sport, making it widely available, and fill the country with simple but comfortable hotels for this class of people. We ought to spread tourism in its more popular sense.<sup>20</sup>

Macmillan agreed to the survey, but asked Maclay to consider going 'for a man' to conduct it, rather than a committee. The latter, he said, took 'the punch out of life'.

The search for a suitable person took some time, but Maclay finally settled on Hugh Fraser, the Scottish retailer and owner of Harrods, who had been chairman of the Automobile Association and was currently Conservative Party treasurer in Scotland. Fraser was clearly a high profile choice and once appointed (with Macmillan's approval) insisted that the Scottish Office second a civil servant of sufficient rank to undertake any detailed consultancy activity. Pottinger, who was then the assistant secretary for the local government division, was persuaded (with some reluctance) to accept the secondment, initially for three months, but later three years. In many respects Pottinger was an obvious choice amongst the then assistant secretaries, with a career noted for hard work, assiduousness and flair, essential ingredients for a civil servant who could 'fix things up'. He may have known little about tourism, but his knowledge of Scottish institutions and local government was 'first-rate'. (His record included drafting the contentious 1948 Public Records and Registers Bill against a reluctant legal fraternity and the secretary-ship of the anti-devolutionist 1954 Royal Commission on Scottish Affairs.) However, Fraser believed that Pottinger's rank was not sufficient for the task and after Pottinger, himself, argued that his place in securing further promotion might suffer if he was away from mainstream civil service activity, he was promoted to the rank of under-secretary, with the pledge that a suitable post would be found on his return.

Pottinger's work on secondment was certainly 'novel' by civil service standards – there was 'no precedent' or indeed official guidance offered – but by late 1960 Fraser had secured bank pledges to support the hotel industry in

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<sup>20</sup> *NAS, DD 12/443, minute, 30 Jan. 1959.*

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a modest programme of expansion.<sup>21</sup> A number of publicity drives were conducted and a scheme of 'village renovation' agreed for upper Speyside. Outline planning permission for a hotel at Coylumbridge, near Aviemore on land owned by Lt-Col. J. Grant, chairman of the Scottish Tourist Board's Development Committee and a member of Nature Conservancy, was also secured, the Scottish Office writing that whilst the area in question was 'one of high amenity, some development in the interests of the tourist industry should not be precluded'.<sup>22</sup> Ministers welcomed the initiatives, but Fraser believed that the local capital to support development was insufficient to significantly alter modes of Highland 'hospitality'. A Cabinet Committee on Tourism, established in the wake of a general concern of UK dollar-earning competitiveness, came to the same conclusion and agreed that investment grants and, perhaps, a special tax on overnight accommodation, could attract 'entrepreneurs' into the industry.<sup>23</sup> The Scottish Office and Board of Trade took up the idea, but not the Treasury, which objected to industry-specific allowances.<sup>24</sup> Undaunted, Fraser persuaded the STB to recommend the tax scheme to the Scottish Office, after provisional agreement with a number of trade groups. In early 1962 Scottish ministers agreed that sufficient preparatory work had been undertaken and decided that Pottinger should assist the STB 'on the mechanics of bringing a bill to fruition'.<sup>25</sup> However, they also agreed that whilst the Scottish Office could provide 'facilities' to promote the scheme, the Government could not be seen as the 'instigator'.<sup>26</sup> Pottinger, they noted, wore 'two hats' and might require further instruction on the Government's position. Fraser, meantime, sought assurances that it would provide a Board of Trade development area grant, if he could persuade an international hotel group to invest in the scheme. Pottinger's draft letter for Maclay set out the rationale in terms of development area policy and went on (the phrases in italics inserted by James McGuinness, the planning under-secretary):

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<sup>21</sup> *NAS, SOE 3/553, Pottinger's letter on dismissal, 12 Sept. 1974.*

<sup>22</sup> *NAS, DD 12/2667, letter 5th Dec. 1960.*

<sup>23</sup> *PRO, CAB 134/1588, CT(61)6th, 16 Feb. 1961.*

<sup>24</sup> *PRO, T 224/1055, Pottinger letter (noting meeting, 26 Jan. 1961), 1 Nov. 1962.*

<sup>25</sup> *NAS, DD 12/429, Craigton minute, 24 Jan 1962.*

<sup>26</sup> *NAS, DD 12/429, Craigton minute, 2 Feb. 1962.*

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The main problem [in the Highlands], however, remains the shortage of top-class hotel accommodation, and progress, both with the new building and with the improvements to existing hotels, has been slow... We want new capital to make possible the building of new hotels, both for the [Fraser consortium] and for the effect they will have in inciting existing hotels to carry out improvements. Neither Sir Hugh's Company nor the admirable work which has been carried out under the [Board of Trade] scheme has yet proved sufficient for this purpose, and my own view is that we must *now need an ambitious project which will really strike people's imagination*. ... There is a chance that he might succeed in persuading the Hilton people to put up, say, a 200-bedroom hotel in the Highlands if he were able to give some indication that a loan of half the capital cost, which for this purpose we might take as £1 million, might be forthcoming. I do not think that it would be a realistic exercise, nor would it be fair to Sir Hugh, to invite him to carry out *negotiations of this kind without a fairly firm understanding that the Board of Trade will accept the project as prima facie eligible for assistance*.<sup>27</sup>

Freddy Errol, the Board of Trade President, agreed and a form of words for Fraser to use in negotiation with any entrepreneur was set out.<sup>28</sup> As Craigton later told the Court Pottinger left secondment very much in Fraser's confidence.

Following the withdrawal of the Countryside Bill, Maclay decided to re-think Scottish strategy towards amenity provision. In July 1961 he agreed that the Department should circulate local authorities inviting plans to enhance both the quality of the countryside and the development of tourism. Maclay also agreed to support a STB conference on tourism in January 1962, which publicly he hailed a success in focussing attention, but in private accepted the official view that a new initiative would be required 'to stir local authorities into action'.<sup>29</sup> The matter became 'urgent' after the Scottish Office's Advisory Panel on the Highlands issued a Report favouring the regeneration approach taken by Norway (which included grants and loans for hotel

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<sup>27</sup> NAS, SEP 12/237, letter 22 Jun. 1962.

<sup>28</sup> NAS, SEP 12/237, letter, 13 Jul. 1963.

<sup>29</sup> NAS, DD 12/430, minute 16 Jan. 1962.

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construction). Maclay asked Lord Craigton, the Minister of State, to coordinate the Scottish Office's response and keep him 'informed from the Ministerial point of view'.<sup>30</sup>

Craigton realised that Fraser's scheme faced a number of difficulties, even if he could secure local authority support. Firstly, for reasons of financial viability, Fraser required a location, which could generate sizeable visitor numbers throughout most of the year. In Highlands, it was evident that only the Cairngorms, with its combination of the winter skier and traditional summer visitor, could possibly attract the numbers required. Winter skiing had begun in the area before the war, but since then had attracted an increasing number of young enthusiasts. The summer season was 'steady', but greatly affected by inclement weather. It also had a landowner who had already secured outline permission for a hotel. Craigton took time to meet Grant during his 1962 summer tour of the Highlands and agreed with him the need for 'the proper delineation of areas for tourist development and wild life sanctuaries, or at least unspoilt countryside'.<sup>31</sup> Grant was sufficiently assured of the Government's intent that he approached the Advisory Panel on the Highlands for support to obtain better meteorological information on the snow conditions of Highland mountains.

Secondly, after the January Conference the NTS approached the Scottish Office for the re-introduction of the Countryside Bill, but this time recommended a statutory Landscape Commission to advise the Scottish Secretary on 'amenity questions' and act as a 'watch dog' over the whole of Scotland. The Commission's duties would include presenting the amenity case against the arguments advanced by any specific developer. Craigton recognised the threat to Fraser's scheme and the proposal was rather brusquely vetoed after the NTS met the Scottish Secretary in January 1963, its secretary being told that the Scottish Development Department was working with local authorities to conduct various studies 'as requested in [its] circular'. He was further told 'in case you are tempted to point out that there

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<sup>30</sup> *NAS, SEP 12/133, minute, 27 Mar. 1962.*

<sup>31</sup> *NAS, DD 12/885, minute, 12 Jul. 1963.*

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are others areas of high tourist potential, [we] would add that the Cairngorms study should be the prototype'.<sup>32</sup>

The third issue facing Craigton was a proposal by Nature Conservancy to enlarge its Cairngorm reserve to include Glenfeshie on its southern and far western borders, thereby increasing its extent to about 40% of the 'national park'. In May 1962 the Conservancy's Scottish Committee secured the support of the local landowner for the designation and sought Scottish Office support for a change to the County's development plan. Planning officials immediately noted the risk to the Scottish Office's tourist plan – the higher points of Glenfeshie bordered the next exploitable 'snowfield' – and told Craigton that the Conservancy's attitude was to preclude public access, except in certain areas and under warden support. (One official noted that it assumed only 'the educated' could appreciate its reserves.) The Committee stood somewhat outside direct Scottish Office influence and refused to deal with the County Council unless it had secured Scottish Office support, a reverse of the usual planning process. After a meeting with its Scottish officers, Bob Grieve, the Scottish Chief Planning Officer, noted that it seemed unclear of the designation's impact on Government policy and he had felt forced to 'point out' that unlike England where the pressure was to preserve rural areas from urban encroachment, 'the main problem [in Scotland] was seen as rehabilitation using the medium of national parks for co-ordinating development'.<sup>33</sup> He further told the officials that development in these areas was considered 'essential, particularly in connection with access and tourist development.' After a series of meetings Haddow, then Secretary of the Scottish Development Department, decided to offer a compromise, that Scottish officials would support the extension on the basis that the Conservancy prepared guidelines on preservation and access, recognising that tourist development and conservation were not necessarily 'irreconcilable'.<sup>34</sup>

The final issue facing Craigton was Government support for the Cairngorm ski-lift, opened in 1961 after a number of local hoteliers combined and raised

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<sup>32</sup> *NAS, DD 12/2868, letter, 18 Jan. 1962; Pottinger was not involved in the discussion.*

<sup>33</sup> *NAS, DD 12/892, minute, 4 Jun. 1962.*

<sup>34</sup> *NAS, DD 12/892, minute, 4 Oct. 1962.*

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£47,000 capital. Scottish ministers had immediately agreed to contribute £5,000 under the 1937 Physical Training and Recreational Act and reclassify the road from Coylumbridge to the slopes to ensure eligibility for grant aid. (Another Inverness-shire road was de-classified.) However, the ski-lift was soon found inadequate and Craigton accepted the company's view that without a second lift to ease congestion, interest in the 'winter playground' would fade.<sup>35</sup> If anything, he thought that the Company's plans 'were not exhaustive enough'. In August 1962 the Minister told Pottinger, still on secondment to Fraser, that the area required 'orderly development' and added that 'it must be right to co-ordinate both plans [the ski-lift and possible hotel development], both as regards location and priorities'.<sup>36</sup> 'To put the project on its feet', the SED was instructed to find a further £4,000 from the Physical Training Act's budget (despite its reservation on using the fund for economic development).<sup>37</sup> Craigton also instructed Scottish officials to support the ski-company's bid for a Board of Trade development area loan, an action followed by letters of support from a number of Highland Conservative MPs.<sup>38</sup> The following March the Board's Advisory Committee rejected the application on commercial grounds (it believed the company was financially too weak), but suggested that, in return for shares, Fraser might be willing to invest in the lift as part of the Aviemore project.<sup>39</sup> The attendant press publicity on the Government's apparent 'lack of vision' and its failure to see that 'money was essential' focused official attention.<sup>40</sup> Scottish ministers told them 'it was a bad decision', which should be pursued.<sup>41</sup> Planning officials had already informed the Development Commission that 'the project stood in the same relation to Highland tourism as the Fort William Pulp Mill did to

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<sup>35</sup> *NAS, DD 12/280, letter 18 Jul. 1962.*

<sup>36</sup> *NAS, SEP 12/280, minute, 31 Aug. 1962*

<sup>37</sup> *NAS, SEP 12/280, minute, 20 Sep. 1962.*

<sup>38</sup> *NAS, SEP 12/280, letters, 28 Jan. & 1 Feb 1963. Grant had phoned them to plead action.*

<sup>39</sup> *NAS, SEP 12/281, minute, 21 Mar. 1963.*

<sup>40</sup> *Glasgow Herald, 25 Mar., 4 Apr. & 4 May 1963 and The Scotsman, 3 & 6 May 1963.*

<sup>41</sup> *NAS, SEP 12/281, minute, 19 Apr. 1963*

Highland industry' and, as such, was suitable for special financial aid.<sup>42</sup> Greater assistance was seen as a key test of the Government's resolve to regenerate the area and stem population loss.

## **2 THE AVIEMORE 'PLAYGROUND' AND POLICY CONTROL, 1963-65**

Pottinger had left secondment expecting that the interest in Fraser's tourist plan would fade; no entrepreneur had yet 'signed up'.<sup>43</sup> Fraser, it appears, was undaunted and in October announced that he was pursuing a plan to establish a Scottish 'St Moritz' somewhere in the Highlands, an initiative which was warmly applauded by, amongst others, Macmillan. In a review of regional incentives, he told the Cabinet that 'the Highlands of Scotland, which had been the playground of the rich in the last century, might be developed into the playground of the masses, like the National Parks of America'.<sup>44</sup> In early January Pottinger advised other Scottish officials that Fraser was actively pursuing talks with the Sheraton and Hilton groups, 'in accordance with the arrangements which have been agreed with the President of the Board of Trade'.<sup>45</sup> He added that he remained convinced that 'to attract one of the largest organisation such as the Hilton was much the best bet for stimulating' Highland hotel development. Shortly afterwards Craigton faced a series of awkward and unexpected questions in a Lords debate on the Scottish economy, where the Earl of Haddington, the senior Scottish representative peer, amongst others, questioned the Government's

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<sup>42</sup> *NAS, SEP 12/281, minute and letters, 9 & Apr. 1963.*

<sup>43</sup> *Pottinger wrote two books that touched on Aviemore. The first, **The Winning Counter** (Edinburgh, 1971) was a biography of Lord Fraser, but essentially restated the official line that it was a private initiative. The book had been vetted by the Civil Service before publication. The second, **The Secretaries of State for Scotland, 1926-76** (Edinburgh, 1979) was published after release from prison and again restated the official line. It is more interesting for its statement that 'Noble's venture into tourism proved ill-starred', mainly a criticism of the failed *Countryside and Tourist Amenities (Scotland) Bill*, but an aside that he had lacked authority to persuade British Rail to join the Aviemore venture.*

<sup>44</sup> *PRO, CAB 126/36, CC(62)63rd, 20 Oct. 1962.*

<sup>45</sup> *NAS, SEP 12/519, minute, 12 Jan. 1963.*

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determination to support Highland tourism.<sup>46</sup> He immediately asked planning officials to review the action being taken and they, in turn, sought Pottinger's advice – in the light of his 'experience'. The **Glasgow Herald** had already reported Fraser's latest initiative and suggested that if the Government was prepared to fund 'advance factories' for central Scotland, they could build 'advance hotels' in the Highlands.<sup>47</sup> A fortnight later Craigton agreed to meet officials from the British Transport Hotels, then a subsidiary company of British Rail. Pottinger accompanied him, listed as the 'under secretary for tourism'.<sup>48</sup> In fact, on return from secondment Pottinger was given two duties, the first to review the reform of local government ahead of a White Paper and the other to discuss a revised Countryside Bill with the Treasury. The Bill would include additional clauses on an amenities tax. The Treasury initially opposed the measure (on grounds of possible pressure for additional public funding), but John Boyd Carpenter, the Financial Secretary, thought otherwise and minuted that 'prima facie he saw no reason to object'.<sup>49</sup> Pottinger had previously told the Treasury that 'each year we get more foreign tourists and they compare the facilities here with those in other countries. If we are to measure up to international competition it is imperative that the general standard of amenity should compare favourably with what obtains elsewhere'.<sup>50</sup> The Highlands Advisory Panel considered the area a 'tourist slum'.<sup>51</sup>

At Craigton's meeting with the BTH its officials agreed that the 'bottleneck' in provision was the lack of 'proper hotels' catering for the mass market and suggested that the Joseph family which ran the Eglington Hotel group 'might

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<sup>46</sup> *House of Lords Debates*, 23 Jan. 1963, c.132; Craigton's draft speech stressed that the Government's policy was to 'safeguard' popular areas from 'bursting at the seams' and prevent hotels that were 'destructive of the local scenery', *NAS, SEP* 4/2163, minute 17 Jan. 1963.

<sup>47</sup> *Glasgow Herald*, 'Holiday Towns', 25 Jan. 1963.

<sup>48</sup> *NAS, SEP* 12/237, letter, 12 Feb. 1963.

<sup>49</sup> *PRO, T* 224/1055, letter, 13 Feb. 1963.

<sup>50</sup> *PRO, T* 224/1055, letters, 1 Nov. & 28 Dec. 1962.

<sup>51</sup> The Bill was withdrawn after its second reading in February 1964 when the STB reported a change in trade association attitude.

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be persuaded to take an interest' in the scheme.<sup>52</sup> (One of its members, Sir Keith Joseph, had been made minister for housing, but at Macmillan's direction had placed his family shares in a trust fund.) After the meeting, Pottinger was instructed to draft a letter from the Scottish Secretary to the Minister of Transport (Ernest Marple) seeking formal BTH support. Independently Craigton decided to approach William MacEwan-Younger, then chairman of the Scottish and Newcastle brewery group, which also had an interest in the hotel trade. (MacEwan-Younger was Chairman of the Scottish Conservative Party.) Fraser had already made contact with the Bovis building firm (owned by the Joseph family), whose managing director liked the idea, but insisted that Poulson was probably the only architect with the 'vision' and the technical ability to work on the scheme. Pottinger was instructed to 'report' to Poulson on 6<sup>th</sup> March and assist him tour Aviemore and point out the site at Coylumbridge. Later that month he accompanied Fraser and a number of others on a tour of Courcheval in the French Alps, where 'winter sports' had been revived by a series of Government initiatives. Officials at the BTH thought that the prospects at Aviemore were sufficiently 'good' for similar Government intervention.<sup>53</sup> By then Pottinger had been confirmed as the under secretary with responsibility for planning and local government (the previous officer was moved to head up the newly established Scottish Development Group).<sup>54</sup> One of the divisions he controlled dealt with planning matters in the Highlands, tourism and also 'amenity questions'. To ensure a greater degree of 'policy control', Pottinger merged the two functions under one junior officer in so far as they affected Aviemore. In the meantime Fraser had met Noble to discuss Scottish tourism and agreed to be present at a publicity event to be hosted by Craigton in London in mid-April.<sup>55</sup> At the event Craigton took time to inform the press of the prospective project, but without explicit mention of the area.<sup>56</sup>

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<sup>52</sup> *NAS, SEP 12/237, minute, 21 Feb. 1963.*

<sup>53</sup> *PRO, AN 109/1104, minutes, 14 Mar. & 4 Apr. 1963.*

<sup>54</sup> *NAS, SOE 2/34, letter, 27 Oct. 1964. The Treasury approved the post in mid-March.*

<sup>55</sup> *NAS, SEP 13/17, minute 1 Apr. 1964.*

<sup>56</sup> *The Scotsman, 17 Apr. 1963.*

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The 1963 Budget, announced on 3<sup>rd</sup> April, altered development area support, standard building grants at 25% of costs replacing BOTAC loans. Conservative ministers heralded the move as a positive step towards encouraging growth in areas where marginal costs had previously outweighed investment (the value of the previous maximum loan was estimated as equivalent to 17% of the new grant). Pottinger's response to Fraser's actions (he was due to meet Bovis again on 18<sup>th</sup> April) was to ask his officials whether 'this was a case where we should call in the [planning] application from the start'.<sup>57</sup> He said that 'there was a chance' that 'plans may move pretty fast'. The response was cautious and Pottinger was told that such a move would force the Department to consult various 'interested parties', which might 'put them on their toes'.<sup>58</sup> Officials added that the 'attitude' of the National Trust and Nature Conservancy was unknown and, if objections were received, the Scottish Secretary would be required to hold a public inquiry. The Department might lose control of 'policy' with unforeseen circumstances. Pottinger instead agreed a different strategy and accepted that early contact should be made with the County's Convener to highlight the project's benefits, including an improvement in Inverness-shire's rateable value. (As a Highland authority, which covered part of the Western Isles, Inverness was notoriously weak.) Under the 1948 National Parks directions it would be obliged to consult the Department within 21 days of an application being received and officials pointed out to Pottinger that this procedure was more likely to reduce planning delay.

Fraser's meeting with Bovis proved successful and Noble agreed to seek confirmation of the Board of Trade's support under the new grant regime. The plan was now based on a large £5m scheme comprising 10 hotels (1,750 beds), an ice-rink, swimming pool, conference centre and other 'all weather' facilities.<sup>59</sup> In the meantime Errol, as part of an official tour of Scotland, met the STB at a dinner in Edinburgh. Seated between its chairman (Lord Rosebery) and Grant, the minister found himself 'arraigned' on BOTAC's failure to support the ski-lift company and local entrepreneurship. Fraser, who was also at the dinner, raised the matter again with Errol afterwards (with Pottinger in attendance), where he restated Noble's view that the

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<sup>57</sup> *NAS, DD 12/2667, minute, 8 Apr. 1963*

<sup>58</sup> *NAS, SEP 12/237, minute, 10 Apr. 1963.*

<sup>59</sup> *NAS, SEP 12.237, minute, 22 and letter 23 Apr. 1963.*

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additional tourists drawn by the new 'all-weather' facilities would ensure the ski-lift's financial future. Whatever doubts Errol may have had apparently evaporated and he replied to Noble indicating full support with the Treasury.<sup>60</sup> (The Board's Scottish Controller had thought the scheme too expensive in terms of job creation, but was overruled.) Shortly afterwards Boyd Carpenter responded by stating that 'the amount of assistance [£.25m] would certainly be high in relation to the amount of employment provided [about 1,100 jobs]. I agree however that in this particular instance, we can regard the relationship as reasonable'.<sup>61</sup> Marple had previously indicated that the BTH were 'distinctly interested' in the scheme.<sup>62</sup> However, Craigton decided that Fraser should be given more time to work out project details with Bovis, principally to ensure that that scheme could be seen as a combination of Highland entrepreneurship and private investment, rather than one dominated by the public sector.<sup>63</sup> He also knew that Poulson had yet to establish full contact with the Department and obtained the necessary background planning and cartographical information.<sup>64</sup> Noble was evidently encouraged by events and sought clarification about the possibility of an early announcement in Parliament, to maximise the political effect.<sup>65</sup> (Macmillan had pressed ministers earlier to seek publicity on 'firm events where we have already made up our minds, or intend to do so'.) Pottinger responded almost immediately and reported Craigton's view, but reassured him that the Minister of State had secured 'a promise of co-operation' from Sir Francis Walker, Inverness's County Convener.<sup>66</sup>

Fraser's meeting did not occur until 8 July, when Poulson provided further specifications. It agreed that each party would review the plan, their

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<sup>60</sup> *NAS, SEP 4/4278, letter, 10 May 1963.*

<sup>61</sup> *NAS, SEP 12/237, letter, 30 May 1963.*

<sup>62</sup> *NAS, SEP 12/237, letter, 2 May 1963.*

<sup>63</sup> *NAS, SEP 12/237, minutes, 8 and 19 May 1963.*

<sup>64</sup> *NAS, DD 12/2667, Poulson letters, 13 May 1963 and Departmental reply, 21 May 1963.*

<sup>65</sup> *NAS, SEP 12/237, minute, 27 May 1963.*

<sup>66</sup> *NAS, SEP 12/237, minute, 27 May 1963; SEP 13/4, note of meeting, 22 May 1963. Craigton was on ministerial tour and sought a private meeting at Walker's home, Leys Castle.*

### *Scottish Affairs*

'reserved' site and the financial commitment required. Pottinger was asked to revise construction costs prepared by Poulson and draft a possible statement by Noble.<sup>67</sup> After the meeting BTH officials noted that Craigton had been particularly 'optimistic', especially over Board of Trade assistance.<sup>68</sup> However, they told the Scottish Office that they would require more time to assess the project's likely profitability 'in relation to the type of patron' that Aviemore might attract'.<sup>69</sup> Traditionally they operated such hotels as the North British and Caledonian in Edinburgh and Gleneagles in Perthshire. Later the Joseph Hotel Group withdrew stating that 'it was difficult to envisage a great skiing resort ever being successful in Scotland'.<sup>70</sup>

The 'set-back' over participation was quickly overshadowed by other considerations. In July the STB had written to Craigton seeking support for an autumn conference on tourism in the Western Isles. Craigton sought Pottinger's advice and the STB was given the 'book' response that before the Minister could attend 'it might be worthwhile considering in rather more detail exactly what might emerge from the conference'.<sup>71</sup> The letter added that the key issue for the area remained the lack of modern hotels and 'it might be better to set up a small working party which would devise a plan of attack on those who might do something to provide more accommodation'. The key issue for ministers remained hotel accommodation, rather than further expenditure on the area's physical infrastructure.

A few weeks later the Royal Fine Art Commission for Scotland wrote to the Department seeking information on Aviemore developments and 'to hope' that they 'would not be allowed to proceed in an uncoordinated way'.<sup>72</sup> The Commission, dating from the 1920s, had certain statutory duties in relation to the approval of new building design. The letter added:

No doubt the Department are well aware of the problems and the dangers of laissez-faire and consequent piecemeal developments from a practical

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<sup>67</sup> *PRO*, AN 109/1104, letter, 12 Jul. 1963.

<sup>68</sup> *PRO*, AN 109/1104, minute, 8 Jul. 1963.

<sup>69</sup> *PRO*, AN 109/1104, letter, 19 Jul. 1963.

<sup>70</sup> *NAS*, SEP 12/238, letter, 23 Jul. 1963.

<sup>71</sup> *NAS*, SEP 12/519, letter 19 Jul. 1963.

<sup>72</sup> *NAS*, DD 12/2667, letter, 2 Aug. 1963.

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viewpoint as well as from that of amenity. But [we] should be grateful if you could reassure the Commissioners that, in fact, the development of the area is proceeding in accordance with a general and soundly based 'blue-print'.

Officials believed that the Commission was on a 'fishing expedition', wishing to exert influence, but uncertain of the exact state of play. The Department replied somewhat tartly that approval of any scheme lay with the County Council in the first instance and that officials had been assured it was 'fully aware of the need to co-ordinate matters'.<sup>73</sup> The letter continued, 'it would, of course, do no harm if at a suitable opportunity [the Commission] could sound out the [County] Planning Officer as to the general proposal in the Aviemore area. [We] take it that you keep in close touch with him.'

The third body to approach ministers for clarification was the Advisory Panel of the Highlands and Islands, whose meetings throughout 1963 had regularly considered tourist matters. Lord Cameron evidently heard more and in August sought a meeting with Noble to complain about the lack of consultation (one of his members, Naomi Mitchison, had already written that it was enough to turn her into a 'communist'). With some haste (and in Pottinger's absence) Departmental officials put together the following note for Noble:

- (i) Mr Pottinger's 'engagement' in this project is part of general Scottish Office help to Sir Hugh Fraser.
- (ii) No publicity wanted meantime for this scheme, which is not yet concluded.
- (iii) Private schemes and any Government monies involved would come from Board of Trade under the Local Employment Act.<sup>74</sup>

Cameron was sufficiently appeased that he steered the next Panel's meeting away from any consideration of the project and invited the Department (whose officials attended as assessors) to prepare a report on Highland tourism. In an otherwise extensive nine page review of developments, under

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<sup>73</sup> *NAS, DD 12/2667, letter 19 Aug. 1963.*

<sup>74</sup> *NAS, SEP 12/519, minute, 22 Aug. 1963.*

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the heading 'Winter Sports' it contained a single oblique reference to Aviemore: 'the main significance of winter sports is the lengthening of the season by as much as 10 months. This has made investment in new hotels a paying proposition. Facilities for après-ski entertainment will also provide for wet weather in the summer'.<sup>75</sup> A similar, but shorter report was submitted to the Scottish Council (Development and Industry), which Pottinger remarked as 'a masterpiece of objectivity'.

Pottinger had renewed official contact with Grant, the owner of the Coylumbridge site, in June, but realised that the project's revised scale, from a single hotel to a complex (aided by increased regional aid), affected the price of land. A sixty-acre site, with planning permission on the open market, was worth considerably more than £150 an acre for forestry or rough grazing. Initially Grant appeared sympathetic, but queried the project's impact on other Spey-side hoteliers, who had petitioned him on the size of the project. Pottinger suggested that it might be possible to agree a price for the land by confidential negotiation, based on an informal valuation from the Inland Revenue. The valuation trebled the price (£10,000), but Grant felt that a site with outline planning permission could obtain considerably more on the open market. Fraser, on the other hand, remained adamant that he was not prepared to pay Grant's estimate, £60,000 and in late September secured the agreement of consortium members. He would offer a maximum of £35,000. Craigton decided that he would request a further meeting with the County Convener, whilst McEwan Younger should seek a meeting with the chairman of the ski lift company (who had become the hoteliers' 'spokesman') and Pottinger would use a pre-arranged meeting with the NTS on the Countryside Bill to assess its view of a building project close to the 'national park'.

The Trust was not impressed by the scheme. Its secretary disliked the idea of 'sky scraper' hotels (one of Poulson's ideas to attract visitors) and told Pottinger that it was likely to 'appear very offensive' to the local population.<sup>76</sup> He added that the building material (concrete) appeared 'foreign' and stated that Aviemore would have been a better site. The Trust believed that it was 'the only hope of putting fresh life into the village'. Nevertheless Pottinger left the meeting assured that no substantial objections

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<sup>75</sup> *NAS, SEP 12/519, AHP(63)119, 18 Nov. 1963.*

<sup>76</sup> *NAS, SEP/12/238, letter, 4 Oct. 1963.*

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would be offered. The Trust required Scottish Office support for its tourist scheme at Glencoe (then facing public disquiet) and had encountered official wrath on a proposal to restrict access to 'Loch Lomand – "Glasgow's playground"'.<sup>77</sup>

Grant's procrastination (to the consortium) on price and possible restriction on the size of the development led McEwan Younger to suggest another site further into Glenmore. Craigton, after consulting officials, decided against the proposal; the Scottish Office had already confirmed outline planning permission (in 1960) and encouraged the landowner to pursue the project. Craigton was also told that the alternative site further into the 'national park' would raise severe objections, not least from the NTS and Nature Conservancy.<sup>77</sup> In any case it was known that the October meeting of Nature Conservancy was due to discuss the Cairngorms and that Grant (along with the Scottish Office 'assessor') would press support for the extension of the ski-lift, despite acknowledging destruction of the area's habitat.

MacEwan-Younger reported that his meeting with the ski-company went reasonably well, principally because the chairman saw the development as likely to attract more tourists, which would strengthen the company's financial basis (and case for regional aid). It was also apparent that Grant had firmed his views and would permit only a much smaller project in line with the views of Nature Conservancy and local hoteliers. The Nature Conservancy meeting had been 'touch and go', an acceptance of limited further use of the Cairngorms on the understanding that it would be consulted by an official working party set up to determine which areas should be kept free from tourists.<sup>78</sup> At the same time, Craigton reported that the Inverness Convener remained supportive and knew that the Board of Trade's Parliamentary Under-Secretary had taken Grant to task during a tour of the area, after complaints on ski-lift funding. Grant was informed that 'the tourist industry would have to accept a much greater degree of government control and regulation' if it wished subsidies 'and that for many in the industry this might not be entirely unwelcome'.<sup>79</sup> He also advised the Board's new

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<sup>77</sup> *NAS, SEP 12/238, minute, 7 Oct. 1963.*

<sup>78</sup> *NAS, DD 12/822, minutes, 24 Oct. 1963.*

<sup>79</sup> *NAS, SEP 4/847, note, Oct. 1963. A junior Scottish minister noted 'the parochial questions' asked, which 'his people' regarded as 'hardy annuals', letter, 4 Nov. 1963*

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President, Edward Heath, that it was 'not enough to sit back and wait for viable schemes to be promoted and then to offer assistance. The Government must provide an entrepreneurial catalyst – both as a consultant and a sponsor.' Pottinger duly circulated consortium members with a 'bullish' letter after having informed Grant by telephone of his minister's views. Grant was told 'that he would ill-advised to raise any unnecessary difficulties'.<sup>80</sup> (The letter was read out in Court, but only as addressed to Poulson.) Grant failed to take the advice and three weeks later sold the site to the Rank organisation, Fraser having decided not to match Rank's bid. Pottinger, it seems, had anticipated the move and arranged to take leave and accompany Poulson on a trip to Sweden (paid for by Poulson), rather than chair a Scottish Office/STB Development Group planning meeting on the Western Isles tourist conference.<sup>81</sup> (A junior official took his place.) Although Pottinger vented his anger to Grant on the telephone (once he heard the decision) and pointed out (as both stated later in Court) that the site would require the Scottish Secretary's planning consent, which might not be granted if Fraser secured another site, Fraser took a calmer view. At the next consortium meeting, BTH officials noted that:

Sir Hugh did not seem perturbed by this unexpected denouement as he felt that Col. Grant had already changed his mind by raising difficulties in the considered development of the [site]; for instance, one of the belated limitations was that the ground could not be utilised for a development exceeding 500 beds. Therefore, Sir Hugh was of opinion that the failure of Col. Grant to continue discussing the sale of the land was a blessing in disguise as the limitations imposed would have been a very serious handicap.<sup>82</sup>

Fraser wanted an 'all-weather' tourist complex, as did Scottish ministers, Craigton noting that Rank would bring additional capital investment, but not the centre that they had wished. In fact, Fraser had already been in contact with the Countess of Seafield and stated that she would consider an offer for a site at Aviemore without restrictions. Poulson, after touring the site, reported that it offered greater potential than Coylumbridge and for the next

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<sup>80</sup> *PRO, AN 109/1104, letter, 14 Nov. 1963.*

<sup>81</sup> *NAS, DD 12/553, minute, 28 Nov. 1963.*

<sup>82</sup> *PRO, AN 109/1104, minute, 13 Dec. 1963.*

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three months the consortium considered the project's specifications, Pottinger telling BTH officials that it required 'great stamina to remain optimistic about this project', but he believed 'the prospects are now brighter than they have ever been'.<sup>83</sup>

Rank applied for planning permission for a hotel and ancillary facilities in March 1964 and the County Council, in turn, sought the views of the RFACS on its design. The Commission approved the design with some modification to the roofing and informed the SDD. Pottinger noted the Commission's letter, but told officials that it would 'have to go to Ministers before we give a decision, when the CC's views [on the application] are received'.<sup>84</sup> Subsequently Craigton asked Haddow on what planning grounds the company could be persuaded to move to Aviemore and join the Fraser scheme (if necessary after a public inquiry). Haddow immediately wrote to Pottinger stating that it was 'particularly important that we should seek planning advice on [calling in the application], entirely uninfluenced by the earlier development contemplated on this site'.<sup>85</sup> He added as a footnote that he had told Craigton that 'we could certainly not turn it down without call-in and a public inquiry'. Pottinger promptly met the Department's planning officers, who at first seemed unwilling to state their views on paper. Grieve eventually wrote:

I have discussed with [the Deputy Chief Planning Officer]. As you know the feeling we have is that [the application] should be approved. We are too deeply committed as a Dept. to switch now, it seems to me and I am very doubtful if a public inquiry could have any beneficial purpose. If there had been any possibility of concentrating development at Aviemore, I am sure all interests would have preferred it; but this cannot be forced. There is the other 'chicken and egg difficulty – facilities on the snow first or beds first? This is anyone's guess, I suppose but at least it is arguable. On the whole [the DCPO] and I agree that the beds will force [additional] chair lifts.<sup>86</sup>

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<sup>83</sup> *PRO, AN 109/1104, letter, 27 Jan. 1964.*

<sup>84</sup> *NAS, DD 12/1649, minute, 3 Apr. 1964.*

<sup>85</sup> *NAS, DD 12/1649, minute, 22 Apr. 1964.*

<sup>86</sup> *NAS, DD 12/1649, minute, 1 May 1964.*

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Haddow advised Craigton that unless he could persuade Rank to move voluntarily, the Department should give its approval. As expected Rank refused, but did agree to donate £5,000 to the ski-lift company, matched by a similar amount from Fraser.

The impact of Rank's application forced Fraser to speed up the consortium's efforts and Pottinger was delegated to work closely with Poulson and maintain his interest. (It was at this time that Pottinger accepted the first 'gifts', two suits of clothing.) In some haste Poulson finalised the design specifications and the scheme was given outline approval at the same Council meeting that approved Rank. The attendant press publicity broadly welcomed the scheme, heralding the 'real prospect' of a Scottish 'St Moritz'. Only two objections were received, one on the basis that the site included part of the Aviemore golf course (and attendant footpaths) and the other on general environmental grounds, which officials believed 'were not formidable'. A potentially more serious objection came from Nature Conservancy.

In June 1963 the County Council had sought the Conservancy's views on a draft proposal for additional sports facilities (including a second ski-lift) in the Cairngorm's. The Conservancy generally disliked the Council's preference for the mass market 'sporting tourist' and commented specifically that 'sectional or vested interests should not be allowed to over-rule wider [environmental] considerations'. It confirmed its opposition to a ski-run at Braeriach or any development that encroached on Glenfeshie, but decided to wait for more definite proposals.<sup>87</sup> A departmental official noted the comments and added that he hoped 'that the Conservancy could be prevented from adopting an attitude of flat opposition to such development at some future date and that it will keep an open mind and accept the challenge of joining with us in reconciling conservation with tourist development so far as is possible'.<sup>88</sup> In the event the Conservancy published guidelines that reserved its right to challenge development that conflicted with its view of the environment, a policy that SDD officials noted with dismay. Its attitude hardened still further after a meeting in May 1964 with the County and Department on the future use of the Cairngorms, where officials refrained from discussing the Aviemore project. After the project's public

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<sup>87</sup> *NAS, DD 12/892, note, 19 Jun. 1963.*

<sup>88</sup> *NAS, DD 12/892, minute, 20 Jun. 1963.*

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announcement it complained about the lack of consultation, but received much the same response as the RFACS in 1963, the Department stating that at the time there had been 'no official intimation about the development before the Secretary of State. Anything that was known was on a confidential basis as the proposals were entirely a matter for the development as was any question of publicity. There was no question, therefore, of St. Andrew's House being in a position to consult Nature Conservancy or anyone else'.<sup>89</sup> It was also told that any objections to the scheme could only arise out of the development itself 'and not out of any extraneous circumstances; for example, the development could not be refused on the grounds that it would bring too many people to the area who might adversely affect the snow slopes or the Nature Reserve'. In the event the Conservancy noted the official position on planning procedure and accepted the Department's offer to meet the developers, the ski-lift company and local landowners on future policy. (A departmental minute recorded that much of the angst had arisen from the Department's earlier refusal to consider the NTS proposal for a statutory Landscape Commission.) The meeting held in September, chaired by Pottinger, underlined the extent of local support and effectively cleared any prospect of further Conservancy objection.

One other possible objector to Aviemore remained. In July, in anticipation of the County formally agreeing the project, the Department wrote to the RFACS indicating that it was likely to receive an application for design approval. However, the letter went on 'we are not concerned if the plans are acceptable, but if the Commission finds any difficulty about them perhaps you would get in touch before promulgating any decision'.<sup>90</sup> The RFACS took note and responded by stating that as Aviemore was 'being developed as a holiday village and recreational centre for the Cairngorm area, a scheme of the proposed scale – with a number of tall buildings – must be accepted. But [the Commissioners thought] it vital that it should be laid out and co-ordinated by one Architect Planning Consultant so that the whole complex can be developed coherently and with some unity of character'.<sup>91</sup> A subsequent letter noted with satisfaction that 'the overall character of the

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<sup>89</sup> *NAS, SEP 12/241, minute, 3 Jul. 1964.*

<sup>90</sup> *NAS, RF 4/31, letter, 17 Jul. 1964.*

<sup>91</sup> *NAS, RF 4/31, letter 1 Oct. 1964.*

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development' was being 'co-ordinated by Mr. Poulson' and that the exterior finishes were 'in sympathy with the environment'.<sup>92</sup>

By the time of the October general election (which the Conservatives narrowly lost), any substantive opposition to Aviemore had evaporated; the Department's careful weaving between the financial position of the ski-lift, the County's Council's local economy fears and planning procedures effectively neutered the concerns of the amenity groups, whatever their credentials. As Pottinger's planning predecessor (James McGuinness) predicted the 'ambitious' project had struck the popular imagination and left many breathless. The Scottish Secretary (now Willie Ross) confirmed the planning application from Fraser's consortium as an amendment to the County's development plan early in 1965. When Aviemore opened in late 1966 the Scottish press uniformly praised the initiative and pressed Labour ministers for even more development: the natural resources of the Highlands could be further exploited for productive investment. A tenfold increase in tourist jobs (from 50 to 500) and a similar increase in annual visitor numbers (to 250,000) bore testament to the project's apparent success.<sup>93</sup>

### **3 AVIEMORE: 'A NIXON-LIKE' SITUATION'?**

In September 1974, shortly after the Appeal Court confirmed Pottinger's conviction, Craigton wrote to Willie Ross (again the Scottish Secretary) and commented that he had 'been thinking about what was to happen to him when he came out of prison'. He added that 'you must be faced with an almost Nixon situation', but hoped that Pottinger's 'years of blameless service and wholehearted and unique application to his duties' would be borne in mind.<sup>94</sup> (The Watergate scandal was at its height.) It was an odd letter for a past minister to write, but Ross had already been told that Pottinger had received press offers for his side of the tale.<sup>95</sup> Ross had the task of recommending what, if any, pension he would receive on dismissal from the civil service. Craigton's letter was followed by a similar plea from

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<sup>92</sup> *NAS, RF 4/31, letter, 27 Nov. 1964.*

<sup>93</sup> *NAS, SEP 4/4278, minute, 20 Dec. 1972.*

<sup>94</sup> *NAS, SOE 3/553, letter, 9 Sept. 1974.*

<sup>95</sup> *NAS, SOE 3/551, letter, 19 Apr. 1974.*

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Haddow (now retired), who added that many in Scottish legal circles doubted that a prosecution, far less a trial, could have taken place in Scotland.<sup>96</sup> Under Scots law the onus would have been on the prosecution to show that the ‘gifts’ materially assisted Poulson’s benefit. Pottinger was not in a position to recommend the Board of Trade grant (that was a matter for Board of Trade officials) or indeed any of the other Poulson contracts north of the border (four schools in Edinburgh and ten local authority houses at Whitburn). (The Appeal Court agreed that Poulson received very little from Pottinger, except a few draft speeches, social entertainment and a couple of rounds of golf at Muirfield.) Haddow concluded by stating that he had found nothing ‘convincing’ in the reasons for an English trial. Ross eventually agreed that he should receive half pension, ‘with reluctance’.<sup>97</sup>

The central thrust of the early part of the prosecution case against Pottinger related to the missing correspondence from seven Scottish Office ‘tourist’ files, copies of which the police had obtained from Poulson’s files. It showed that there was considerably more correspondence between the two accused than in the seven Scottish Office files and sought to cast an aspersion on Pottinger that he had removed and renumbered the papers to conceal an early and close working relationship. However, no attempt was made to establish what other material might have been in the files, despite evidence that the number of letters held by Poulson fell far short of the original number of papers. There was little doubt that Pottinger’s office had held the files until the end of 1964, but after that they were held either by his successors or by the Department’s registry.<sup>98</sup> In 1969 some of the files within the general tourist series, dating from the 1950s, were destroyed when the branch that dealt with them confirmed that they had no further administrative value.<sup>99</sup> (Files were normally reviewed every five years, according to a schedule.) Five files on the abortive 1963 Countryside and Tourist Amenities (Scotland) Bill were shredded, as were a further four on consideration of financial assistance to the hotel industry. However, the police discovered that another file dealing with Ross’s approval of Aviemore in early 1965 was missing, as

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<sup>96</sup> NAS, SOE 3/553, letters, 26 Sept. 1974.

<sup>97</sup> NAS, SOE 3/553, minute and letters 16 & 17 Oct. 1974.

<sup>98</sup> NAS, SOE 3/559, minute, 28 Nov. 1973.

<sup>99</sup> NAS, SOE 3/557, minute, 7 May 1973.

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was a file on ministerial consideration of the Fraser scheme, 1960-62, the latter re-appearing sometime after the trial.<sup>100</sup>

What other material was likely to have been seen by Pottinger and possibly placed in the tourist files? Almost certainly he would have seen the original letters from British Rail and the Board of Trade. Indeed Pottinger conducted more correspondence with BR on Aviemore than he did with Poulson and its records reveal that officials were more interested in Craigton's attitude than anything else. At the critical period of the Coylumbridge 'double-cross' (November-December 1963), about two dozen items have been removed from the file (as noted in court), but only two letters from Pottinger to Poulson (held by Poulson's office) were produced, the former with a copy in the 'tourist' file and the other a round robin letter to the consortium (see above), not just to Poulson as the prosecution alleged. In fact, the prosecution opened its case with a copy of the first Poulson letter to Pottinger (May 1963), which was not in the tourist files (the letter was 'innocuous', but presented as part of the 'distorted' record of events). The original and a subsequent letter from Poulson survive in the ski-lift company file, whose activity and financial position had first stirred ministerial action.<sup>101</sup> It also contains a reply by a junior official supplying Poulson with the information requested (a detailed map of the area). From the record in the tourist files the prosecution seemed oblivious to Craigton's involvement at the first meeting of the consortium in July 1963, which it characterised as part of Pottinger's 'plot' to get the project off the ground, but where Craigton had exuded enthusiasm and stated a high prospect of Government aid. Later the prosecution produced a copy of the draft speech that Pottinger prepared for Fraser on Aviemore's opening (it survived amongst consortium papers), again imputing ulterior motives in its removal from the 'tourist' files. The file copy may not survive, but what does in a Scottish Information Office file is a draft letter prepared by Pottinger on Fraser's behalf inviting Ross to the opening ceremony and the draft response, again prepared by Pottinger.<sup>102</sup> Similarly the prosecution suggested that the lack of material on liaison with the consortium in the 'tourist' files after 1964 indicated yet further evidence of a 'cover up'. Yet other post-1964 files suggest that Pottinger's assistance

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<sup>100</sup> *NAS, SOE 3/557, minute, 6 Apr. 1973; SOE3/556, report, 17 Aug. 1973.*

<sup>101</sup> *NAS, DD 12/2667, letters 13 May & reply 21 May 1963.*

<sup>102</sup> *NAS, SOE 12/534, draft letters, 5 & 26 Oct. 1966.*

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was repeatedly sought by officials to help with Aviemore matters.<sup>103</sup> The loss of such material and the court's refusal to allow access to twenty other files probably weakened his defence (the judge accepted the prosecution's view that only the seven were relevant). Under English law the material may not have altered the eventual verdict, but a Scottish jury could well have returned 'not proven', if a trial had been pursued at all.

There was nothing illegal or necessarily corrupt about a politician outside the Government holding company directorships or indeed pursuing a financial interest; it was an accepted part of Westminster life. In the late 1960s the Liberal Party began a campaign for a compulsory register of such interests, but until the Poulson affair emerged had little success in persuading the Government to take action. Poulson's statements on Maudling at the bankruptcy hearing had initially focused press and parliamentary attention on the Home Secretary. His resignation and the police investigation into Pottinger and Poulson brought the Government some respite, but by the following spring Parliamentary criticism grew on the lack of action against Poulson specifically and on a register of MPs' interests more generally. It reached an almost fever pitch in late May when Lord Polwarth, who had been appointed the Scottish Minister of State, faced intense pressure to relinquish certain investment trust holdings with interests in North Sea exploration, which he agreed after discussion with Downing Street.<sup>104</sup> A fortnight later the Cabinet accepted that 'it now appeared essential to establish a register of some kind both in order to protect [MPs] against unfair imputations and also to reassure public opinion, which was particularly sensitive to the issues involved at the present juncture'.<sup>105</sup> The move appeared not to appease the Liberals who tabled a Commons motion on 21 June on 'Allegation of Corruption in Public Life'. They had been told in a written commons reply on the same day that the Director of Public Prosecution would receive a report on the case 'very soon' and that and that 'if the report justified them,

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<sup>103</sup> *NAS*, SEP 12/266, note, 17 Jun. 1965.

<sup>104</sup> *PRO*, PREM, letter, 29 May 1973; see also *The Scotsman*, 'Ministerial holdings', 29 May 1973.

<sup>105</sup> *PRO*, CAB 128/52/9, CM(73)31st, 14 Jun. 1973.

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proceedings could be instituted within a few months'.<sup>106</sup> Late the following evening Pottinger and Poulson were arrested (Pottinger being called from a Muirfield dinner), charged and bailed at a special hearing of the Leeds Magistrates Court. The timing of the arrests meant that 'the story' missed all but the very late editions of the national press, which itself raised comment.<sup>107</sup> The **Times** had been forced to 'blank out' a lead article backing the Liberal motion for an inquiry and the **Sunday Times** the next day dropped the first article of a three part-series into the affair. The following Monday the Registrar at Poulson's bankruptcy hearing, which had been reopened some months previously, agreed to hold the sessions in private. Poulson was recalled and asked to give an account of some minor redecoration work at the constituency home of Anthony Barber, the Chancellor of the Exchequer. Amidst claims from counsel for the trustees that the new information (only relayed to him the previous week) was 'political dynamite', which he had a duty to send to Downing Street, Poulson stated that the account had been settled.<sup>108</sup> A month later Maudling agreed to give evidence and recounted much of what Poulson had stated in regard to his Middle East operations.<sup>109</sup> He also added that as a company director he had considered giving 'particular favours' to certain Middle Eastern politicians, if they agreed to Poulson's tenders. At the request of the counsel for the trustees, the Registrar decided to place a 'stop order' on seventeen further questions and answers from the record.

When the scandal first broke Haddow's primary concern was its impact on the Scottish Office's reputation. At the end of 1964, when Haddow had been promoted to the post of permanent under-secretary of state, he recommended Pottinger as his general deputy in London (assistant under-secretary of state), but with new duties from his predecessor. Pottinger's additional functions included 'regional development', which in essence meant pressing Whitehall for additional public investment.<sup>110</sup> Amongst the 'achievements' were an

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<sup>106</sup> *The Scotsman*, 'Liberal call for inquiry into Poulson affair', 21 Jun. 1973.

<sup>107</sup> *The Times*, 'Poulson charge expected to delay bankruptcy case re-opening', 25 Jun. 1973; the Press Association picked up the story at 2.03am.

<sup>108</sup> *PRO*, J 291/100, 25 Jun. 1973.

<sup>109</sup> *PRO*, J 291/95, 19 Jul. 1973.

<sup>110</sup> *NAS*, SOE 2/34, letter, 27 Oct. 1964.

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enhanced forestry programme and the Invergordon aluminium smelter. He also assisted the Aviemore Consortium sort out certain management issues when tempers frayed on building delays and on the 'paperwork' associated with the Board of Trade grant. The Board had noted with dismay that the Consortium appeared slow in appreciating the latter's technicalities (essentially demonstrating direct and indirect job creation). (Pottinger received the majority of the 'gifts' during this period.) As Haddow later wrote, Poulson was not required to bribe Pottinger; Government policy had been firm and with appropriate permission and safeguards, the enlarged job description would have been sufficient, if assistance had been deemed necessary.

Haddow's concern over the scandal was correct. The evidence produced at the trial underlined Steel's earlier argument – a territorial department of state whose functions, influence and 'modus operandi' had outgrown parliamentary scrutiny. It was one thing for the Scottish Office to steer a controversial project to successful completion, but it was another to cause ructions amongst those bodies it regularly consulted as part of Scotland's governance. When Noble took over as Scottish Secretary in July 1962, his officials prepared a list of those with which he should seek an urgent meeting. They included the chairmen of the STB, the NTS, Nature Conservancy, the Advisory Panel on the Highlands and Islands and the Association of County Councils, as well as the Lords Provost of Edinburgh and Glasgow. The first five organisations did their bit for the Scottish 'interest' when the Scottish Office optimised planning procedures and then 'waved the flag', but the Court evidence from some of their members suggested shock and disbelief at Scottish Office's almost colonial attitude towards local institutions and the apparent ambiguity of its role in development matters and planning consent. Pottinger had been asked to wear 'two hats', advise ministers on development and its restriction on amenity grounds. Grant, who gave evidence as a landowner, objected strongly that officials seemed to believe that the Government could issue threats and appropriate private property at less than half the market rate, irrespective of environmental sensitivities. (An earlier complaint by Grant to Downing Street on official 'corruption' had got nowhere.) Nor was it particularly evident that the Scottish Office exercised reasonable management of its senior employees. The thrust of the prosecution case was such that press and Parliamentary comment left open that St Andrews House was full of senior officers all making their own way and occasionally receiving 'free turkeys'.

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The economic analysis of the Highlands may well have been correct, but at no time before 1965 were MPs invited to debate Highland tourism, new forms of 'hospitality' or its impact on the environment and then only fleetingly. There was nothing necessarily unconstitutional about the actions of ministers and certainly nothing wrong, in principle, in supporting Fraser, but there was clearly a reluctance to engage the Parliamentary process and win a different view of Highland development. Ministers knew that it was impossible to guarantee good snow conditions for anything more than two months – the MET Office statistics had been freely circulated – and that the ski-lift's long-term future would always be in doubt, but the issue had never been Aviemore *per se*, rather the wider issue of Highland development. It may have had the intended effect – a shot of new consciousness – but it was hardly in keeping with the public's understanding of how Scottish ministers should operate, or Scottish Office protocol.<sup>111</sup> Steel's assertion of a 'democratic deficit' in Scottish political life appeared a more accurate description and it is little wonder that public disquiet arose.

How far was Aviemore typical of the Scottish Office's approach to domestic administration? Certainly there is no evidence of corruption amongst other officials: a complaint on the award of the Ninewells hospital contract at Dundee proved unfounded, as did other allegations. Haddow's personal attitude towards the acceptance of gifts was well known, on one occasion even refusing a set of golf balls. But the concern of the wider public was less to do with financial corruption, more the use of its administrative power, a belief that the modern Scottish Office operated in the Dundas mould, massaging if not manipulating Scottish opinion in favour of Unionism. Pottinger understood the post-war surge of nationalism, but like others believed that a combination of 'show' projects designed to demonstrate Whitehall investment 'above the line' and careful management of institutional 'anxieties' could do much to contain Scottish 'centrifugalism'. And the period witnessed even greater amounts of public investment to reverse Scottish economic decline. The principal purpose of the Scottish Development Department, created in June 1962, was to attract a greater level of inward investment and manage the planning process accordingly. The fact that Scottish institutions acquiesced in the strategy, despite reservations on

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<sup>111</sup> Lord Craigton, *Insight into Government: how the public can influence decisions and how officials can secure the co-operation of the public*, (London, 1965).

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the siting of such projects as the Fort William pulp mill and the Invergordon aluminium smelter, as well as on the usefulness of the new towns, serves to highlight the Scottish Office's predominant position in steering the domestic agenda. But much of that was accomplished with the assistance of planning boards, advisory committees and consultative councils, well hidden even from press reporting. Parliamentary scrutiny of strategy or policy implementation rarely strayed beyond consideration of bills, the odd adjournment debate and the Scottish Grand Committee (which usually met only in June or July). If a Scottish administrator, like Pottinger, felt invulnerable the cause lay in the failure to widen democratic participation in the discussion of Scottish affairs. Pottinger probably realised that Haddow accepted belatedly the existence of a 'democratic deficit' a few months before the scandal broke; he was told that his business links and operating style – the essence of his appointment as a planning under-secretary – precluded further preferment.

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