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**West of Scotland industrial and commercial elites and
their social, political and economic influence in the
inter-war years**

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**Submitted in fulfilment of the requirements of the
degree of Doctor of Philosophy**

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ABSTRACT

Scotland struggled to come to terms with the collapse in the heavy industries in the early 1920s and the prolonged period of economic dislocation which followed. The pervasive sense that this was a nation in decline sapped self-confidence. This thesis examines the response of the leading West of Scotland industrialists to the extended inter-war trade depression. Focusing on their championing of a series of self-help initiatives firmly rooted in Scotland itself, the thesis reimagines Graeme Morton's work on Unionist Nationalism for the more challenging conditions of 1930s Scotland, introducing a much stronger economic dimension to Morton's original argument. Echoing Morton, the rationalisation of the staple industries and the creation of new institutions to aid recovery owed much to the associational culture of West of Scotland business. The Scottish National Development Council and the Scottish Economic Committee - two significant stepping-stones in the rise of corporatist planning - represented a confident assertion of a distinctly Scottish voice and provided a link between business and the increasingly autonomous Scottish Office. The explicit articulation of a Scottish national interest within the parameters of the existing union and imperial relationships sat easily with the progressive, pro-statist views of many inter-war Unionists, helping to consolidate the consensus within 'middle opinion'. The thesis focuses on the actions of a trio of West of Scotland industrialists: Lord Weir of Eastwood, Sir James Lithgow and Sir Steven Bilsland. It will be suggested that their advocacy of Scottish solutions for Scottish problems represents a more muscular and far-reaching economic Unionist Nationalism which transcends the narrow vision of Morton's nineteenth century urban Scotland, but also questions Colin Kidd's dismissal of early twentieth century unionism as 'banal'.

CONTENTS

Introduction	7
Chapter One: The Great War and the post-war slump	31
Chapter Two: Politics	70
Chapter Three: Rationalisation	109
Chapter Four: Scottish National Development Council	154
Chapter Five: Scottish Economic Committee	193
Chapter Six: Paternalism and Religious intervention	236
Conclusion	271
Appendix One: Scottish National Development Council, October 1931	279
Appendix Two: Scottish Economic Committee, April 1936	280
Bibliography	281

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ABBREVIATIONS USED THROUGHOUT THE TEXT

BID	Bankers Industrial Development
CSA	Clyde Shipbuilders' Association
EEF	Engineering Employers' Federation
FBI	Federation of British Industry
GCA	Glasgow City Archives
GCURC	Glasgow Caledonian University Research Collection
GGGL	Glasgow Good Governance League
GUA	Glasgow University Archives
ILP	Independent Labour Party
MRC	Modern Records Centre, University of Warwick
NAVSR	National Association for the Vindication of Scottish Rights
NCEO	National Confederation of Employers' Associations
NCL	New College Library, University of Edinburgh
NLS	National Library of Scotland
NFBTO	National Federation of Building Trade Operatives
NPS	National Party of Scotland
NRS	National Records of Scotland
NSS	National Shipbuilders' Securities Ltd
NRA	National Archives, Kew
NWETF	North West Engineering Trade Federation
SARA	Special Areas Reconstruction Association
SCI	Scottish Council on Industry

SCWS	Scottish Co-operative Wholesale Society
SDC	Scottish Development Council
SEC	Scottish Economic Committee
SEF	Shipbuilders Employers Federation
SHRA	Scottish Home Rule Association
SIE	Scottish Industrial Estates Ltd
SMT	Securities Management Trust
SNDC	Scottish National Development Council

Introduction

1: Confronting decline

This thesis examines the response of the leading West of Scotland industrialists to the sustained period of economic dislocation between 1920 and 1939. It will be argued that Scotland's inter-war business leaders - Unionists to a man - exploited their business, banking and political connections in Scotland and in London, to produce a distinctly Scottish response to the economic crisis. By placing themselves at the heart of efforts to build a recovery, it will be suggested that in addition to working positively to reshape the Scottish economy, there was also a strong defensive element to their work as they sought to counter the electoral successes of the Labour Party after 1922. The gradual evolution of corporatist planning in a Scottish context and the growing autonomy of the Scottish Office suggests an economic Unionist Nationalism which was more muscular and far-reaching than Graeme Morton's original examination of nineteenth-century Scotland suggests or would allow.¹ Throughout the thesis it is the intention to demonstrate that Scotland's industrialists actively sought a distinctly Scottish solution for the country's economic woes during the inter-war period, moderating their instinctive hostility to collaborative working in the face of a series of threats to their business *milieu*.

Economic dislocation is naturally in the foreground throughout the thesis, but it was the sense of national decline and the widespread perception that Scotland was being disproportionately affected by the global depression compared with other parts of the UK which added urgency

¹ G. Morton, *Unionist Nationalism* (East Linton: Tuckwell, 1999); G. Morton, 'Scottish Rights and 'centralisation' in the mid-nineteenth century' in *Nations and Nationalism*, 2 (2) 1996, pp257-279.

to the search for economic revival.² The collapse of the export-orientated staple industries of the West of Scotland immediately after the Great War was a grievous blow.³ The economic slump affected the very industries which had underpinned pre-war confidence and the reversal in fortunes had a profound psychological impact across Scottish society at a time when memories of the recent conflict remained raw. In a direct echo of Morton's work on Edinburgh, the response to the slump was centred on the well-developed associational culture of West of Scotland business, and throughout the inter-war period, the key interventions came not from the state, but from business itself. In attempting to revive industry through voluntary, semi-independent bodies like the Scottish National Development Council (SNDC) and Scottish Economic Committee (SEC), the big personalities of Scottish business were able to create a coalition of concerned individuals from across civil society, albeit one which they were able to dominate. The thesis focuses on the three most active individuals: Lord Weir of Eastwood (1877-1957), Sir James Lithgow (1883-1952) and Sir Steven Bilisland (1892-1970).

A wide range of archival material has been consulted in writing this thesis. The richest source has been Lord Weir's papers which form a key element of the Scottish Business Archive, housed at the University of Glasgow. This collection covers Weir's business and political activities, illustrating the breadth of his interests and his extensive connections across business and politics. Fortuitously, the Weir collection also fills in many of the gaps left by the more limited Lithgow papers which are also held in Glasgow University. Research on the

² R.J. Finlay, 'National identity in crisis: politicians, intellectuals and the "End of Scotland", 1920-1939', *History* 79 (1994), pp242-259.

³ R.H. Campbell, *The Rise and Fall of Scottish Industry* (Edinburgh: John Donald, 1980), pp151-164; A. Slaven, *The Development of the West of Scotland, 1750-1960* (London: Routledge, 1975), pp185-198.

rationalisation of the steel and shipbuilding industries was aided by material held in the Securities Management Trust and Bankers Industrial Development files within the Bank of England Archive in London. The National Archives in Kew and the National Records of Scotland in Edinburgh were also consulted for material relating to the Scottish Office, the Board of Trade and the Scottish Economic Committee. Material on the Church of Scotland, George MacLeod and the Iona Community was located within the Manuscript Collection of the National Library of Scotland and in New College Library, Edinburgh. Newspapers, journals, pamphlets and magazines of the period were consulted in the repositories already mentioned and in the Watt Library in Greenock, Motherwell Heritage Centre and Glasgow University Library Special Collections.

The thesis takes a broadly chronological approach to the inter-war period, and the first chapter examines the impact and legacy of the Great War and the post-war collapse of shipbuilding and steel. The second chapter looks at politics, from the industrial politics of the national employers' organisations and the fear of Labour domination of Glasgow Town Council, to the nascent Home Rule movement of the early 1930s which, while failing to make any electoral breakthrough, provoked a strong reaction from the business community. Chapter three discusses rationalisation. The public perception of Lithgow in particular was shaped by reaction to the closure of steelworks or shipyards and as he used his extensive resources to effect further mergers within Scottish industry, he became the focus of opposition not just to rationalisation, but to the seemingly intractable sense of decline within Scotland. High-profile closures like the 1930 rationalisation of the Beardmore yard at Dalmuir on the Clyde fitted the prevailing narrative of 'the drift southwards of industry' and the most active of the 1930s industrialists - Lithgow and Sir Steven Bilsland - were in the invidious

position of being blamed for the decline while working to encourage new industries and diversification. Chapters four and five discuss in turn the SNDC and SEC, two related bodies which aimed to develop a consensual approach to promoting economic revival. The SNDC had its roots in the associational culture of West of Scotland business, providing a clear echo of Morton's work on Edinburgh, but again, the backdrop of sustained economic dislocation gave this later manifestation of Unionist Nationalism an added resonance. The chapters about the SNDC and SEC highlight the extent to which Scottish business - in tandem with the progressive elements of Unionism - actively took control of economic management in Scotland, understanding that the country's distinctive problems demanded a home-grown solution and recognising the opportunities presented by administrative devolution in the Scottish Office. The final chapter reflects on the continuing importance of paternalism and religious faith in the lives of the leading industrialists. Mirroring the attempts to build an economic revival, significant interventions like Lithgow's support for George MacLeod and the Iona Community showed a determination to shape the moral and spiritual direction of the nation. Similarly, the nature of paternalism in the twentieth century may have adapted in response to the changing role of the state, but it had survived and evolved and was a key element in sustaining their status and authority.

2: Unionist Nationalism in inter-war Scotland

At the heart of this work is a re-imagining of Graeme Morton's Unionist Nationalism thesis to take account of the economic, political and social interventions of Scotland's inter-war industrialists.⁴ For those in the business community and beyond who sought to address the

⁴ Morton, *Unionist Nationalism*.

inter-war crisis, the application of a set of distinctly Scottish responses could only be achieved within the parameters of the existing Union relationship. Echoing Morton's description of the committees and voluntary organisations in mid-nineteenth century Edinburgh, the first concerted attempts to counter the effects of the inter-war downturn emerged from the associational culture of West of Scotland business. Yet the nature of the inter-war crisis overshadows the occasionally parochial concerns of Morton's work on Edinburgh and the thesis develops the argument that what became visible during the 1930s was a form of economic Unionist Nationalism far bolder and more expansive than Morton's nineteenth-century example. The confident articulation of Scottish sensibilities within the existing union settlement was central to inter-war Unionist Nationalism.

Morton has convincingly argued that such was the continuing strength of the 1707 Union relationship, Scots felt able to express a degree of nationalism through self-government at the local level. Morton's research focused on the Edinburgh middle classes, but he extrapolated his results to suggest that the strength of the urban civil society within Scotland as a whole during the period was the result of effective municipal governance and the presence of a wide network of voluntary bodies.⁵ Morton argues that Victorian suspicion of centralisation - namely the growing power of Westminster - was expressed as localism. Decision-making was brought back to the local sphere within civil society through a vibrant network of voluntary committees and organisations. The existence of this 'state within the state' gave the middle-classes a sense that they had a degree of control over the levers of power, a counterweight to any suggestion of political nationalism.⁶ In doing so, they were

⁵ Morton, *Unionist Nationalism*, p47.

⁶ Morton, *Unionist Nationalism*, p185.

able to remake Scotland in their own image – providing a clear link with the actions of inter-war figures like Lithgow and Weir. The absence of any notable nationalist movement in Scotland in the nineteenth century - barring the National Association for the Vindication of Scottish Rights (NAVSR) between 1853 and 1856 – is notable, but Morton suggests that Scotland was too busy ‘integrating itself into Empire and “Britishness” to engage in the nation-state building that was prevalent in Europe.’⁷ The dual (or multiple) identities that this implies - Scottish, British and Imperial – sits comfortably with Smout’s concept of concentric identities. The idea that Scottish national identity is embedded *within* British identity and that Scots have a well-developed sense of the dual identities that this entails, is an attractive one to take forward to the inter-war period.⁸ In inter-war Scotland, as in the nineteenth century, there was little contradiction in being both British and Scottish.

Unionist Nationalism allowed for the expression of a distinctive and confident Scottish voice without fear of threatening the accrued benefits of union. Linda Colley has argued that the creation of a common British identity after the quelling of Jacobitism owed much to the common Protestant faith.⁹ In summarising Colley’s work, Lindsay Patterson has noted that ‘the Britishness of Protestantism was not an alternative to Scottishness, rather a reinforcement of it.’¹⁰ David Bebbington reached a similar conclusion, observing that in the nineteenth-century ‘religion bound Wales and Scotland to England through their common Protestantism, its anti-Irish corollaries and the British imperialism they encouraged.’¹¹ The

⁷ Morton, ‘Scottish Rights and ‘centralisation’ in the mid-nineteenth century’, p257.

⁸ T.C. Smout, ‘Perspectives on the Scottish Identity’ in *Scottish Affairs*, No. 6 (1994), pp101-113.

⁹ L. Colley, *Britons: Forging the Nation* (London: Yale University Press, 1992), pp121-125.

¹⁰ L. Patterson, *The Autonomy of Modern Scotland* (Edinburgh: Edinburgh University Press, 1994), p30.

¹¹ D. Bebbington, ‘National Feeling in Wales and Scotland’ in S. Mews, ed., *Religion and National Identity: Papers Read at the Nineteenth Summer Meeting and the Twentieth Winter Meeting of the Ecclesiastical History Society* (Oxford: Blackwell, 1982), p503.

schisms of the 1840s, and the diverging paths within what had been a united national church, damaged the link between Presbyterianism and Scottish national identity, but the long negotiations towards reunion (1909-1929) engendered a new sense of purpose. Union in 1929 was presented by the Church leadership as a reaffirmation of the Church of Scotland's place at the heart of national life and the attempts to restate its position as a national institution - despite evidence that it was becoming increasingly remote from sections of the industrial population - adds a further element of inter-war Unionist Nationalism.¹²

Morton's emphasis on the strength of the associational culture provides one of the most striking connections with inter-war Scotland. There is a sense of the Victorian patrician about the public service of men like Lithgow and Bilsland and Michael Fry has written of how they were inspired by an old-fashioned Scottish sense of voluntary involvement.¹³ It is perhaps worth noting that Bilsland's father, Sir William Bilsland, was a notable Lord Provost of Glasgow (1908-1911) and a generous philanthropic benefactor to the city.¹⁴ The institutions which united business in the late Victorian period, continued to be the principal conduits of information in the inter-war period. Ronnie Johnston has described the expansion of employers' organisations and local Chambers of Commerce as a means of uniting capital and confronting organised labour, and the development of sophisticated professionally-organised national employers' organisations in the 1920s provided a route for leading Scottish industrialists to gain an audience at a UK level.¹⁵ Morton's observation that the committees

¹² G. Walker, 'The Religious Factor' in T.M. Devine and J. Wormold, eds, *The Oxford Handbook of Modern Scottish History* (Oxford: Oxford University Press, 2012), pp591-592.

¹³ M. Fry, *Patronage and Principle* (Aberdeen: Aberdeen University Press, 1987), p182.

¹⁴ T.A.B. Corley, 'Bilsland, Sir William, first Baronet (1847-1921)' in H. C. G. Matthew and Brian Harrison, eds, *Oxford Dictionary of National Biography* (Oxford: OUP, 2004).

¹⁵ R. Johnston, *Clydeside Capital, 1870-1920* (East Linton: Tuckwell Press, 2000); R. Johnston, 'The Organisation of the Employer Class in Scotland' in M.A. Mulhern, J. Beech and E. Thompson, eds, *Scottish Life and Society, A*

of nineteenth-century urban Scotland provided ‘the very machinery necessary to deal with almost any social, economic or political issue in the city and without recourse to the parliamentary state’, carries resonance when applied to the active interventionism of inter-war bodies like the SNDC or SEC.¹⁶ The description of a vocal middle class follows a similar path to work on Glasgow by Stana Nenadic and Rick Trainor, but Morton has attached greater significance to the role played by the semi-autonomous boards which governed much of day-to-day life within Scotland.¹⁷ The gradual assumption of responsibilities traditionally administered at a local level or through institutions like the Church of Scotland allowed for an evolutionary development of the Scottish Office after 1885. James Mitchell has stressed that the Scottish Office became the most obvious manifestation of the union state within Scotland, but he notes that from the beginning there was a tension between ‘the celebration of Scottish distinctiveness and the development of Scottish central administration.’¹⁸ The advent of administrative devolution in the 1930s, following on from the Local Government (Scotland) Act in 1929, consolidated responsibility in a more effective, professional civil service in Edinburgh. Yet the additional authority and status granted to the post-Gilmour Scottish Office continued the nineteenth-century suspicion of centralisation as it brought back control of Scottish affairs from Whitehall to Edinburgh.¹⁹

Compendium of Scottish Ethnology (Vol. 7): Working Life of the Scots (Edinburgh: John Donald, 2008), pp489-496; T. Rodgers, ‘Employers organisations, unemployment and social politics in Britain during the interwar period’ in *Social History*, Vol. 13, No. 3 (1988), pp315-341.

¹⁶ Morton, *Unionist Nationalism*, p97.

¹⁷ G. Morton, ‘Civil society, municipal government and the state: enshrinement, empowerment and legitimacy. Scotland, 1800-1929’ in *Urban History*, Vol. 25, 3 (1998), pp348-367; S.S. Nenadic, ‘The Victorian Middle Classes’ in W.H. Fraser and I. Maver, eds, *Glasgow, Volume 2: 1830-1912* (Manchester: Manchester University Press, 1996), pp265-299; R.H. Trainor, ‘The Elite’ in *Glasgow, Volume 2: 1830-1912*, pp227-264.

¹⁸ J. Mitchell, *Governing Scotland: The Invention of Administrative Devolution* (Basingstoke: Palgrave, 2003), pp208-209.

¹⁹ *Parliamentary Papers*, 1937 (Cmd. 5563), Committee on Scottish Administration, Report. The committee, led by former Secretary of State for Scotland Lord Gilmour, produced a report which provided the framework for the devolution of administrative functions from London to Edinburgh. See, Mitchell, *Governing Scotland*, pp117-148.

Given the body of evidence which will be discussed throughout this thesis, a re-evaluation of Morton's Unionist Nationalism for the inter-war period becomes a compelling prospect. Morton's contention that his detailed analysis of Edinburgh life in the mid-nineteenth century can be extended to the national stage is however flawed. His focus on the unique conditions in Edinburgh leaves him open to the charge of overlooking the economic concerns of rural and small-town Scotland, and crucially, the industrialised counties in the west of the country. While the networks of committees and institutions that he describes have significance, their administrative role appears more provincial than national and it is a considerable leap of faith to see how the development of a discernible local sphere transmits to a form of self-government which can be meaningfully identified as nationalist. Finlay has perceptively noted that Morton's examples are more provincial than national.²⁰ By any measure, Edinburgh cannot be said to be representative of Scotland as a whole. A capital city without any political institutions, it nevertheless housed the church and legal establishment, bodies which, as Fraser has pointed out, had their own self-interested reasons for being suspicious of any moves towards greater union.²¹ More importantly, in focusing on the administrative elements of day-to-day life, Morton fails to consider fully the economic implications of his thesis, overlooking Edinburgh's unique position with its near complete absence of heavy industry. His focus on the fear of centralisation is also overdone. The mid-nineteenth century was a period of minimal state control, free trade and *laissez-faire*; keeping the state out of

²⁰ R.J. Finlay, 'New Britain, New Scotland, New History? The Impact of Devolution on the Development of Scottish Historiography' in *Journal of Contemporary History*, Vol. 36 (2) (2001), pp383-393; R.J. Finlay, 'National Identity, Union and Empire, c1850-1970' in J.M. Mackenzie and T.M. Devine (eds.), *Scotland and the British Empire* (Oxford: Oxford University Press, 2011), p290.

²¹ W. H. Fraser, 'Unionist Nationalism', book review in *Scottish Historical Review*, Vol. 80, No. 1 (2001), pp147-148.

business was a fundamental tenet. With a flourishing economy, attention was concentrated on the potential riches from imperial trade and if anything, rather than concentrating on the local, Scottish interests were looking to consolidate the benefits of a growing global export market and the benefits of Empire.

Nevertheless, there are many elements of Morton's work which can be usefully adapted to account for the manner in which an identifiable group of predominantly West of Scotland industrialists coalesced around the need to defend the staple trades and promote new industries in the years after the Great War. By creating their own space, at one remove from the state, mediated through their stewardship of the principal industrial institutions - Chambers of Commerce, inter-locking directorships and employers' associations - the West of Scotland's business leaders claimed the right to shape the future direction of the nation. Where Morton suggests that the Edinburgh middle classes created their *own* form of self-government, the industrial leadership of inter-war Scotland, together with their political allies, were creating the means to make economic decisions which would prioritise *Scottish* interests. Although the Unionist credentials of most are beyond question, by reclaiming control over events and rejecting state-sponsored centralisation, the commercial elites were seeking to address the issues of economic dislocation from a Scottish perspective. Their unique connections across business, politics and banking together with the confidence and security their positions afforded them, allowed Scottish capital to adopt a quasi-nationalist stance when it came to defending the country's economic interests while at the same time restating the primacy of Union and Empire.

3: Unionism and the Union in inter-war Scotland

In building the case for inter-war Unionist Nationalism, and the evolutionary refashioning of the Union relationship, there is also a need to reconsider aspects of Colin Kidd's important 2008 book, *Union and Unionisms*, in particular his use of the term 'banal unionism' to describe the pervasiveness of unionism in Scotland in the twentieth century before the Nationalist surge of the 1960s.²² Kidd has adapted the term from the work of the sociologist Michael Billig, who has written extensively of banal nationalism.²³ Billig's banal nationalism is closely allied to the romantic, day-to-day nationalism of flags, sport, even currency, essentially those unthreatening elements associated with stable, mature nations. Tom Nairn has suggested that such harmless symbolism and the persistence of well-respected national institutions like the Kirk and the Scottish legal system, have resulted in Scottishness becoming 'a partial rigor mortis of the collective identity', a preserving in aspic of an idealised nationhood.²⁴ Although banal, these symbols collectively help to form a distinctive and enduring sense of national identity and Kidd was attempting to square the circle that was the strong sense of Scottish national identity apparent during a period of minimal political nationalism. Kidd suggests that for the majority of Scots in the early twentieth century, the 1707 Act of Union was considered 'part of the wallpaper', uncontested beyond the fringes of nationalism.²⁵ Indeed, so pervasive

²² C. Kidd, *Unions and Unionisms*, pp23-35.

²³ M. Billig, *Banal Nationalism* (London: Sage, 1995).

²⁴ T. Nairn, 'Finishing the Story: Reflections at a Distance' in P. Henderson Scott, ed., *Spirits of the Age* (Edinburgh: Saltire Society, 2005), p137.

²⁵ Kidd, *Union and Unionisms*, p24.

was banal unionism throughout the early twentieth century, it appears to be inherent in many aspects of Scottish life.

Yet the use of the term 'banal' is at odds with the effort expended by men like Weir, Lithgow and Bilsland as they wrestled with the consequences of the post-war slump. The magnitude of the issues facing them after 1920 and their expansive, national perspective on events, ensured that their interventions took on a greater significance than those of previous generations. Building alliances across business and civic Scotland to rationalise or revive the country's principal industries suggests a degree of activity which was far from banal. To advance their efforts, Weir and Lithgow exploited their connections with senior figures in the Bank of England - both men became trusted confidantes of the governor, Montagu Norman. John Foster has observed that much depended on 'informal personal understandings between a few key players', and that these were invariably 'conducted behind closed doors.' But Norman's diaries confirm that such privileged access was rare, and that Lithgow and Weir repeatedly pressed the case for Scottish industrial interests during their meetings.²⁶ Administrative devolution and the construction of highly symbolic new accommodation for the Scottish Office in the centre of Edinburgh in 1939 was a further indication that unionism was able to evolve and emerge stronger. Mitchell describes the original 1932 proposals for limited administrative devolution as being designed to 'placate national sentiment at a time of Nationalist agitation and economic depression' but by acknowledging the grievances of more moderate opponents, a coalition of businessmen and Unionists produced a pragmatic response which halted the advance of nationalism and secured the future of unionism and

²⁶ J. Foster, 'The Twentieth Century, 1914-1979' in R.A. Houston and W.W. Knox, eds., *The New Penguin History of Scotland* (London: Allen Lane, 2001), p430.

the Union itself.²⁷ As more responsibility passed from London to Edinburgh during the 1930s, the power of the Scottish Office grew – although it remained the poor cousin compared to the principal Whitehall departments of state. Campbell has described how the enunciation of a more autonomous approach within the Scottish Office attracted suspicion from Westminster, yet by addressing Scottish concerns and providing solutions which might ameliorate the situation, unionism was adapting, albeit a little defensively, but it was certainly not banal.²⁸

Recent years have seen a growing body of work dedicated to unionism and its compatibility with the assertion of Scottish national identity.²⁹ As the dominant political force in inter-war Scotland, Unionists picked up votes from disaffected Liberals and established themselves as the bulwark against socialism. In terms of defending the union itself, Unionists took a robust line against the revived Home Rule movement which gained a degree of prominence in 1932. More serious was the threat from the Labour Party and the trade union movement. The strikes and violent disputes on Clydeside during and after the Great War left a legacy of suspicion amongst many elements of the business classes. Socialism was feared and reviled in equal measure with both Weir and Bilsland becoming closely involved with the Progressives on Glasgow Town Council. The press played on fears of Bolshevik inspired unrest, helping to entrench Unionism and maintain support for the union. The opposition to Socialism, and the conflicting vision of Scotland it represented, was based as much on incomprehension as fear,

²⁷ J. Mitchell, *Governing Scotland: The Invention of Administrative Devolution* (Basingstoke: Palgrave, 2003), p132.

²⁸ R.H. Campbell, 'The Scottish Office and the Special Areas in the 1930s', *The Historical Journal*, Vol. 22, 1 (1979), pp181-183.

²⁹ A. Raffe, '1707, 2007, and the unionist turn in Scottish history' in *The Historical Journal*, 53, 4 (2010), pp1071-1083.

and manifested itself in the desire to preserve the existing order. As such, it became one of the defining principles of Unionist Nationalism in inter-war Scotland.

Unionism was also highly adaptable, allowing a new generation of modernising figures to come to the fore. Despite their hostility to socialism and their continuing antipathy to the trade union movement, Scottish Unionists were more amenable towards 'statist' ideas than their southern cousins during the 1930s. The thawing of the business community's hostility to the state has been traced to the compromises forced upon both sides by the demands of war, particularly the measures to aid the direction of labour.³⁰ This conversion to a statist approach was central to the Unionist appeal in Scotland and 'allowed them to reassure Liberals that the Tories were not reactionaries.'³¹ The economic Unionist Nationalism of the inter-war period had its roots in the wartime experience of figures like Weir and Lithgow and their exposure to untrammelled state control of industry. That both men should play a central role in developing and absorbing corporatism in the inter-war period is perhaps surprising when their early career on Clydeside is considered, but it is less so when their experience of state intervention is taken into account. Looking forward to the Second World War, Clydeside's resumption of its role as the nation's arsenal provided an opportunity to revive and reaffirm the union relationship, and if ever there was a period in twentieth-century Scottish history when unionism was not banal, it was during the united fight against fascism.³²

³⁰ E.A. Cameron, 'The Stateless Nation and the British State' in Devine and Wormald, eds, *The Oxford Handbook of Modern Scottish History*, p628.

³¹ I.G.C. Hutchison, *Scottish Politics in the Twentieth Century*, p50.

³² T. Royle, *A Time of Tyrants* (Edinburgh: Birlinn, 2012), pp172+197.

The steady march of corporatism and the acceptance by a broad swathe of Scottish opinion of the need for planned economic development, represents one of the most significant strands of inter-war Unionist Nationalism. In the wake of the General Strike in 1926, employers like Weir and Lithgow reined in some of their hostility to trade unionism as the national employers' organisations began to develop slightly more cordial relations with labour, as witnessed by Weir's participation in the Mond-Turner talks after 1927.³³ Middlemas has described how a strategy of 'crisis avoidance...developed and ramified after 1931 until it had become an essential part of the triangular harmony between institutions'.³⁴ Scottish capital appeared to have shifted its position. Both Chris Harvie and Lindsay Paterson have stressed the development of 'middle opinion' when accounting for the development of a corporatist approach to the Scottish economy, building on arguments first raised in the 1960s by Arthur Marwick.³⁵ The acceptance of a more mixed economy, with a new focus on planning, paved the way for both the demands of wartime and post-war recovery. Saville suggests that the industrialists were conscious of the strong body of left of centre opinion in Scotland and deliberately 'took an intermediate path between socialism on the one hand and legislation enacted by the post-1931 National Government on the other' and while this may overstate the compromises that Scottish business was willing to make, any distinctly Scottish solution had to make some accommodation with recent political developments.³⁶ Lee has

³³ The talks, chaired by the industrialist Lord Mond and the President of the TUC, Ben Turner, attempted to address industrial relations by seeking a degree of understanding between employers and trade unions. Although they produced few tangible results, the talks - beginning in the aftermath of the 1926 General Strike, and continuing as economic depression strengthened the employers' hand - represented a significant step forward in relations between the two sides. See H.F. Gospel, 'Employers' Labour Policies: A Study of the Mond-Turner Talks, 1927-1933' in *Business History*, 21:2 (1979), pp180-197.

³⁴ K. Middlemas, *Politics in Industrial Society: The Experience of the British System Since 1911* (London: Andre Deutsch, 1979), p230.

³⁵ Harvie, *No Gods and Precious Few Heroes*, p51; Paterson, *The Autonomy of Modern Scotland*, pp104-105; A Marwick, 'Middle Opinion in the Thirties: Planning, Progress and Political "Agreement"'.

³⁶ Saville, 'The Industrial Background to the Post-War Scottish Economy' in R. Saville, ed., *The Economic Development of Modern Scotland, 1950-1980*, p12.

noted how, even in the early 1930s, the Scottish Office appeared more responsive to the economic crisis than the Treasury in London, developing an autonomy that would come to the fore later in the decade.³⁷

4: Economic Unionist Nationalism

Two separate economic phenomena distinguish the economic Unionist Nationalism apparent in the inter-war period: rationalisation and diversification. In both cases, the economic dislocation resulting from the post-war slump acted as the impetus. Referring to the heavy industries in particular, Campbell has argued that ‘the critical decisions on industrial change were not made by government but by industrial firms.’³⁸ Lord Weir and Sir James Lithgow stood out from other Scottish business figures in their links with UK employers’ organisations and government in Whitehall. Self has described Weir as the most powerful unelected person in Conservative politics during much of the 1920s, and his involvement in political life included chairing key inquiries which had a significant bearing on industrial life.³⁹ Weir’s biographer, W.R. Reader, described him as a ‘professional politician, if a politician is one who sets out to exercise power and a professional is one who is exceptionally skilled in his chosen occupation.’⁴⁰ Yet despite choosing to work in the shadows, Weir’s interventions continued to carry weight, and his increasing conversion to corporatism is evident in his advocacy of

³⁷ Lee, *Scotland and the United Kingdom: The Economy and the Union in the Twentieth Century*, p159.

³⁸ Campbell, *The Rise and Fall of Scottish Industry*, p165.

³⁹ Weir chaired investigations into the creation of a national grid and the Central Electricity Board (1926), the electrification of the railway network (1931) and the future prospects of the Trans-Atlantic shipping industry (1934).

⁴⁰ Reader, *Architect of Air-Power*, p137.

state involvement in the electricity industry and his participation in the Mond-Turner talks in 1927.⁴¹

Lithgow's authority came from his wartime service in the Admiralty and his central position within the shipbuilding industry. In choosing to adopt a policy of self-help within steel and shipbuilding, Weir and Lithgow used their influence to push through a rationalising agenda. Foster has written of the 'strange alliance' which emerged, with the Scottish industrialists relying on the support of the Bank of England to secure an extensive chain of mergers.⁴² The role of Sir Andrew Duncan, friend of both Weir and Lithgow and a senior Bank of England advisor on industry between 1929 and 1935 is crucial. As a go-between, he ensured that a channel of communication between Scottish industry and the Bank remained open at all times, all the more important given the 'dominant personal position' of Montagu Norman, and his 'desire to keep industrial problems away from politics.'⁴³ Greaves has noted that in shipbuilding, the Bank of England welcomed the industry's own self-help scheme as it was 'no doubt fearful of government involvement if external backing was not forthcoming.'⁴⁴ Weir, Lithgow and Montagu Norman were united by a fear that the Labour government of 1929 might pursue a policy of nationalisation, and their determination to pre-empt any state involvement speaks volumes. Lithgow was also at the forefront of the shipbuilding industry's own rationalisation vehicle, National Shipbuilders' Security Ltd (NSS). The voluntary nature

⁴¹ Hannah, *Electricity Before Nationalisation: A Study of the Development of the Electricity Supply Industry in Britain Before 1948*; H. Gospel, 'Employers' Labour Policy: A Study of the Mond-Turner Talks, 1927-1933' in R.P.T. Davenport-Hines, ed., *Business in the Age of Depression and War*.

⁴² Foster, 'The Twentieth Century, 1914-1979' in Houston and Knox, eds., *The New Penguin History of Scotland*, p429.

⁴³ W.R. Garside and J. Greaves, 'The Bank of England and Industrial Intervention' in *Financial History Review*, 3:1 (1996), p75.

⁴⁴ Greaves, *Industrial Reorganisation and Government Policy in Interwar Britain* (Aldershot: Ashgate, 2005), p221.

of NSS echoes some of the committees and societies described by Morton, but again, the nature of the debate and the consequences of the outcome elevate this above the minutia of nineteenth-century urban politics.

Both Steven Tolliday and Peter Payne have written comprehensive studies of Scottish steel, but while Payne has demonstrated the importance of Colvilles as Scotland's leading producer, Tolliday has come closest to explaining the complex web of business and finance which facilitated rationalisation.⁴⁵ Where Payne focuses on John Craig of Colvilles, a company man whose focus on his firm ensured that he took little part in national life, Tolliday places Weir and Lithgow at the heart of efforts to revive the entire Scottish industry. The urgency of the task was clear - the post-war collapse in orders had exposed chronic over-capacity. By explicitly stating that they were working in the national interest, Weir and Lithgow used their contacts (and their wealth) to develop a comprehensive plan to restructure the Scottish steel industry. Very much a Scottish solution to a Scottish problem, rationalisation as applied in Scotland was the epitome of self-help.

The glaring disparity between the weakened Scottish economy and the more vibrant consumer-orientated economy of Southern England encouraged Scottish business to embrace diversification. Once more, the business community rather than the state was the driving force, although the designation of Special Area status for the most depressed parts of industrial Scotland in 1934 marked the beginning of more direct government involvement.⁴⁶ Campbell has noted that after the onset of the global depression in 1930 'the one gleam of

⁴⁵ P.L. Payne, *Colvilles and the Scottish Steel Industry* (Oxford: Clarendon Press, 1979); S. Tolliday, *Business, Banking and Politics: The Case of British Steel, 1918-1939* (Cambridge: Harvard University Press, 1987).

⁴⁶ Campbell, 'The Scottish Office and the Special Areas in the 1930s', pp167-168.

hope in Scottish industry' was the research and analysis work on economic development championed by Glasgow Chamber of Commerce.⁴⁷ The work of the SNDC and SEC in trying to attract new industries to Scotland is described in chapters four and five, but the slow pace of diversification merely added to sense of decline. Chris Harvie's observation that 'government was not inactive, but hardly helpful' chimes with Campbell's description of the tensions between the Scottish Office and the Treasury in London.⁴⁸ The success of a number of well-designed trading estates in the Midlands and the South-East of England has been well-documented, but despite Scottish business understanding the urgency of attracting new light industries, there were a series of hurdles to be crossed.⁴⁹ Compared with the growing population in the south, Scotland's population had actually declined in the 1931 census.⁵⁰ Moreover, the size of the economy and the prevalence of low-wage, low-skill work meant that the consumer boom in the southern counties of England was unlikely to be replicated in the north. In addition, the Scottish business community - still focused on heavy industry - struggled to come to terms with the production of consumer goods, and when rearmament loomed in the mid-1930s, there was an almost palpable relief as they turned back to their perceived strengths.⁵¹

Jim Tomlinson has questioned the recurring narrative of declinism in the twentieth century, suggesting that the well-documented difficulties within the staple industries during the inter-

⁴⁷ R.H. Campbell, *Scotland Since 1707: The Rise of an Industrial Society* (Edinburgh: John Donald, 1985), p273.

⁴⁸ Harvie, *No Gods and Precious Few Heroes*, p48; Campbell, 'The Scottish Office and the Special Areas in the 1930s'.

⁴⁹ P. Scott, 'Industrial Estates and British Industrial Development, 1897-1939' in *Business History*, Vol. 39, No. 2 (April 2001), pp73-98; P. Scott, *The Triumph of the South* (Aldershot: Ashgate, 2007).

⁵⁰ E.A. Cameron, *Impaled Upon A Thistle: Scotland Since 1880* (Edinburgh: Edinburgh University Press, 2010), p125.

⁵¹ M. Thomas, 'Rearmament and Economic Recovery in the late 1930s' in *Economic History Review*, 2nd series, 36 (1983), pp552-573.

war years have tended to skew more measured analysis of the wider economy.⁵² His observation that the gloomiest interpretations have 'given way to more nuanced accounts, where responses to the slump are seen as much more measured and sensible than was once the fashion', allows for a more thoughtful analysis.⁵³ Tomlinson argues that it is the background noise of often partisan contemporary debate which has contributed to or sustained declinism, and that a more considered examination suggests that while Britain undoubtedly experienced relative decline during the period, this was part of the natural ebb and flow of modern capitalism. Even at the low-point of the inter-war slump, the staple industries in Scotland remained significant entities, both in terms of output and employment, and their phoenix-like revival in the wake of rearmament demonstrates the limitations of declinism. It is perhaps more pertinent to question how decline was managed rather than focusing on decline itself, and this is a key theme throughout the thesis.

With West of Scotland industrialists leading attempts to revive the heavy industries and playing a significant part in directing diversification, it is worth restating that this was not Clydeside nationalism. The organisations established to foster some form of revival all had national aspirations. In contrast to the stifled ambition of the state-sponsored Special Areas Commissioner, both the SNDC and SEC served the entire country rather than just the pre-defined 'distressed areas', and rejected suggestions of any west coast bias. This more expansive vision is demonstrated by the way in which the SEC spent a significant proportion of its limited resources on a study of the economic future of the Highlands and Islands in 1937-

⁵² J. Tomlinson, 'Thrice Denied: "Declinism" as a Recurrent Theme in British History in the Long Twentieth Century' in *Twentieth Century History*, Vol. 20, No. 2 (2009), pp227-251.

⁵³ *Ibid*, p234.

38.⁵⁴ By recommending the appointment of a Commissioner for the Highlands -modelled on the Special Areas Commissioner - the SEC report introduced corporatism into the Highland debate, predating Thomas Johnston's creation of the North of Scotland Hydro-Electric Board.⁵⁵ Taken together, the actions of the SNDC and SEC, while flawed and somewhat timid, suggest a degree of thoughtfulness on the part of Scottish business which had been lacking in the past. The economic autonomy which 'originated in the thinking of the Scottish elites' had a distinctly nationalist tone, but it remained unionist in practice.⁵⁶

5: 'What is wrong with Scotland?'

Contemporary observers were quick to note the effect of prolonged depression on national self-confidence. A spate of books appeared questioning Scotland's future.⁵⁷ G.M Thomson wrote mournfully that, 'there is a five word phrase which brings terror to the hearts of all Scottish people: *The Southward Drift of Industry*.'⁵⁸ The collapse in the export trades, the grim domestic outlook and a lingering suspicion that Scotland was losing out, all contributed to a tangible loss in self-confidence.⁵⁹ The very life-blood of the nation appeared to be

⁵⁴ Scottish Economic Committee, Committee on the Highlands and Islands, *The Highlands and Islands of Scotland, a review of the economic conditions with recommendations for improvement* (Glasgow: Scottish Economic Committee, 1938); I. Levitt, 'The Creation of the Highlands and Islands Development Board, 1935-65' in *Northern Scotland*, Vol. 19 (1999), pp85-92.

⁵⁵ P.L. Payne, *The Hydro: A Study of the Development of the Major Hydro-Electric Schemes Undertaken by the North of Scotland Hydro Electric Board* (Aberdeen: Aberdeen University Press, 1988).

⁵⁶ Paterson, *The Autonomy of Modern Scotland*, p117.

⁵⁷ G.M. Thomson, *Caledonia, or The Future of the Scots* (London: Kegan Paul, Trench, Trubner & Co, 1927); G.M. Thomson, *Scotland, That Distressed Area* (Edinburgh: Porpoise Press, 1935); A.D. Gibb, *Scotland in Eclipse* (London: Humphrey Toulmin, 1930); A.M. MacEwen, *The Thistle and the Rose – Scotland's Problem Today* (Edinburgh: Oliver and Boyd, 1932).

⁵⁸ Thomson, *Scotland, That Distressed Area*, p3.

⁵⁹ Contributory factors included a number of Scottish banks becoming subsidiaries of southern competitors, the re-grouping of the railway industry in 1921, the mothballing of the Rosyth naval facility in 1924 and rationalisation within various industries which saw 'peripheral' Scottish factories closed to secure the future of English companies.

draining away as the 1931 census revealed the extent of overseas emigration. In the autumn of 1929, the BBC Scottish Service asked a series of writers and politicians to respond to the question 'What is wrong with Scotland?' while the *Daily Record* posed a similar question, asking if this was, 'The End of Scotland?' in its New Year editorial on Hogmanay 1929.⁶⁰ The doubts raised in the minds of many Scots by the economic reverses found an outlet in new or revived interest in Home Rule. The question of Scotland's political future, in particular the need for an Edinburgh parliament, began to attract support from surprising quarters. As Finlay describes, much to the embarrassment of the Unionists, some of the most eloquent supporters of Home Rule were intellectuals like Andrew Dewar Gibb and George Malcolm Thomson, both whom had previously been committed to the Unionist cause.⁶¹ Without overstating the extent of any nationalist 'surge', the perception that Scotland was no longer benefitting from Union continued to gain traction. To counter this, Finlay describes how 'by appealing to the Scottish sense of nationhood, it was believed in Unionist circles, that Scottish national sentiment could be appeased.'⁶²

In their efforts to revive their own industries, the business community stressed the need for self-help. There was a strong echo of the 'Presbyterian ethic of civic responsibility' which has been a key part of nineteenth-century Scottish Liberalism.⁶³ The local development boards which evolved into the SNDC in 1931 were championed by Chambers of Commerce across the country, and there was a certain pride in operating free from the state. Self-help also

⁶⁰ *Glasgow Herald*, 23, 30 October, 6, 13, 20, 27 November, 2 December 1929; *Daily Record*, 31 December, 1929.

⁶¹ R.J. Finlay, 'National Identity in Crisis. Politicians, Intellectuals and "The End of Scotland", 1920-1939' in *History* 79 (1994), p247.

⁶² R.J. Finlay, *A Partnership for Good?* (Edinburgh: John Donald, 1997), p110.

⁶³ A. Brown, D. McCrone and L. Paterson, *Politics and Society in Scotland* (Basingstoke: Palgrave, 1998), p14.

informed the paternalism displayed by many industrialists. With the state taking over the bulk of responsibility for welfare provision, employers looked to improvements in working conditions and better leisure facilities as a means of countering the threat from trade unionism. Paternalism has often appeared to be a somewhat nebulous concept, lacking any concrete definition.⁶⁴ In the context of this thesis, it is the link between employer and place which is striking – the Lithgow brothers' concern for Port Glasgow, or the Colville steel firm's interventions in Motherwell. In an extended meditation on paternalism, Peter Ackers has warned that it 'is not a general recipe for working-class subordination but a hypothesis to be tested within a specific workplace and locality during a given historical period.'⁶⁵ Ackers uses the example of Diane Drummond's study of Crewe in the late Victorian period to highlight the limitations in applying the paternalist label, focusing on the gap between the ambitions of paternalism and the reality within the workplace, noting that even where 'theoretically company culture should be total', paternalism was contested by sections of the workforce and the wider community.⁶⁶ In the twentieth century, paternalism adapted to the expansion of the state, and while Lithgow and Colvilles remained dominant employers with their locale, the extent of their influence was waning. Nevertheless, Lithgow's generous donations towards church extension projects and the youth development work of the Iona Community were a remarkable statement of the depth of his faith, but they were also designed – like his work in the economic sphere - to help shape Scotland in his vision.

⁶⁴ A. Fox, *History and Heritage* (Hemel Hempstead: Allen & Unwin, 1985), p3.

⁶⁵ P. Ackers, 'On Paternalism: Seven Observations on the Uses and Abuses of the Concept in Industrial Relations, Past and Present' in *Historical Studies in Industrial Relations*, 5 (1998), p187.

⁶⁶ *Ibid*, p180-1; see also D.K. Drummond, *Crewe: Railway Town, Company and People, 1840-1914* (Aldershot: Scolar Press, 1995).

Personal wealth played a significant role. The leading business figures were all second-generation owners with, for example, ‘the depth of the Lithgow family’s purse’ allowing a unique degree of flexibility in their actions.⁶⁷ Aside from a sense of duty, there was a distinct sense of destiny, the belief that the commercial elites themselves felt they had a right to be taking charge of the situation. Given the significant role of Glasgow and the West of Scotland in the nation’s recent industrial past, not to mention the contribution to Imperial trade, the post-war slump had robbed their industries of past glories. Visiting a Clyde shipyard in the early 1930s, the travel writer H. V. Morton was impressed by the plush, mahogany lined offices, lined with pictures from happier days, and lamented that, ‘It impressed me as a fragment of a world that has vanished.’⁶⁸ In a similar vein, the elegiac *The Shipbuilders*, published in 1935, addressed through fiction the changed circumstances of both employer and employee during the death throes of a long-established Clyde yard.⁶⁹ Writing about the Clydeside industrialists and the gloomy backdrop of the early 1930s, Fry noted however that, ‘confident as ever, their work went on.’⁷⁰

This thesis seeks to understand the motivation for the sustained interventions of the West of Scotland industrialists during the inter-war period. By examining the origins of the inter-war economic crisis and the economic, social and political responses of the Scottish business community and its allies, it will be argued that what emerged in the 1930s was a series of

⁶⁷ Tolliday, *Business, Banking and Politics*, p90.

⁶⁸ H. V. Morton, *In Scotland Again* (London: Methuen, 1933), p142.

⁶⁹ G. Blake, *The Shipbuilders* (London: Faber, 1935).

⁷⁰ Fry, *Patronage and Principle*, p182.

home-grown solutions firmly rooted in Scotland itself. The internal dangers of socialism and nationalism and the external threats of global trade will be discussed in subsequent chapters. Rationalisation and revival were the two key strands of economic Unionist Nationalism, and it will be suggested that the principal industrialists acted out of a complex mix of patriotism, national interest and selfish concern about their individual industries.

Chapter One: The Great War and the post-war slump

1: Introduction

The men who stepped forward to assume responsibility for reviving Scottish industry during the 1930s first came to national prominence during the Great War. Already well-established and highly regarded by their peers in the West of Scotland, their managerial expertise was recognised by the state as part of a wider trawl for business talent in the light of repeated setbacks in munitions production.¹ James Lithgow and William Weir were just two of a large cohort of Clydeside businessmen who were recruited to work in London, the majority utilising their shipping or shipbuilding experience in the Admiralty. Yet while a venerable figure like the ship owner Sir Joseph MacLay could view their own wartime service as the pinnacle of a successful career, Lithgow and Weir were comparatively young, remained ambitious, and were ideally placed to use this brief period in Whitehall as an entrée to public life.² This chapter discusses the early careers of Lithgow, Weir and a number of significant supporting figures, from the turn of the century until the mid-1920s, stressing the importance of the institutions and associational culture which helped them establish themselves both in their West of Scotland heartland and on the national stage. Developing the Unionist Nationalism theme, this chapter stresses how the privileged position of second or third generation ownership, with wealth and status assured, fostered an instinctive sense of duty, a decisiveness and a willingness to act, which placed this small group of talented businessmen in a unique position.

¹ P.K. Cline, 'Eric Geddes and the "Experiment" with Businessmen in Government, 1915-1922' in K.D. Brown, ed., *Essays in Anti-Labour History: Responses to the Rise of Labour in Britain* (London: MacMillan, 1974), pp74-104; K. Grieves, *Sir Eric Geddes: Business and Government in War and Peace* (Manchester: Manchester University Press, 1989).

² K. Grieves, 'MacLay, Joseph Paton, first Baron MacLay (1857-1951)', *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, 2004).

To fully understand the significance of the collaborative efforts to reshape the Scottish economy during the inter-war years, it is necessary to return to the formative stages of the careers of the main protagonists. The mix of self-confidence and service which characterised many of the industrialists' actions throughout the period was in many respects an understandably patrician sense of responsibility. Thanks to the hard work of their fathers, this generation of business owners was a key part of the Scottish elite, afforded titles and respect, and determined to preserve the *status quo* in the face of rapid change. The wartime service which brought Weir and Lithgow to national prominence represented a symbolic reaffirmation of Union, mirroring the enthusiastic and tragically destructive participation of Scots in the military. Writing about the impact of the Great War, Alvin Jackson has noted that 'Scottish national identity was consolidated amidst the carnage of War; but this remained an identity which could still be articulated within a union framework'.³ The preservation of a distinctively Scottish voice throughout the inter-war period was to be one of the central strategies of the country's business leaders as they sought to confront a series of threats. Yet this patriotic sheen, genuine and well-meant, was also a means to embed Unionist Nationalism.

When tracing the trajectory of their careers through the inter-war years, the leadership that Lithgow, Weir and their fellow travellers demonstrated in Scotland in the 1930s, owes much to the friendships and connections which were forged through public service in the latter half of the Great War and during the subsequent decade. Weir's administrative and managerial

³ A. Jackson, *The Two Unions: Ireland, Scotland and the Survival of the United Kingdom, 1707-2007*, (Oxford: Oxford University Press, 2012), p351.

talents were held in such high regard by both politicians and civil servants in Whitehall that Reader, Self and Middlemas have all argued that he was the most influential unelected figure in Conservative politics throughout the 1920s.⁴ While the recruitment of businessmen after 1915-16 addressed specific production concerns, it was the unforeseen and protracted trade slump after 1920, felt most acutely in the exporting industries on Clydeside, which pushed Lithgow and Weir into the limelight.⁵ Business leaders sought to take ownership of efforts to address the trade slump, placing themselves in a position where they were able to shape a Scottish response to their own design. Echoing Morton's descriptions of the societies and organisations in mid-nineteenth century Edinburgh and their part in developing middle class self-governance, the West of Scotland's commercial elites were able, through trade bodies, Chambers of Commerce and a shared hostility to socialism, to create momentum towards meaningful economic reform. The associational culture that provided the glue in the inter-war years worked in a similar manner to that described by Graeme Morton, yet in the later period it took on a new economic dimension, taking the concept of Unionist Nationalism into a far more significant realm.⁶

Although they were supported by a host of figures from across Scottish industry, Weir and Lithgow remained the central figures in this economic Unionist Nationalism. The enhanced public profile that both men embraced after the Great War, seen to best effect in their vociferous defence of the employers' position, marked the beginning of a sustained barrage of interventions in economic affairs. This chapter will reflect on the nature of the trade

⁴ K. Middlemas, ed., *Whitehall Diary: Thomas Jones, Volume 1 1918-1925* (London: Oxford University Press, 1969); Reader, *Architect of Air Power*; R. Self, *Neville Chamberlain: A Biography* (Aldershot: Ashgate, 2006), p16.

⁵ Campbell, *The Rise and Fall of Scottish Industry*, pp155-157; Slaven, *The Development of the West of Scotland 1750-1970*, pp185.

⁶ Morton, *Unionist Nationalism*; Morton, 'Scottish Rights and 'centralisation' in the mid-twentieth century'.

depression as it affected the industries of the West of Scotland and the extent to which the sudden reversal in the country's fortunes after the Great War crushed the self-confidence of both the general population and, at least initially, a significant proportion of the business community. Campbell notes that industrialists failed to adapt to the changed environment of the post-war period as their 'outlook and attitude were moulded' by their experiences in the peaks and troughs of the existing trade cycles.⁷ The argument advanced in this chapter is that Lithgow and Weir recognised earlier than many of their fellow businessmen that the War had fundamentally reconfigured global trade and that the heavy industries which had provided a disproportionate share of Scotland's wealth during the 'Imperial heyday' would never fully regain their lost ground.⁸

2: Early Days: G. & J. Weir and Russell & Co.

Both Lithgow and Weir had the good fortune to be born into families which had already established thriving businesses. In Lithgow's case, he and his younger brother Henry inherited Russell & Co. Ltd, one of the most profitable shipbuilding firms on the River Clyde, following the death of his father, William, in 1908.⁹ Born at Langbank near Port Glasgow in 1883, James Lithgow was twenty-five when he assumed control of the business, with Henry just twenty-two, and while they were guided initially by one of their father's old associates, the brothers quickly established themselves in their own right. The business they inherited was amongst the most productive on the Clyde, specialising in standardised designs.¹⁰ Throughout the

⁷ Campbell, *Scotland Since 1707*, p196.

⁸ Lee, *Scotland and the United Kingdom: The Economy and the Union in the Twentieth Century*, p16.

⁹ A. Slaven, 'Lithgow, William Todd (1854 -1908)', *Oxford Dictionary of National Biography*; M.S. Moss, 'William Lithgow – Founder of A Fortune' in *Scottish Historical Review*, Vol. 62 (1983), pp47-72.

¹⁰ Moss, 'William Lithgow – Founder of a Fortune', p50.

1880s and 1890s, the business outperformed other Lower Clyde yards in the boom times and protected itself more effectively during the slumps. In 1891, the partnership behind Russell & Co. was dissolved with Lithgow taking sole charge of the business. Joseph Russell, now in retirement, provided a large part of the capital which allowed Lithgow to take sole ownership. The loan was repaid quickly as the company flourished, but Joseph Russell remained on the fringes and returned as a trusted advisor after William Lithgow's death to guide the still relatively inexperienced brothers as they took full responsibility for the business.¹¹ William Lithgow died leaving a fortune of £1,000,237 and even accounting for death duties, his sons inherited a considerable fortune in addition to a highly successful business.¹² In many respects, it was this financial security - 'the depth of the Lithgow family's purse' - that allowed James Lithgow to pursue his interests beyond his businesses and to intervene so forcibly in reshaping Scotland during the inter-war period.¹³

In spite of his great wealth, William Lithgow appears to have lacked any real ostentation. In 1882, shortly before the birth of his first son, James, Lithgow and his wife moved to their new home at Drums near the village of Langbank, several miles upriver from Port Glasgow. Like many wealthy Scottish businessmen, his country estate in Argyll, purchased in 1902 for shooting and fishing, was his most obvious luxury. Although William Lithgow identified as a Liberal, J.M. Reid speculates that offers of a peerage were spurned due to his indifference to active politics.¹⁴ However, wealth clearly carried certain responsibilities and obligations. William Lithgow's paternal concern for his home town was passed on to James Lithgow, and

¹¹ *Ibid*, p70.

¹² J.M. Reid, *James Lithgow: Master of Work* (London: Hutchinson, 1964), p40.

¹³ Tolliday, *Business, Banking and Politics*, p90.

¹⁴ Reid, *James Lithgow: Master of Work*, p40.

can be seen most clearly in his commitment to complete the reconstruction of some the worst slum housing in Port Glasgow, work that had been started by his father.¹⁵ As will be discussed in the concluding chapter, James Lithgow's strong Presbyterian faith informed much of his work, his support for religious revival in the 1930s mirroring his efforts in Scottish industry. The Lithgow family had originally come from Lanarkshire, where they had been Covenanters and until the 1870s they had worshipped in the Reformed Presbyterian Church.¹⁶ The sense of mission evident in James Lithgow's various industrial projects throughout the inter-war years is notable and his strong faith provides one of the most compelling explanations for his punishing work rate and his high expectations for others.

The ties with Port Glasgow remained strong. James Lithgow was educated at home in Langbank until the age of twelve before going on to Glasgow Academy. He joined the family firm as an apprentice at the age of eighteen in 1901, joined several years later by Henry, with their father having decided that a thorough grounding in the business was far more effective than a university education. While his elder brother's life has been well documented, Henry Lithgow remains an elusive figure; a very private man, Henry remained firmly out of the limelight.¹⁷ He was, however, a respected master in the shipyard, taking on much of the day-to-day management of the shipbuilding business and joined his brother on the boards of the various firms they acquired during the 1920s and 1930s.¹⁸ As James Lithgow became more active in public life, it was Henry's presence in Port Glasgow which allowed him the freedom to act on his instincts and start to agitate for a more muscular response to the depression.

¹⁵ T.G. Snoddy, *Round About Greenock* (Kirkcaldy: Allen, 1950), p53.

¹⁶ Reid, *James Lithgow: Master of Work*, p20.

¹⁷ *Glasgow Herald*, 11 October 1947.

¹⁸ By the late 1930s, Henry Lithgow was a member of the board of Colvilles Ltd, Fairfield Shipbuilding & Engineering Co. Ltd, Steel Company of Scotland, Nimmo Dunlop & Co. Ltd in addition to Lithgows Ltd.

The other leading Scottish industrialist of the period, William Weir, enjoyed a similarly fortuitous family arrangement. Throughout his time in charge of the family engineering business, G. & J. Weir Ltd, he was able to rely on his step brother, John Richmond, almost always referred to as J.R. Richmond, who acted as Managing Director to Weir's Chairman from 1915 until the late 1940s.¹⁹ In a manner which was remarkably similar to the Lithgows' arrangement in Port Glasgow, Richmond's control of the main functions within the business allowed William Weir to engage in a wide range of activities in public life, starting with his appointment in 1915 as Director of Munitions in the West of Scotland. Born in Glasgow in 1877, William Weir had joined his father's engineering firm, G. & J. Weir Ltd, as an apprentice at the age of sixteen in 1893.²⁰ His father, James Weir, born in Airdrie in Lanarkshire around 1842, formed a business in Liverpool in the early 1870s in partnership with his brother George after some years working as an itinerant ship's engineer.²¹ Moving to Glasgow in 1873, the constantly evolving company owed much of its success to the skills of the founders, with the firm specialising in marine pumps. Although formally constituted as G & J Weir Ltd in 1895, George Weir left the business, leaving James in sole charge. At a time when the Clyde shipbuilding industry was expanding, James Weir's various inventions and continual improvements resulted in rapid growth and increasing financial success.

By 1909, the G & J Weir Ltd works at Cathcart covered 13 acres and employed just short of 1,500 workers.²² Having been apprenticed in 1893, William Weir had quickly joined the

¹⁹ W.J. Reader, *The Weir Group: A Centenary History* (London: Weidenfeld & Nicolson, 1971), p75.

²⁰ Reader, *Architect of Air Power*, p22.

²¹ J.M. Reese, 'Weir, James (1842/3-1920)', *Oxford Dictionary of National Biography*.

²² 'James Weir' in G. Eyre-Todd, *Who's Who in Glasgow in 1909* (Glasgow: Gowans & Gray, 1909).

management of the firm, joining the board in 1898.²³ Under James Weir, G. & J. Weir Ltd had gained a reputation for being particularly hostile to trade unionism, no mean achievement in a district where labour relations had long been strained. As Mclvor notes, 'to openly [sic] profess left-wing views [in the workplace] in Scotland before World War One was an extremely risky business'.²⁴ Class emerged as a significant dividing factor across all aspects of Scottish society, the rise of Labour as a political force contributing to the development of Unionist Nationalism amongst a business elite which feared the consequences of untrammelled working-class agitation. Significantly, James Weir was an early adopter of US-style scientific management, introducing an elaborate bonus system based on payment by results as a means of boosting productivity. McKinlay has described how G. & J. Weir Ltd went further than other West of Scotland firms in their efforts to rationalise work processes, streamlining their product range to standardise production. Between 1899 and 1901, the Cathcart works were extensively retooled to allow for new automated processes and supervision with the very culture of the works differing from others in the district in the way that individuality was discouraged.²⁵ William Weir was also a keen observer of American business practice and he spent time in the USA in 1911 and 1912 where he was impressed by the ruthlessness and efficiency of their highly competitive markets.²⁶ Like many West of Scotland industrialists, Weir was instinctively hostile to organised labour and the adoption of payment by results was viewed as a means of resisting collective bargaining. Weir remained implacably opposed to the trade unions and his reputation as an autocratic manager in his

²³ Reese, 'Weir, James (1842/3-1920)', *Oxford Dictionary of National Biography*.

²⁴ A. Mclvor, 'Were Clydeside Employers More Autocratic?' in W. Kenefick and A. Mclvor, eds, *Roots of Red Clydeside, 1910-1914* (Edinburgh: John Donald, 1996), p48.

²⁵ A. McKinlay, 'Philosophers in Overalls? Craft and Class on Clydeside c1900-1914' in *Roots of Red Clydeside*, p100.

²⁶ Reader, *Architect of Air Power*, p29.

works together with his subsequent role in the wartime dilution crisis, coloured his reception in inter-war Scotland. He continually struggled to overcome trade union suspicions, and this mutual animosity was one of the key reasons why his ambitious post-war plans to resolve the housing crisis by mass-producing prefabricated housing were derailed by demarcation disputes and union organisation.²⁷

The immediate pre-war years were notable for the extensive labour disputes on Clydeside with workers reacting to the poverty and distress of the depression of 1908-09 by taking advantage of their enhanced bargaining position during the comparative boom after 1910.²⁸ Weir would respond to trade union complaints about the intensification of work with figures showing that his workers were earning higher wages than elsewhere. The reality at Cathcart was more nuanced. While there were regular disputes, Weirs remained comparatively peaceful, McKinlay concluding that, 'an uneasy accommodation was reached between management and stewards: the workforce accepted that payment by results was permanent in return for management's tacit "acceptance" of collective workplace bargaining'.²⁹ It was an uneasy peace and J.R. Richmond was forced to admit in 1917 that such were the 'inroads on the powers of management in the shops, had war not intervened, the autumn of 1914 would probably have seen an industrial disturbance of the first magnitude'.³⁰

²⁷ K. Morgan, 'Cutting the feet from under organised labour? Lord Weir, mass production and the building trades in the 1920s' in *Scottish Labour History Journal*, Vol.43, 2008, pp47-68.

²⁸ I. Maver, *Glasgow* (Edinburgh: Edinburgh University Press, 2000), p136.

²⁹ McKinlay, 'Philosophers in Overalls? Craft and Class on Clydeside c1900-1914', p101.

³⁰ Glasgow University Archives (GUA), Papers of Herbert E.R. Highton, Presidential Address to Glasgow University Engineering Society, 1916-1917, UGD 102/3/10.

During the same period, James Lithgow had taken on his first role beyond Russell & Co. when he was elected President of the Clyde Shipbuilders Association (CSA) in 1912. Although the brothers had maintained civil relations with the unions in their own firm in Port Glasgow, James Lithgow found himself representing Association members across all the shipbuilding disciplines on the Clyde, the tight labour market of the pre-war boom translating into repeated demands for improved conditions from the principal trade unions. It was during this period that he met and became friends with Andrew Duncan, an industrial lawyer who later became Secretary of the Shipbuilding Employers' Federation (SEF).³¹ Lithgow's involvement in the Clyde Shipbuilders' Association was significant in that it was a period of increasing collaboration between employers. Individual businesses remained as price competitive as ever but there was a growing realisation across industry as a whole that employers, working in tandem, could resist what was perceived to be the growing menace of an increasingly confident trade union movement. The associational culture already evident in civic Scotland, for example in the Convention of Royal Burghs or Chambers of Commerce, was strengthened by the creation of distinct industry-wide bodies which were dedicated at least in part to countering the demands of labour. This transition from social to explicitly business-orientated functions gave the associational culture a new significance, feeding into the developing economic Unionist Nationalism. Lithgow was a firm believer in such industry-wide bodies and later became closely involved with the SEF, serving as President in 1920-21. His post-war work in shipbuilding and steel was built on achieving consensus across company lines, and, like Weir, he became a key figure in the post-war evolution of the two national

³¹ K. Gieves, 'Duncan, Andrew Rae (1884-1952)', *Oxford Dictionary of National Biography*.

groupings which embraced employers from across all sectors, the Federation of British Industries (FBI) and the National Confederation of Employers' Organisations (NCEO).³²

Between 1908 and 1914, the Lithgow brothers learnt about shipyard management in propitious times. The Clyde was leading the world in terms of output and 1913 was a record year.³³ Although the Russell & Co. yard did not tender for naval vessels, confidence in shipping was high and there was a steady stream of orders for cargo ships. The Russell shipbuilding business had continued to carve out a highly profitable niche for itself producing standardised merchant vessels, often built on spec, and the business was regularly amongst the most successful in the annual *Glasgow Herald Trade Review*. The Lithgow brothers consolidated their control of lower Clyde shipbuilding with the purchase of the Bay Yard at Port Glasgow, adjacent to the Russell yard, in 1911, gaining useful additional capacity and preventing any competitor from gaining a foothold.³⁴ During the Great War, with James Lithgow either serving in France or working in the Admiralty in London, the yard was managed by Henry Lithgow. Demand for merchant shipping grew in response to U-boat sinkings and soaring freight rates, and the yard was re-equipped and expanded. Although the Admiralty extended control to all shipbuilders during the War, the overwhelming majority of the total output of Russell & Co. was commissioned by private customers.³⁵ As with other yards, there was a damaging loss of skilled men in the early stages of the war but while industrial relations were cool, with both Lithgow brothers despairing of the inflated wartime wages, the yard avoided the tensions associated with the upper Clyde disputes over dilution. The Lithgows were

³² Middlemas, *Politics in Industrial Society*, pp111-113.

³³ *Glasgow Herald Trade Review*, 31 December 1913.

³⁴ L. Johnman and H. Murphy, *Scott Lithgow: Déjà vu all over again! The Rise and Fall of a Shipbuilding Company* (St John's, Newfoundland: International Economic History Association, 2005), p34.

³⁵ *Ibid*, p36.

regarded as good employers within Port Glasgow, the paternalism that had seen the family demolish and rebuild the worst of the town's slums helping to build a better relationship between capital and labour than existed elsewhere in the West of Scotland.³⁶ In many respects this benevolent paternalism mirrors the patrician sense of duty at the heart of Unionist Nationalism.

Although Weir and Lithgow were amongst the most high-profile Clydeside industrialists in the immediate pre-war period, their antipathy towards organised labour reflected the mood of their peers. However the effectiveness of the employers' stance during this early phase in their careers is open to question. Alastair Reid notes Lithgow's frustration with the employers' inability to speak as one, the sense that the idiosyncrasies of the individual owners and their determination to look after the interests of their own businesses, was preventing them from dealing effectively with an increasingly confident trade union movement.³⁷ Slaven's description of the, 'highly individualistic and independent shipbuilders who maneuvered themselves uneasily into hesitant co-operation' captures a similar mood in the early 1920s while Peter Payne has written memorably of the mutual loathing of the principal steel-owners in the late 1920s, crediting their shared animosity for the failure of the earliest negotiations towards amalgamation and rationalisation.³⁸ Yet despite this apparent disunity, by the early 1930s, the shipbuilders had coalesced around National Shipbuilders' Security Ltd (NSS) and the steel owners had agreed - albeit with prompting from the Bank of England - to

³⁶ Reid, *James Lithgow: Master of Work*, p61.

³⁷ A. Reid, 'Employers' Struggles and Craft Production' in S. Tolliday and J. Zeitlin, eds., *The Power to Manage* (London: Routledge, 1991), pp39-40.

³⁸ A. Slaven, 'Self-Liquidation: The National Shipbuilders' Security Ltd and British Shipbuilding in the 1930s', in Palmer, S. and Williams, G., (eds), *Chartered and Uncharted Waters: Proceedings of a Conference on the Study of British Maritime History* (London: National Maritime Museum, 1982), p127; Payne, *Colvilles and the Scottish Steel Industry*, p183.

mergers which would reshape their industry. While the grim economic prognosis and the perceived political threats provided the urgent impetus for action, the common factor in both cases was, of course, the involvement of Lithgow and Weir, combining their expertise in individual industries with a pragmatic recognition of the wider challenges and an understanding of the possible solutions.

Both Weir and Lithgow emerged as significant figures in industrial Scotland in the years prior to the Great War. Their undoubted abilities, taken in tandem with the wealth they had inherited and grown, allowed them to take advantage of an associational culture which was taking new forms as business began to operate collaboratively in response to the growing threat of trade unionism. Increasingly, the commercial elites began to occupy a distinct space in Scottish civil society, taking responsibility for the economic well-being of the nation. This became more explicit in the aftermath of the Great War when the sudden downturn forced Scotland's business leaders to confront an unexpectedly harsh economic outlook. Acting in concert, stressing a distinctly Scottish solution, but locating it firmly within the Union, the leading West of Scotland businessmen were embracing a far bolder form of Unionist Nationalism which went far beyond the limited examples of Morton's Edinburgh. This version, while far from fully realised in this pre-war period, was already tackling the political and economic challenges that would become emblematic of the inter-war period.

3: The Great War

As noted above, William Weir's hostility to organised labour had been a feature of the firm and was part of his managerial strategy from his earliest days in the business. However, in

terms of his long-term reputation in the West of Scotland, it was his work as Director of Munitions in 1915-16, his advocacy of dilution and his role in what became known as Red Clydeside, which ensured that he remained the *bête noir* of the trade union movement for the remainder of the inter-war period.³⁹ The Red Clydeside epithet was applied to a series of separate events, from the rent strikes of 1915, to the dilution crisis of 1915-16 and the strikes in support of the 40-hour week in early 1919.⁴⁰ As a prominent employer and government appointee, Weir was amongst the most controversial figures of the period. Described as ‘ruthless’ by Melling, ‘uncompromising’ by Fry and ‘gifted but far from tactful’ by Harvie, Weir’s determination dramatically to improve production ensured that he made few friends amongst labour.⁴¹ With the company shifting to war production in 1914, the need to expand output forced the firm to revisit its relationship with its workforce. Experience of mass production and standardisation had convinced Weir that the preservation of a hierarchy of skilled workers was highly restrictive and potentially damaging at a time when output had to be increased. Weir’s solution was to be the dilution of labour, the sustained recruitment of unskilled or semi-skilled workers to undertake tasks previously restricted to the higher paid skilled workforce.

The relationship between Weir and his workforce deteriorated and in 1915, G. & J. Weir Ltd were at the centre of a wave of strikes which spread rapidly across Clydeside. The initial cause of the dispute was a delayed wage increase and this was compounded by the decision of J. R.

³⁹ Maver, *Glasgow*, pp135-141.

⁴⁰ J. Foster, ‘Strike Action and Working Class Politics on Clydeside, 1914-1919’ in *International Review of Social History*, Vol. 35, No. 1 (1990), pp33-70; I. MacLean, *The Legend of Red Clydeside* (Edinburgh: John Donald, 1983).

⁴¹ J. Melling, ‘Scottish Industrialists and the Changing Character of Class Relations’ in T. Dickson, ed., *Capital and Class in Scotland* (Edinburgh: John Donald, 1982); M. Fry, *Patronage and Principle*, p135; C. Harvie, ‘Before the Breakthrough, 1886-1922’ in I. Donnachie, C. Harvie, I.S. Wood, eds, *Forward! Labour Politics in Scotland 1888-1988* (Edinburgh: Polygon, 1989), p22.

Richmond to introduce American labour. These workers were to be paid at higher hourly rates than G. & J. Weir Ltd's own workforce. Having been recruited in response to a shortage of skilled tradesmen, the American workers were informed they would be paid the best local rate and would be able to supplement wages through the established bonus system.⁴² The local trade unions believed that the Americans, 'were to receive a return ticket from the States to Britain, and ten shilling a week higher pay than Weir's regular employers were getting and, in addition, a bonus of £10 at the end of six months'.⁴³ Workers in other engineering and shipbuilding firms came out in sympathy and the resulting wave of strikes, solidly supported, attracted the vociferous criticism of the national press who portrayed the activities of the Clyde Workers' Committee as dangerously subversive.⁴⁴ The events convinced Weir of the need to deal with the labour question. The labour shortage was a growing problem for industry, threatening its ability to meet demanding government orders, and Weir voiced his frustration in a letter to the Lord Provost of Glasgow published in the *Glasgow Herald* when he complained that, 'Eight months fair trial has been given to employers and engineering employees to adapt themselves to war conditions, and a thousand cases evidence their inadaptability'.⁴⁵ Upon his appointment as Director of Munitions in the West of Scotland in July 1915, he resigned as Managing Director of G. & J. Weir Ltd, although as Chairman he retained oversight of all developments within the business. Described as 'a patriotic sacrifice not only on his part, but of his firm', Weir's specific task was to respond to widespread concern that munitions production was failing the soldier in the field and pressure from politicians to increase output and quality as rapidly as possible.⁴⁶

⁴² Reader, *Architect of Air Power*, p38.

⁴³ W. Gallacher, *The Clyde in Wartime: Sketches of a Stormy Period* (Glasgow: Collet, 1919), p6.

⁴⁴ Maver, *Glasgow*, p228-233.

⁴⁵ *Glasgow Herald*, 22 May 1915.

⁴⁶ *Glasgow Herald*, 31 July 1915.

Although Weir was only one of a number of regional figures, his was the most important district. With its unique combination of shipyards, steelworks and established engineering works, ensuring continuity of production and output in Glasgow and the West of Scotland was deemed crucial for the continued conduct of the War.

The War, and the nature of its conduct, transformed the relationship between the state and both industry and people as initial failings resulted in a rapid centralisation of control. The unprecedented concentration of state power 'cut through recent debates' about the role of government but also stopped moves any towards Home Rule in its tracks.⁴⁷ From a Scottish context, the militarism which remained a vital element of national self-identity, came to the fore as evinced by the enthusiastic support which continued, with a few notable exceptions, throughout the War. The Union and Unionism were reinforced by the crisis, the pride in the Scots military contribution to Imperial development now transferred to an awareness of the nation's central role in all aspects of the conflict. The depth of Scottish participation in the war effort, whether military or industrial, reinforced the Union in such a way that it was possible to be both patriotically Scottish and British without it appearing contradictory. The Unionist Nationalism that this created was a powerful force, emotionally and practically, and the centrality of the Union relationship to the economic thinking of Scottish industrialists throughout the inter-war period, in particular their conversion to corporatist planning, stems largely from their experience of the Great War.

⁴⁷ Cameron, *Impaled Upon A Thistle*, p102.

In marked contrast to Weir's activities, James Lithgow spent the first years of the War on active service. Although he later found the experience frustrating, recognising that his talents would probably have been better used in Port Glasgow, he appeared to relish the camaraderie and responsibility. Lithgow had been a volunteer since 1901 and joined the nascent Territorial Army in 1908. When war was declared in 1914 he was mobilised in command of No.1 Coy. (Clyde) Royal Gunnery Artillery and after training in the south of England during 1915 he embarked for France in February 1916, reaching the Western Front during the early summer.⁴⁸ He would retain his T.A. connections all his life and appeared to be at ease with his fellow men (of all ranks) in a way that he never quite managed in other spheres where his bluff manner could easily antagonise. Lithgow's experience during the First World War appears to have been a defining moment in his life. In a talk to members of the Air Training Corp in 1942, Lithgow reminisced:

What I have learned about life, I have mostly learned in Port Glasgow where I was born, where I served my apprenticeship, and from where I have done my work. My first experience of public affairs was in the going out and in among the old houses of the Bay Area in what was then The Dirty Wee Port, but by far my fullest experience of life, as this uniform shows, was on the battlefield with the other lads from Port Glasgow.⁴⁹

A number of Lithgow's contemporaries also served during the war, many with distinction. Steven Bilsland, who worked closely with Lithgow on economic regeneration after 1930, was

⁴⁸ GUA, Papers of Sir James Lithgow, Notes on army service of Sir James Lithgow, DC35/3.

⁴⁹ GUA, Papers of Sir James Lithgow, Address to ATC Newark Church, 25 October 1942, DC35/75/72.

a decorated Captain with the Cameronians, serving in the Middle East and France.⁵⁰ Maurice Denny, heir to the Dumbarton shipbuilders, served with the Machine Gun Corps in France until his recall to London to work with Lithgow and others in the Admiralty.⁵¹ Lord Elgin was another of the leading inter-war figures to serve in France, being mentioned twice in despatches.⁵² Lithgow himself received the Military Cross, having fought at the Battle of the Somme; after sustaining a shoulder wound he returned to the UK in early 1917 to work with other recruits from industry within the Admiralty. While there is nothing exceptional in itself in these men serving in the Great War - they were young and duty and the patriotic mood of the period would have dictated their decision - a distinguished record of service doubtless added gravitas and authority within industry. In keeping with contemporary conventions, most used their military rank well into the inter-war period. The point remains, however, that the Great War and the reinforcing of the Union relationship played a significant role in shaping the Unionist Nationalism that prevailed in the following decades and the experience of heightened state control was a significant influence when it came to confronting the economic crisis in the post-war period.

The crisis in munitions which had precipitated Weir's appointment in the West of Scotland also prompted Lloyd George, the Minister responsible, to recruit suitably qualified men from business, having been dismayed by the dearth of available talent in the civil service.⁵³ Although born out of necessity, the introduction of businessmen into munitions supply

⁵⁰ R. Davenport-Hines, 'Bilsland, (Alexander) Steven, Baron Bilsland (1892-1970)', *Oxford Dictionary of National Biography*.

⁵¹ Bilsland, rev A. Slaven, 'Denny, Sir Maurice Edward, second baronet (1886-1955)', *Oxford Dictionary of National Biography*.

⁵² *Glasgow Herald*, 29 November 1968.

⁵³ Grievies, *Sir Eric Geddes: Business and Government in War and Peace*, p13.

unwittingly created a network of shipbuilders, engineers and assorted industrial experts who later worked closely together through the downturn of the 1920s and 30s. This complemented the shift in the nature of the associational culture which was evident in the pre-war period as individual businesses combined in a more formal manner in professionally organised employer associations. In the Scottish context, many of the recruits from business were comparatively young and well-educated, members of a new industrial aristocracy, and their confidence denoted a similar assumption of power to that of the traditional landowners. Aside from their business experience, part of the attraction for Lloyd George of his 'experiment with businessmen' was the fact that after several years of stalemate in the War, he was able to offer the public fresh faces, untainted by political association. The arrangement has to be viewed in the context of the political rift between Asquith and Lloyd George and Lloyd George's determination to demonstrate that he would revitalise the conduct of the War. Of the initial appointments, three names, all Scots, stood out. Sir Joseph Maclay, a prominent Liberal, was a well-known figure in the West of Scotland, and his shipping firm, Maclay and McIntyre, was one of the largest concerns on the Clyde. Fiercely anti-trade union, Maclay was appointed Minister for Shipping in 1916 and was responsible for organising the transport of military equipment and supplies and civilian food supplies. Sir Eric Geddes, the Edinburgh-born former Deputy Managing Director of the North Eastern Railway was initially brought in to reorganise chaotic transport arrangements in northern France.⁵⁴ In early 1917, Lloyd George attempted to revive the supply of merchant shipping along similar lines to work in munitions. Geddes was appointed Naval Controller - a role which gave him oversight of naval and merchant shipping and which placed him in overall control of

⁵⁴ Grieves, *Sir Eric Geddes: Business and Government in War and Peace*, pp10-26.

the various Admiralty departments now employing the recent recruits from the West of Scotland. The third name was Weir's. Having been appointed to oversee munitions in 1915, he began to agitate for control of aircraft production to be removed from the army and navy and to be placed in its own ministry and succeeded in being appointed Director of Aeronautical Supplies in 1917 following Churchill's appointment as Minister for Munitions.⁵⁵

The injection of fresh talent into the restructured Admiralty after the arrival of MacLay and Geddes was a reaction to the startling losses in the Atlantic as U-boats attacked merchant shipping. Tonnage lost was well in excess of tonnage built, and there was a new awareness that any significant increase in shipbuilding output would have to be centrally planned. In the first six months of 1917 various Scottish shipbuilders and advisors joined the Admiralty. Having been recalled from military service, James Lithgow was appointed Director of Merchant Shipping, his experience with Russell & Co. influencing his request for several men to be transferred south from Port Glasgow.⁵⁶ For Lithgow, the pressing concern was to raise output. During the early stages of the War, resources had been concentrated on naval shipping with the result that production of merchant shipping had actually fallen far behind pre-war levels. Lithgow rejected many of the Admiralty's more exotic plans, appreciating that finding suitably qualified labour for new centres of production such as the yard at Chepstow, would be an unsustainable drain on managerial resources. Instead, he stressed the continuity from peacetime production, concentrating on the established shipyards, increasing the labour-force and ensuring that sufficient numbers of industrial conscripts were directed to the relevant yards. While he was suspicious of prefabrication, he favoured standardisation

⁵⁵ Reader, *Architect of Air Power*, pp69-81.

⁵⁶ Reid, *James Lithgow: Master of Work*, p69.

since it was to all intents a variation on the system that worked successfully for Russells in Port Glasgow. The increased output of merchant shipping in the final months of the War was testimony to the successful extension of Lithgow's template to the main shipbuilding districts across the United Kingdom.⁵⁷

One of the most talented of the Clydeside men recruited to work in the Admiralty was Maurice Denny. He represented a more modern side of Clyde shipbuilding, benefitting from an extensive technical education before finally joining the family business. Denny studied Naval Architecture at Massachusetts Institute of Technology, graduating with First Class Honours in 1909, and he displayed a keen awareness of the value of detailed research in both design and mechanical engineering. Like Lithgow, Denny was recalled from military service to take up the post of Deputy Director of Design under the Controller-General for Merchant Shipping. Working closely with Lithgow, Denny developed a relationship that endured through their time together in the SEF and the Shipbuilding Conference in the late 1920s and in National Shipbuilders' Security throughout the 1930s. Thomas Bell, Managing Director of John Brown & Co at Clydebank was another shipbuilder called to work in the Admiralty. Bell served as Deputy Controller of Dockyards and Shipbuilding for eighteen months from May 1917, receiving a knighthood midway through the assignment. As Managing Director at John Browns for over twenty-five years from 1909, Thomas Bell was a key figure in West of Scotland shipbuilding.⁵⁸ During the worst of the inter-war depression, in 1933-34, Bell worked with Lithgow and Weir to restart the stalled construction of the Cunard liner at Clydebank; at the

⁵⁷ *Ibid*, p70.

⁵⁸ A. Slaven, 'Sir Thomas Bell' in A. Slaven and S.G. Checkland, *Dictionary of Scottish Business Biography, 1860-1960* (Aberdeen: Aberdeen University Press, 1986); A. Slaven, 'A Shipyard in Depression: John Browns of Clydebank, 1919-1939' in R.P.T. Davenport-Hines, ed., *Business in the Age of Depression and War* (London: Cass, 1990), pp122-147.

time, one of the most glaring examples of the new willingness amongst shipbuilders to press for and accept state intervention.⁵⁹

The extent of the district's associational culture is demonstrated by a further group of West of Scotland figures who came to the Admiralty through a slightly more convoluted route. Andrew Duncan, Allan Smith and Alexander Belch all trained in industrial law under Thomas Biggart of the Glasgow law firm, Biggart & Lumsden.⁶⁰ The firm specialised in industrial issues and looked after the affairs of a number of Glasgow-based employers' organisations, notably the Clyde Shipbuilders Association (CSA), the SEF and the North West Engineering Trade Association (NWETA).⁶¹ Thomas Biggart had created a niche for himself in the twenty years before the Great War, having had the foresight to recognise that in a time of growing trade union power and government legislation, there would be a need for bodies which represented all employers, regardless of the size of their businesses, within individual industries. In his work on Clydeside employers, Johnston stresses Biggart's central role in the district's business affairs, describing him, 'performing his role so enthusiastically that he could be credited at times with single-handedly building up an employer front to combat the labour threat'.⁶² Biggart was credited with creating a nursery for young talent in Glasgow and his office in the city became the central hub of an employer network which extended throughout the United Kingdom.⁶³ Although from a previous generation, Biggart would have been well known to Lithgow and Weir through bodies like the Glasgow Chamber of Commerce and the

⁵⁹ F.E. Hyde, *Cunard and the North Atlantic, 1840-1973* (London: MacMillan, 1975), pp209-210.

⁶⁰ T. Rodgers, 'Smith, Sir Allan MacGregor (1871-1941)', *Oxford Dictionary of National Biography; Glasgow Herald*, 21 May 1949; 17 October 1967.

⁶¹ R. Johnston, *Clydeside Capital*, pp187-193.

⁶² *Ibid*, p187.

⁶³ Reid, *James Lithgow: Master of Work*, p62.

Clyde Navigation Trust as well as the more obvious employer associations. Biggart was an influential, if low-profile, figure, continuing his involvement with employer organisations throughout the interwar years, continuing to influence the SEF in particular through the Lithgow-led rationalisation plans of NSS.

Duncan, Smith and Belch all became significant players in inter-war industrial affairs. The oldest, Allan Smith, worked with the CSA and the NWETA before the War, becoming Chairman of the Engineering Employers' Federation (EEF) in 1916. Having worked in the Ministry of Munitions and the Admiralty in 1917 and 1918, Smith revived his links with Weir and Lithgow as they became founding members of the National Confederation of Employers' Organisations (NCEO) in 1919. Andrew Duncan, who became Secretary of the SEF in 1920, was appointed secretary of the Merchant Shipbuilding Advisory Committee by the shipping controller, Sir Joseph MacLay in 1916, and joint secretary of the Admiralty shipbuilding council in 1917.⁶⁴ Duncan was a long-standing friend of James Lithgow, their working relationship beginning during Lithgow's Presidency of the CSA in 1912, and Duncan also worked with Weir in the Research Department of the NCEO in the early 1920s.⁶⁵ Crucially, Andrew Duncan worked as an advisor to the Governor of the Bank of England from 1926 and was elected to the Bank's Court in 1929; he was able to act as an informed go-between during the rationalisation discussions, helping Lithgow and Weir to gain the support necessary to fulfil their plans. Another product of Biggart & Lumsden, Belch worked with both the SEF and the Shipbuilding Conference throughout the inter-war period, becoming Secretary of the SEF in 1931.⁶⁶ Alexander Belch was only twenty-six when he moved from Glasgow to London to join

⁶⁴ *The Times*, 31 March 1952.

⁶⁵ Middlemas, *Politics in Industrial Society*, p184.

⁶⁶ *The Guardian*, 3 June 1931.

the recently relocated headquarters staff of the SEF. Although most of the Clydeside men working in London during the latter stages of the War would already have known one another, particularly through employer organisations like the SEF and the CSA, the friendships and working relationships forged during this period helped develop the sense of shared purpose that marked their collective work in rationalisation and economic revival in the late 1920s and 1930s.

The importance of this period, and the resulting complex network of contacts and organisations, lies in the manner in which industrial figures were creating their own distinct space, mediated through inter-locking directorships, membership of trade bodies and employers' organisations. It is this network that allows us to see the unifying front of the industrial establishment, and their subsequent actions suggest a Unionist Nationalism of greater significance than Morton's original thesis, one which builds upon the transformative effects of the Great War. The complexity of the overlapping relationships detailed in this section give a clear indication of the growing dynamism of the West of Scotland's associational culture in the years surrounding the Great War. The blurring of the line between business and the state in the latter stages of total war allowed a generation of relatively young Clydeside men to experience a degree of power, demonstrating some of the possibilities that might be available to them if they chose to remain in public life.

Describing the links between industry and politics in the aftermath of the Great War, Middlemas writes of a world, 'characterised by professional as well as social

interpenetration...developed on a more regular, but still informal, basis'.⁶⁷ The development of national employers' associations produced a cadre of talented individuals who were focused on developing the district's economic prospects and who were able and willing to embrace the ideas that lie behind Unionist Nationalism. With the majority of industrialists eschewing elected political positions, the national employers' organisations, highly effective lobbying operations, offered a degree of power and influence which guaranteed that the concerns of the business elite were afforded an audience at the highest levels within government. Morton's work on Edinburgh places emphasis on the committees and societies which provided a form of governance beyond the state, allowing a degree of independence and autonomy. Moving forward into early twentieth century Scotland, a similar network of bodies can be found, although here, their essentially economic remit is testimony to a far greater ambition. The Great War led to a reaffirmation of the bonds of Union, restating an already strong relationship which had been built on militarism and Imperial trade. The economic and political issues which threatened Scotland during the inter-war period were of a greater magnitude than anything faced by the relatively secure middle classes in nineteenth century Edinburgh. The Unionist Nationalism that emerged from the Great War was shaped by the centralisation dictated by wartime production and the unifying nature of the conflict, but it was also a logical next step for the increasingly sophisticated associational culture which helped push a select group of talented, well connected individuals to national prominence.

⁶⁷ K. Middlemas, 'The Party, Industry and the City' in A. Seldon and S. Ball, *Conservative Century: The Conservative Party Since 1900* (Oxford: Oxford University Press, 1994), p451.

4: Post-War Decline

Shipbuilding was the bellweather of the Clydeside economy, a symbol of quality and craftsmanship, and when orders dried up in the winter of 1920-1921, the impact was felt far beyond the yards themselves. For many firms the slump was all the more shocking for being unexpected; few were prepared and most had comprehensively misread the signs. The consortium of shipbuilders which bought the Steel Company of Scotland in April 1920, did so because of a desperate need for steel; eight months later they were forced to concede that they had few forthcoming orders to sustain the company's works.⁶⁸ The consensus within industry was that the end of the war would herald a period of prosperity driven by reconstruction and recovery.⁶⁹ Large concerns like William Beardmore & Co. and John Brown invested in new plant in readiness for the boom.⁷⁰ The availability of cheap money encouraged business confidence while Burgess again confirms the conservatism of many Clydeside employers when he notes that they, 'were not generally opposed to a return to the pre-1914 *status quo*' because the associated low overheads suited the district's main products.⁷¹ The principal shipbuilders went on an extensive buying spree, purchasing steel firms in order to provide continuity of supply during the expected surge in new building. At the same time, the shipyards and engineering workshops were adjusting to the sudden termination of lucrative contracts. The largest steel producers, like Beardmore or David Colville & Sons, had expanded and improved their production to meet the pressure of

⁶⁸ Tolliday, *Business, Banking and Politics*, p88; Payne, *Colvilles and the Scottish Steel Industry*, p146-147.

⁶⁹ Johnman and Murphy, *British Shipbuilding and the State since 1918*, p11-12.

⁷⁰ J. Hume and M.S. Moss, *Beardmore: The History of a Scottish Industrial Giant* (London: Heinemann, 1979), p203.

⁷¹ K. Burgess, 'Authority Relations and the Division of Labour in British Industry, With Special Reference to Clydeside, c1860-1930' in *Social History*, 11:2 (1986), p229.

armaments orders, taking on extensive debt to fund the acquisition or adaption of additional capacity. Amidst the excitement of the 1919-20 boom, this excess capacity was, if anything, viewed favourably, regarded as a means of mopping up more of the expected orders, but as soon as slump set in, these redundant assets became an expensive drain on increasingly vulnerable firms.⁷²

The export trade had been disrupted by the War and with overseas markets available again, manufacturers found that producers in other countries had become more competitive both in price and quality. In coal and steel, cheaper imports threatened home producers. In contrast to the parochialism of Morton's narrow vision of Unionist Nationalism, Scottish industry in the early twentieth century was compelled to view economic development from an international perspective. Given the importance of the export trade and the close links with Empire, there is a strong sense of Scottish business looking outwards to overseas markets, with West of Scotland manufacturers perhaps taking on an Imperial identity in addition to their deep-rooted Unionism. Additionally, many in business were exhausted after the pressure of the War. With shareholders and owners alike having profited from the War, there was a temptation amongst older industrialists to sell out as soon as trading conditions became more hostile. The turnaround in fortunes was dramatic. After a brief period of prosperity, a slump in shipping rates, the amount shipping companies could charge their customers, heralded the beginning of a calamitous slump.⁷³ With overcapacity within the international shipbuilding industry, new entrants winning market share from UK companies

⁷² Payne, *Colvilles and the Scottish Steel Industry*, pp146-147; Tolliday, *Business, Banking and Politics*, pp86-87.

⁷³ Slaven, *The Development of the West Scotland*, pp185-198.

in both shipping and shipbuilding and freight charges dropping, the shipbuilding industry was faced with an unprecedented collapse in new orders.

Perhaps the most notable feature of the post-war optimism was the brief period in 1919-20 when the main Clydeside shipbuilders, seeking to ensure continuity of supply, acquired majority shareholdings in the steel manufacturers in the West of Scotland. The buying spree was based on what would quickly be exposed as false assumptions about the replacement of wartime shipping losses and the speedy resumption of trade. The Lithgow brothers were the first to act, taking a controlling share in the Lanarkshire steel and mining firm James Dunlop & Co. in 1919.⁷⁴ For Lithgow, the acquisition was driven by the need to secure steel supplies for the family shipbuilding business, renamed Lithgows Ltd in the same year. The purchase gave Lithgow steelworks at Cambuslang and Calderbank but in the early 1920s, when cheaper imports were available, he dual-sourced from England and Germany, admitting he would be a fool to buy his own steel when there were cheaper alternatives.⁷⁵ During the following two years, most of the other principal shipbuilders bought control of steel firms. David Colville & Sons Ltd, the West of Scotland's largest and most productive steel firm, was bought by the Belfast shipbuilder Harland & Wolff - a move which later in the decade brought the firm under the control of Lord Kilsant and his Royal Mail Group.⁷⁶ The Steel Company of Scotland was taken over by a group of Clyde shipbuilders, made up of Alexander Stephen & Co., Yarrow & Co., Scott & Co. and a number of smaller businesses.⁷⁷ Again, continuity of supply was the

⁷⁴ Payne, *Colvilles and the Scottish Steel Industry*, p118.

⁷⁵ Tolliday, *Business, Banking and Politics*, p91.

⁷⁶ M.S. Moss, *A Business of National Importance: The Royal Mail Shipping Group, 1902-1937* (London: Methuen, 1982); M.S. Moss, *Shipbuilders to the World: 125 Years of Harland and Wolff* (Belfast: Blackstaff, 1986), pp227-228

⁷⁷ Payne, *Colvilles and the Scottish Steel Industry*, pp 146-147.

principal reason, and the fact that their competitors were already forming links with steel producers merely hastened the process. Across the West of Scotland, all the large shipbuilders became involved in vertical integration, each looking over their shoulder at the actions of their principal competitors, the buying spree fuelled in part by a fear of being left behind. In most cases the acquired steel businesses came with holdings in the coal trade, theoretically bringing greater control over the supply of raw materials but exposing shipbuilders to the complexities of an industry which was riven with poor labour relations and vulnerable to cheap imports.⁷⁸

When the slump came, the drop in output was precipitous, the suddenness of the collapse appearing to catch many industrialists off guard. A *Scotsman* editorial from July 1920, commenting on another good set of figures for the previous quarter warned:

they should not be construed with an excess of confidence regarding the future. If the Trade Unions connected with the industry are well advised they will be careful about wages, and also about production; they will take heed of the warning issued by the Industrial Council last week. Freights are falling and building contracts are being cancelled. The signs are that a highly prosperous year may be followed by reaction.⁷⁹

By late September, the *Glasgow Herald* was reporting the scale of dismissals and imposition of short-time working in the Clyde yards and associated trades, blaming the high cost of raw

⁷⁸ For example, the Lithgow's purchase of James Dunlop & Co. in 1919 included a number of Lanarkshire pits

⁷⁹ *The Scotsman*, 22 July 1920.

materials, escalating wages and trade union militancy.⁸⁰ The end of the boom was vividly illustrated by the Glasgow Chamber of Commerce *Journal* in its review of 1920:

The continued high tonnage on the stocks gave a very misleading effect. It gave the impression of continued prosperity, whereas all the time shipbuilders knew that the amount of work really on hand was decreasing rapidly.⁸¹

Many of the reasons for the contraction in shipbuilding were a hangover from the War. Productive capacity had been greatly increased worldwide and the initial post-war optimism had led to continued demand. The slump in the early 1920s was caused quite simply by a glut of ships. Freight rates, which had remained high after the end of the war as a combination of port congestion and slow turnaround times gave the appearance of a shortage of shipping, collapsed.⁸² In a mood of growing uncertainty, shipping firms cancelled orders or failed to make new ones. The slow lead time between order and launch meant that the Clyde gave the illusion of continuing prosperity into 1922, but the decline was startling. In 1921 the Clyde launched 249 vessels of 511,185 tonnes; in 1923 the figure had fallen back to 122 vessels and 175,528 tonnes.⁸³ The slump in the shipyards also had an immediate effect on the numerous engineering firms which relied on a healthy shipbuilding trade and a damaging impact on the West of Scotland's steel manufacturers.

⁸⁰ *Glasgow Herald*, 29 September 1920.

⁸¹ *The Journal*, January 1921.

⁸² Slaven, *The Development of the West of Scotland*, p188.

⁸³ *Glasgow Herald Trade Review*, 30 December 1921; December 31 1923.

Even if the orders had been there, UK shipbuilding had become dangerously uncompetitive compared with overseas producers as the effects of high wages and the rapid increase in inflation made Clyde-built vessels too expensive. Production costs soared by 400% in the period 1914-1920 largely due to higher wages.⁸⁴ As far as the principal West of Scotland business figures were concerned the only solution was a reduction in wages and a halt in moves towards a reduction in hours. Yet employers appeared unable to project unity, Alastair Reid noting that despite being represented by one of the strongest industry bodies of the period in the form of the SEF, personality clashes and individualism made it near impossible for the shipbuilders to act collectively.⁸⁵ Writing in 1957, Jones observed that, 'Shipbuilders die hard...They hang on in the hope that competitors might go under and things might improve...family pride and prestige are at stake'.⁸⁶ Representing business, the *Journal* repeatedly commented about the damage it felt had been done by previous concessions. In its New Year editorial in 1921, the paper declared that, 'if we are to survive as a trading nation, the cost of labour must be reduced...Labour must, for its own sake, produce more in a given time'.⁸⁷ The industry felt they had already conceded enough. A reduction to 47 hours (from 54) had already been agreed, generally without any reduction in wages, but the demands of the strikers in January 1919 for a 40 hour week had been followed by overtime bans and further strike action within shipyards. William Weir, now ennobled as Lord Weir of Eastwood, estimated that the shorter working week had increased the cost of British goods by £200m. He warned that, 'the choice seems to be a reversion to longer hours, reduced costs, and revival of employment or adherence to the shortened week, vast unemployment and an

⁸⁴ Johnman and Murphy, *British Shipbuilding and the State since 1918*, p15.

⁸⁵ A, Reid, 'Employers' Struggles and Craft Production', p40.

⁸⁶ L. Jones, *Shipbuilding in Britain* (Cardiff: University of Wales Press, 1957), p130.

⁸⁷ *The Journal*, January 1921.

inability to support our industrial population'.⁸⁸ Employers also had an ambiguous relationship with mechanisation and the increased technical innovation. The speeding up of labour and progressive de-skilling which had produced impressive results in the latter stages of the War was not always the industry's preferred solution. Johnman and Murphy note that the trade unions blamed the employers for failing to adopt labour saving devices which had demonstrably improved output in America during the War.⁸⁹ Employers balked at the idea of expensive re-equipping without a commensurate reduction in payments to workers who would be performing tasks in better conditions without employing specific craft related skills. Well into the 1920s, James Lithgow was still complaining about the cost of installing electrical power into his Port Glasgow yards. Writing in his capacity as President of the SEF in 1921, Lithgow complained that:

costly and extravagant equipment does not necessarily mean cheaper production...in the shipbuilding industry it is impossible to get any reduction in direct cost because our men imagine that they are entitled to the same remuneration even when half the work is done for them by mechanical means.⁹⁰

Lord Weir was increasingly vocal about the dangers of high wages. Like most West of Scotland industrialists he still perceived the area's economy to be primarily export-based. The Empire had provided a ready market for Scottish goods and strong trading relations had been formed between Clydeside and growing markets in India and the Far East. G & J Weir Ltd relied on the export trade and Weir was acutely aware that the War had transformed many markets

⁸⁸ *Empire Review*, November 1921.

⁸⁹ Johnman and Murphy, *British Shipbuilding and the State since 1918*, p11.

⁹⁰ *Glasgow Herald Trade Review*, December 31 1920.

with Britain losing out to new or invigorated competitors. He lamented that while Britain had possessed 'a clear supremacy in technical innovations, industrial methods and productive facilities', it was proving almost impossible to produce these goods at a price the rest of the world was prepared to pay.⁹¹ His comments came as the Government embarked on austerity measures intended to restore the country's competitive position and prepare the ground for a return to the Gold Standard. The reality on Clydeside was stagnation. After the calamitous figures for 1923, completed tonnage only rose above three quarters of the 1913 figure once, in 1928, before the full effects of the global depression pushed output to new lows.⁹²

As early as March 1919, *The Journal* highlighted one of the key problems facing Clydeside; the growing threat from overseas competition. In 1913, the last year of peacetime activity and the peak of Clyde shipbuilding, a fifth of the world's launched tonnage was Clyde-built. By 1923, the figure had declined to less than a tenth.⁹³ The example of Japan was used to highlight the problems facing the West of Scotland. *The Journal* noted that whereas before the War, Japanese firms would routinely come to the Clyde yards to place their orders, extensive training in Japan by experts from the Clyde and regular visits to Glasgow by Japanese shipbuilders had created a situation which would, 'lead inevitably to the concentration in that country of all the shipbuilding required by the demands of its home owners'.⁹⁴ The added danger was that having developed its own industry along Western lines, the Japanese would be able to challenge Clyde shipbuilders in world markets. Somewhat inevitably, *The Journal* came to the conclusion that 'the labour factor in Japanese shipbuilding

⁹¹ *Glasgow Herald*, 25 March 1922.

⁹² *Glasgow Herald Trade Review*, 31 December 1929.

⁹³ *Glasgow Herald Trade Review*, 31 December 1913; 31 December 1923.

⁹⁴ *The Journal*, March 1919.

does not represent anything like such an expensive part of the total as it does in the United Kingdom'.⁹⁵ The surge in Japanese shipbuilding was related to the post-war shipping crisis. Johnman and Murphy have described how Japanese shipping firms filled the vacuum created when European companies withdrew from Far Eastern markets during the Great War; once these markets had been abandoned, British shipping lines experienced difficulties in trying to return after 1918.⁹⁶ While Japan represented a new threat to the industry, the fastest growth had been in the United States where efficient and highly productive methods of the sort admired by Weir, had been adopted at a time when consistent wartime orders facilitated capital expenditure. By 1919, the USA was producing almost a quarter of the world's tonnage against less than five per cent in 1914, whereas the UK share had fallen over the same period from forty one per cent to thirty four.⁹⁷ Britain was still the largest shipbuilding nation and Clydeside accounted for the largest proportion of the UK total, but the overarching trend towards decline was evident to all within the trade.

Throughout the 1920s, the leading West of Scotland businessmen remained wedded to the idea of wage cuts. In late 1922, Walter Gray, Managing Director of the Steel Company of Scotland, stated that 'unless we are prepared to abolish all restrictions and burdens of a vexatious nature and mutually arrange whereby an increased rate of production can be secured, trade is bound to leave us'.⁹⁸ The eight-hour day - albeit still over six days - was blamed for many of Scottish industry's shortcomings. Lord Weir remained one of the most vocal proponents of wage reductions. Like many of his contemporaries he had been troubled

⁹⁵ *The Journal*, March 1919.

⁹⁶ Johnman and Murphy, *British Shipbuilding and the State since 1918*, p11.

⁹⁷ *The Journal*, August 1919.

⁹⁸ *Glasgow Herald Trade Review*, 29 December 1922.

by the strikes in the West of Scotland in 1919 and 1920. In the wake of events in Russia, the radical Socialism on display in Glasgow in January 1919 and in various trade disputes thereafter led him to proclaim that ‘the power of Trade Unionism used by the men who now control it for purely political purposes has become a tyranny and a menace to the workers themselves’.⁹⁹ For men like Weir and Lithgow, there was an unquestionable logic to their arguments and there is a frustration in many of their speeches that their ideas are not being followed by labour. John Craig, Chairman of David Colville & Sons Ltd, had continued with the founding family’s paternalism, but this was tempered with warnings of the dangers of wage increases and improvements in hours.¹⁰⁰ He cultivated a far more avuncular image than his peers, but he nevertheless stressed the threat from increased competition.

The deepening slump was, however, leading to increased numbers of men being laid off and the threat to employment did drive down wages for those in work. The President of the SEF, Leonard Roper, admitted in 1922 that wages within the industry were now low compared with 1919, and gave credit to shipyard workers for ‘appreciating and recognising the state of affairs and accepting reductions’.¹⁰¹ Lithgow had led the negotiations for a cut in wages in the shipyards during the autumn of 1922, when the employers demanded that the last elements of war bonuses should be withdrawn in light of the continuing dearth of new orders. Lithgow stated that with only 25% of berths occupied by vessels on which men were actually working and unemployment within the industry in the West of Scotland at between 60 and 80%, depending on craft, ‘the winter outlook was bad.’¹⁰² The Glasgow Chamber of

⁹⁹ *The Times*, 20 October 1920.

¹⁰⁰ W, Taplin, rev P.L. Payne, ‘Craig, Sir John (1874-1957)’, *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, 2004).

¹⁰¹ *Glasgow Herald Trade Review*, 29 December 1922.

¹⁰² *Glasgow Herald*, 13 September 1922.

Commerce *Journal* had noted a change in labour earlier in the year, the gloom within the industry having a clear effect:

Probably the change in attitude of the men is due largely to their desire to avoid being thrown out of employment, but the hope is expressed that it is due also to a serious consideration of the economics of their industry, and the resulting knowledge of the fact that restriction of output is a great mistake, from their own point of view as well as from that of their employer.¹⁰³

Although all Clyde shipbuilding businesses suffered from the decline in orders, Lithgows Ltd survived in much better shape than most of its competitors. The yard had been consistently successful in the pre-war period and James and Henry Lithgow had ploughed much of the profit back into the business, using the funds to either expand the Port Glasgow site or to retain large cash balances for contingencies. Johnman and Murphy note that a cash balance of £511,149 in 1908 had grown to £1,474,637 in November 1918.¹⁰⁴ Such a large cushion provided the resources for the acquisition of the James Dunlop & Co mining and steel business in 1919 but more importantly, it gave the firm considerable leeway during the lean years after 1920. The business was further protected during the early 1920s as the Lithgow brothers, who owned the bulk of the shares, declined their dividends. While neighbouring yards had empty berths, the Lithgows felt confident enough to build their standardised cargo vessels on-spec, as they had done during pre-war slumps, preserving skills in their business and providing much needed employment in Port Glasgow.¹⁰⁵

¹⁰³ *The Journal*, January 1922.

¹⁰⁴ Johnman and Murphy, *Scott Lithgow: Déjà vu All Over again!*, p34

¹⁰⁵ *Greenock Telegraph*, 23 November 1923.

It was such careful husbanding of resources that allowed the Lithgow business to survive the 1920s in better shape than many of its competitors. Through his involvement with the SEF, the NCEO and the FBI, Lithgow was becoming an increasingly significant figure in British industry, reflected by his participation on various Board of Trade committees. His interest in collaborative action in response to the trade slump reflects his experience with the shipbuilders in the West of Scotland. The squabbles and rivalries which prevented the district's employers from acting with the solidarity he might have hoped for coloured his actions as he sought to instigate self-help solutions to the slump. Lithgow's first interventions to revive the Scottish economy date from the late 1920s, but this chapter has demonstrated that for almost two decades before this, he was one of the most successful and thoughtful of Scottish industrialists and in parallel with William Weir, displayed early signs of the vision which would come to the fore in the 1930s.

The Unionist Nationalism apparent in this post-war period was shaped by the negative effects of globalisation. The collapse in exports, the competitive pressures from new or revived overseas markets together with an unsuccessful push to restore Imperial trade to post-war levels all conspired to shake business confidence. The moves to revive Scottish industry which form the basis of this thesis stem from the sustained reverses experienced in the years immediately after the Great War. While the War had consolidated the Union relationship in many respects, the economic failures post-1920 confirmed to Scottish business the primacy of the Union as a trading zone and as the 'Mother Country' at the heart of Empire. The strategies adopted to counter the trade slump are discussed in later chapters, but the connections between the leading individuals were already becoming apparent. Their shared

vision, the Unionist Nationalism that allowed them to seek Scottish solutions for the developing crisis, was based on interdependence. These were men grounded in the traditional heavy industries, sectors which the more prescient already sensed were in a dangerous decline, yet any attempt to address the problems, whether by rationalisation or by diversification, could only come through collective action. This manifested itself in the late 1920s and throughout the 1930s in a series of interventions which produce a far more emphatic vision of Unionist Nationalism than anything described by Morton. The shortcomings of the employers are also revealed. The short-sightedness of their buying sprees and their inclination to blame labour for many of the industries failures are telling reminders that external economic factors were by no means the sole reason for the depth of the trade slump in the West of Scotland.

5: Conclusion

Much of this chapter has been devoted to placing the principal West of Scotland business leaders of the early twentieth century in context, stressing the importance of the developing associational culture and the continuing significance of the Union relationship. What emerges is a complex pattern of interdependence in a district struggling to cope with rapid economic change and the perceived dangers from an increasingly confident working class. Faced with a series of challenges, from economic dislocation to surging support for Socialism and trade unionism, Scottish industrialists acted collaboratively to defend the world they recognised. In a manner which recalls Morton's Unionist Nationalism, the post-war Scottish business community used the strength of the associational culture to develop a coherent response to the economic crisis. Post-war Scotland was a different country to the one which had gone to

war in 1914. Where there had been political and economic consensus over what was perceived to be a relationship of equals between Scotland and England, the realities of the post-war period placed new strains on the Union relationship. Similarly, Scotland's close ties to Empire, felt most strongly in the industrial districts, began to weaken as Imperial trade lost some of its lustre. As Lee notes, such sustained economic difficulties, 'necessitated the reformulation of [the previously understood] national identity.'¹⁰⁶ While Lithgow and William Weir played a significant part in efforts to re-engage with Empire and regain the lost prosperity, their political antennae were sufficiently well-developed to recognise that their instinctive Unionism had to be tempered by a greater awareness of Scottish sensibilities.

¹⁰⁶ Lee, *Scotland and the United Kingdom*, p17.

Chapter Two: Politics

1: Introduction

In the aftermath of the Great War, Scottish politics became increasingly polarised. Growing support for Labour, seen to best effect in their strong showing in the 1922 General Election, together with the subsequent Liberal collapse, pushed many middle-class voters towards the Unionists, helping sustain a resurgence which continued, barring the reverses of 1945, until the 1950s.¹ In the early 1930s a reinvigorated Home Rule movement, capitalising on the widespread perception that Scotland was in decline, drew a robust defence of both the 1707 Act of Union and the benefits of the wider British Empire from business and Unionist politicians. Against this volatile backdrop, Scottish business was forced to address two sides of the same problem; their instinctive desire to resist the menace of socialism and a growing sense that the pace of change – social, economic and political – was rapidly moving beyond their control. Their response, demonstrated repeatedly over the course of the inter-war period, was to seek to intervene on their own terms to reshape the Scottish economy.

The wartime service explored in the previous chapter provided the template for much stronger engagement in public life over the following decades, culminating in the planning agenda of the business-orientated Scottish Economic Committee in the late 1930s. The journey from the wartime command economy to the corporatism of the 1930s was evolutionary, with each incremental stage taken in response to individual problems as they arose. However, the new interest in Scottish affairs, indeed the very fact that the principal

¹ Fry, *Patronage and Principle*, p174; Hutchison, *Scottish Politics in the Twentieth Century*, p30.

industrialists now felt compelled to intervene so comprehensively on a raft of issues, suggests a deep unease at political and economic developments.

This chapter examines how the emergence of an effective, election winning socialist party and a trade union movement buoyed by wartime advances, together with the sudden turnaround in economic fortunes, galvanised Scotland's business leaders. Linking back again to Graeme Morton's work on Unionist Nationalism, the post-war environment presented so many challenges, many completely unforeseen, that it became imperative that Scottish business found a mechanism to work collectively to preserve their interests.² Building on the discussion in the previous chapter about the importance of the associational culture, the Unionist Nationalism which became embedded within Scottish commerce throughout the inter-war period depended on the existence of a series of strong institutions, becoming most explicit in the founding of the Scottish National Development Council (SNDC) in the 1930s. The co-operation between business and Unionist politicians in securing greater autonomy for the Scottish Office provides further evidence of this Unionist Nationalism, the late 1930s expansion providing a compelling expression of self-governance within the constraints of the existing Union settlement. The forthright response to a revival in Home Rule activity in 1932, orchestrated by West of Scotland industrialists and their aristocratic friends, demonstrated a desire to protect and defend a recognised way of life while simultaneously offering a means of planning pragmatically to halt excessive demands for social and economic change.³ The confident assertion of a distinctly Scottish voice which was expressed with greater frequency

² Morton, *Unionist Nationalism*; G. Morton, 'Scottish Rights and 'centralisation' in the mid-nineteenth century'.

³ Movement to Oppose Agitation for a Scottish National Parliament, *Statement to give expression to Public Opinion in Scotland in Opposition to agitation for a Scottish National Parliament* (Edinburgh: Movement to Oppose Agitation for a Scottish National Parliament, 1932).

by the mid-1930s was the result of the shared vision of leading Scottish industrialists and a new generation of progressive Unionists like Walter Elliot, Robert Boothby and Sir Robert Horne, all of whom became strong advocates of planning.⁴ Describing the period, Finlay has recently summed up the success of the Tory Party (and by implication, Unionism) as being the result of a focus on 'patriotism, paternalism and pragmatism.'⁵

Having previously discussed the inter-war generation of Scottish industrialists' first steps in public life and the jarring effects of the sudden post-war economic collapse, this chapter reflects on four distinct episodes which, when taken collectively, illustrate how political relationships influenced and then supported this new form of Unionist Nationalism. First, the emergence of national employer organisations in the period 1918-1922, facilitated by Lord Weir, James Lithgow and a cadre of Clydeside men, provides an indication of the methods which were adopted later in the period to address Scotland's economic woes. In the West of Scotland, the aggressively anti-union machinations behind Lord Weir's steel house project and the struggle to resist the advance of Labour within local politics in Glasgow, provide two interlinked examples of how business leaders, desperate to preserve the established order, adopted strategies to counteract perceived dangers. The final section, describing the business community's response to growing interest in nationalism in the early 1930s, brings the overarching theme of Unionist Nationalism to the fore. In supporting an expanded Scottish Office, Scotland's elites were not only consolidating the economic autonomy already being promoted through the SNDC, they were making a bold break with the past by effectively stating that the enhanced powers were an opportunity rather than a threat, supporting the

⁴ Hutchison, *Scottish Politics in the Twentieth Century*, p53.

⁵ R.J. Finlay, 'Patriotism, Paternalism and Pragmatism: Scottish Toryism, Union and Empire, 1912-1965' in D. Torrance, ed., *Whatever Happened to Tory Scotland?* (Edinburgh: Edinburgh University Press, 2012), p29.

developing narrative of corporatist planning. Operating beyond the mainstream party political system in a world of trade organisations and voluntary 'self-help' bodies like the SNDC, the *modus operandi* of Weir and Lithgow mirrors Morton's Unionist Nationalism, with one key exception. Such were the economic constraints and the political dangers, most obviously from the Labour Party, that the stakes in this later period were far higher. Far from obsessing with the workings of a restricted environment, during the inter-war period, Scotland's industrialists believed that they were defending a way of life yet preparing the nation for an uncertain future.

2: Lithgow, Weir and the national employers' organisations

The experience of working in London in the latter stages of the Great War transformed the horizons of those Clydeside businessmen who made the journey south.⁶ While they were already significant figures in the West of Scotland, the work in the Admiralty opened doors in government and facilitated connections which were exploited throughout the inter-war period. This thesis argues that a small group of Scottish industrialists stepped up to take responsibility for reshaping the Scottish economy in the light of the global downturn after 1920, and the development of a cohesive associational culture created the mechanism through which they were able to push forward with their plans. These bodies were quite separate from government, primarily trade bodies, Chambers of Commerce, and ultimately, the business-orientated SNDC. The industrialists recognised that the problems affecting Scottish industry required a distinct Scottish solution, yet this expression of 'independence'

⁶ Cline, 'Eric Geddes and the "Experiment" with Businessmen in Government, 1915-1922' in K.D. Brown, ed., *Essays in Anti-Labour History: Responses to the Rise of Labour in Britain* (London: MacMillan, 1974), pp74-104.

was couched in the language of Union. During a period when Red Clydeside still cast a shadow, business responded to emerging threats by restating the benefits of the Union relationship and the wider successes of the British Empire, in particular the prosperity which Imperial trade had brought to the industrial districts of Scotland. The Unionism which flourished during the inter-war period was strengthened by having a common enemy in socialism and trade union militancy.

The creation of two national employers' organisations, the Federation of British Industries (FBI) and the National Confederation of Employers' Organisations (NCEO) in 1916 and 1919 reflected a perceived weakness amongst business in the manner in which they responded to an emboldened trade union movement. It was felt that it was 'high time that the grievances of the employers' were transmitted to the wider population.⁷ William Weir and James Lithgow were active founding members and their participation in the new bodies marked a significant stage in their transition from successful businessmen to national figures. Weir served as President of the NCEO between 1922 and 1923 and was Honorary President thereafter. Accepting his election, Weir told the Confederation that, 'at no previous time in the history of industry has it been more necessary to have some organisation to ensure the safeguarding of our existing industrial system and to guide its rational and justifiable evolution.'⁸ James Lithgow was a member of both the FBI and NCEO and was Vice-President of the NCEO in 1922 and FBI President in 1930-1932. At this stage in his career, Lithgow had yet to develop as extensive a network of connections as Weir, however, as the 1920s

⁷ Glasgow University Archives (GUA), Papers of Lord Weir of Eastwood, Speeches, Notes on an Industrial Policy 1921, DC96/2/19.

⁸ GUA, Papers of Lord Weir of Eastwood, Presidential Speech to National Confederation of Employers' Organisations, October 1922, DC96/2/5.

progressed, his abilities were increasingly recognised beyond the shipbuilding and steel industries and he became a key advocate of the FBI's campaign for imperial preference.

Although both organisations were based in London and UK-wide in outlook, the posts were significant in the Scottish context because they provide the first indications of Weir and Lithgow appreciating the potential of powerful institutions beyond the state, providing a template for the Unionist Nationalism which was expressed more forcibly later in the inter-war period. Wholly concerned with the promotion of employers' interests, and 'all matters concerning the relationship between employer and employed', both organisations were uncompromising in their hostility to Labour.⁹ Both the FBI and NCEO were founded during the latter half of the War when 'business as usual' had conclusively broken down and government economic control was at its height and Kynaston describes the FBI as a notable 'straw in the corporatist wind.'¹⁰ Of the two bodies, the NCEO was by far the most radical, aggressively anti-union, lobbying politically and producing extensive research and policy material. With the NCEO bringing together 'the cream of post-war industrial leadership', the close connections with government bodies like the Board of Trade which had been fostered throughout the War were reinforced as employers displayed a new political awareness.¹¹ The NCEO drew its members from the staple industries, those with a strong interest in exports, and grew to be dominated by bodies like the Shipbuilding Employers Federation (SEF) and the Engineering Employers Federation (EEF).

⁹ Modern Record Centre, University of Warwick (MRC), Papers of the Confederation of British Industries and predecessors, National Confederation of Employers' Organisations, Annual Report, 1923, MSS.200/B/4/3/1.

¹⁰ D. Kynaston, *The City of London: Vol. III, Illusions of Gold 1914-1945* (London: Chatto & Windus, 1999), p38.

¹¹ Rodgers, 'Employers' Organisations, Unemployment and Social Politics in Britain during the Inter-war Period', pp317-318.

As noted in the previous chapter, the strong Clydeside representation on these bodies stems from the participation of the Glasgow lawyer Thomas Biggart, honorary chairman of SEF and past President of the EEF and credited by Johnston as being responsible for much of the employer unity on Clydeside at the turn of the twentieth century.¹² Rarely mentioned even in the business press, Biggart appeared to act out of conviction. His obituary concluded that he was ‘the father of modern industrial procedure.’¹³ The legal firm he co-owned, Biggart & Lumsden, was ‘effectively the centre of an employers’ network that stretched throughout the UK,’ and was responsible for producing some of the most talented industrial administrators of the inter-war period.¹⁴ Two of the most significant men to receive their legal training and initiation into the world of employer associations through Biggart were Allan Smith, future Chairman of the EEF and President of the NCEO from 1919-1922, and Andrew Duncan, Secretary of the SEF, 1920-1925, and later, a member of the Court of the Bank of England. Later in the 1920s, Duncan became the most useful of Lithgow’s Clydeside associates when he was able to act as a conduit between the industrialist and the Governor of the Bank of England, Montagu Norman, as he sought assistance in rationalising the steel and shipbuilding industries.¹⁵

Both the FBI and NCEO were vocal in their defence of the employers’ right to manage. Despite the economic volatility, both organisations were well-financed and as part of this, the organisation developed a research department which produced various pamphlets and reports, branching into film by the late 1920s. During the early 1920s, while still Secretary of

¹² Johnston, *Clydeside Capital, 1870-1920*, p187.

¹³ *Glasgow Herald*, 21 May 1950.

¹⁴ Johnston, *Clydeside Capital*, p192.

¹⁵ R.S. Sayers, *The Bank of England, 1891-1944: Volume 1* (Cambridge, Cambridge University Press, 1976), p322.

the SEF, the recently knighted Sir Andrew Duncan worked closely with Lord Weir in the NCEO research department. One of their principal aims was to produce a constant stream of data to be used in countering arguments from the TUC or Labour MPs. Much of the material was passed to supportive backbench Conservative MPs.¹⁶ The NCEO was a strong supporter of the austerity drive of the post-war coalition and repeatedly complained about waste in the 'protected' trades which were not reliant on exports. In a typical move, the Confederation issued a pamphlet entitled 'Maintenance of Right of Employers to Exercise Managerial Functions' during the national lock-out by the engineering employers in 1922. Very much a restatement of the right to manage, the pamphlet started with the most torturous of analogies:

An engineering concern in this country today resembles a ship in which the orders of the officers responsible for the navigation of the vessel are liable to be challenged and set aside by the crew or by outside persons. When the orders given by those responsible for the navigation of the ship are not obeyed something goes wrong; at best the voyage is delayed, at the worst the ship does not reach port at all, and so it is with engineering.¹⁷

Weir described the malaise afflicting the nation when he declared that 'never before did the various authorities in industry, Employers, Workers and the Government alike, stand more in

¹⁶ Middlemas, *Politics in Industrial Society*, p184.

¹⁷ MRC, Papers of the Confederation of British Industries and predecessors, National Confederation of Employers' Organisations, 'The Maintenance of Right of Employers to Exercise Managerial Control', 1922, MSS.200/B/5/1.

need of sound guidance.’¹⁸ Not surprisingly, a report entitled ‘The National Situation’ issued around the same time concluded that taxes and wages were too high in relation to competitor nations while public spending, particularly in ‘protected’ public work like the civil service or teaching was deemed to be at least twice as high as in Germany, the nearest competitor.¹⁹ Stating that they would ‘courageously grapple’ with ‘disparities handicapping British trade’, the NCEO went on to state that there could be ‘no remedy or combination of remedies’ if the country insisted on maintaining ‘its present standard of living and public expenditure.’²⁰ The NCEO recommended a programme of public spending cuts including reducing unemployment benefit by a third and reviewing wage levels to ensure that local authority sponsored work was paid at the same level as the exporting trades. A freeze on civil service and local authority recruitment was proposed as a means of not only cutting expenditure but also of driving down wage inflation throughout industry.

Neither organisation had a direct impact on the West of Scotland. They focused on national policy issues, aiming to influence government, and had little to offer individual firms engaged in their own trade disputes. Their interventions on the national stage were, however, of material interest to many West of Scotland businesses. From the employers’ perspective, industrial relations in the West of Scotland remained the province of local associations and the Glasgow Chamber of Commerce remained a powerful and influential body. When Weir intervened in local affairs he did little to reduce tensions, writing, in a letter published in the *Glasgow Herald*, that ‘the trade union movement had outgrown its legitimate work, it is

¹⁸ MRC, Papers of the Confederation of British Industries and predecessors, National Confederation of Employers’ Organisations, Annual Report, 1923, MSS.200/B/1/7/1.

¹⁹ MRC, Papers of the Confederation of British Industries and predecessors, National Confederation of Employers’ Organisations, ‘The Industrial Situation’, 1931, MSS.200/B/4/3/1.

²⁰ *Ibid.*

narrow, sectarian and its autocratic dominance was a menace to the country's well-being.'²¹ The significance of the FBI and NCEO lay in the manner in which a number of the most talented industrial figures from the West of Scotland established themselves on the national stage. Self has recently described Weir as the most powerful unelected person in Conservative politics during much of the 1920s and he was able to sustain this position in the immediate post-war period largely through the visibility the NCEO role afforded.²² Reader's observation about Weir's reticence in owning up to any political affiliation holds true, despite the fact that his Unionism shines through practically all his actions, he was loath to be explicit. By the early 1920s, Weir was firmly established as a confidant of the Conservative party leadership, unelected, unpaid but always in the background, his ability to avoid the limelight earning him the epithet 'the Rasputin in British political life' from one disgruntled opponent.²³ However, his next intervention, his plan to mass produce pre-fabricated steel houses using unskilled labour, brought him to national prominence for all the wrong reasons, provoking a fierce backlash from the trade union movement.

3: The 'Weir House'

In 1924 Lord Weir unveiled plans to start production of steel houses through his Glasgow engineering firm, G. & J. Weir Ltd. Ultimately, the experience was a chastening one for Weir, as the building trade unions combined to resist the firm's efforts to de-skill processes and drive down wages. However, while the execution of the plan was flawed, the thinking behind the scheme provides a further example of Unionist Nationalism. In the immediate aftermath

²¹ *Glasgow Herald*, 30 May 1924.

²² Self, *Neville Chamberlain: A Biography*, p16.

²³ H.R. Allen, *The Legacy of Lord Trenchard* (London: Cassell, 1972), p26.

of the Great War, the national crisis in housing – at its most squalid and overcrowded in the industrial west of Scotland – became a prime concern for politicians and businessmen alike. Displaying the confidence and sense of purpose that typified many of Weir and Lithgow's interventions, the steel house combined paternalism with a well-intentioned desire to address Scotland's housing crisis. Given that a significant proportion of the ILP gains in 1922 had been attributed to assiduous grassroots campaigning about the various shortcomings of urban housing, the steel house project took on a political dimension.²⁴ Fearing that they 'were up against a Bolshevik uprising in London, Glasgow and elsewhere', the government turned to housing and 'a dynamic house-building campaign' in particular, as a means of diverting attention.²⁵ The 1917 Royal Commission on Housing in Scotland had produced an uncompromising report which noted that, 'industrial unrest, whatever its ultimate causes, undoubtedly is stimulated, directly and indirectly, by defective housing.'²⁶

Building on experience in mass production gained within his works, Weir's plan was revolutionary in its intent. Using pre-fabricated components, the houses would be assembled on-site. At a time of shortages and overcrowding, the prospect of a programme of new steel homes to be built in addition to traditional housing captivated politicians. The main trade unions were less impressed. On the basis that the assembly of the steel houses was unskilled work, G. & J. Weir refused to pay the full building trade rates, choosing instead to pay the lower engineering rates, stressing that the company was offering employment to men made

²⁴ A. MacKinlay, "'Doubtful wisdom and uncertain promise": strategy, ideology and organisation, 1918-1922' in A. MacKinlay and R.J. Morris, eds, *The ILP on Clydeside: From Foundation to Disintegration* (Manchester: University of Manchester, 1991), pp140-141; Maver, *Glasgow*, pp228-231; J.J. Smyth, *Labour In Glasgow 1896-1936: Socialism, Suffrage, Sectarianism* (Edinburgh: Tuckwell Press, 2000), pp34-35.

²⁵ M. Swenarton, *Homes Fit for Heroes* (London: Heinemann, 1981), pp75-77.

²⁶ *Parliamentary Papers*, 1917 (Cd 8731), Summary of Recommendations of the Royal Commission on Housing in Scotland, p346.

idle by the trade collapse. Weir demonstrated his long-held animosity towards trade union sectionalism and demarcation in by-passing the main craft unions. Although his actions were partly driven by the need to keep costs to a minimum, Weir made a virtue of not employing skilled labour, telling the visiting members of a parliamentary committee that he would 'not interfere in the slightest degree with the people who have the very heavy responsibility of building the houses for the people today.'²⁷ He was, however, at pains to stress that the scheme was intended to provide employment to 'thousands of men standing idle and subsisting on the dole.'²⁸ As had been the case in his engineering works since well before the War, the basic wage was to be supplemented with bonuses on a payment by results basis. In the House of Lords, Weir explained his belief that 'given a large enough demand for the standardised product, subdivision and simplification of operation enables intelligent, but unskilled, labour effectively to produce anything, however complex.'²⁹

In the spring of 1924, Lord Weir declared that the 'lack of dwellings for the workers represented a permanent threat to social and industrial stability.'³⁰ Weir worked with successive Conservative governments on the housing crisis, having first been approached by Bonar Law in 1922. Chamberlain and Baldwin continued to encourage his work and in the summer of 1924 Lord Weir announced his plan to mass-produce pre-fabricated steel-framed homes. Hailed by *The Scotsman* as 'the most statesmanlike and constructive contribution that has been made to the housing problem', Weir's intervention was seized upon by politicians desperate to boost housing stocks as rapidly as possible.³¹ Morgan sees the 'Weir

²⁷ UGA, Papers of Lord Weir, Correspondence Relating to Steel Houses, 1924, DC96/11/9.

²⁸ *Glasgow Herald*, 1 October 1924.

²⁹ *Parliamentary Debates (Lords)*, 1924, Vol.59, p39.

³⁰ *Glasgow Herald*, 30 May 1924.

³¹ *The Scotsman*, 1 October 1924.

House' as a response to the corporatist intervention of the 1924 Wheatley Housing Act which had introduced public subsidy into house building. Describing the steel house as a, 'Conservative response', Morgan stresses the politicisation of house building on all sides, noting that Weir's crime was his obvious relish in the fight.³² Although ultimately unsuccessful, Weir's plan galvanised opinion, with the merits of cheaper housing being weighed against the perceived threat to the protected building trade unions. The Labour Party found itself in the awkward position of demanding new homes while opposing Weir's attack on the unions.

In choosing to intervene in the housing debate, Lord Weir demonstrated his belief in private sector responses to national issues. For business in general, a prime concern in the early 1920s was the overblown fear of an increasingly radicalised working class. In late 1920, Weir passed on a series of observations to like-minded former colleagues, Bonar Law, Sir Joseph MaLay, Sir Robert Horne and Winston Churchill, concentrating on perceived dangers. He wrote that, 'I am convinced that for the first time in five years that the more moderate class of worker is tending more and more to throw his lot in with the extremist,' adding that 'social and industrial unrest and financial instability' represented a 'national illness and a grave political problem.'³³ His warning came weeks after 'practically the entire industrial life in Glasgow had come to a standstill' as a result of strike action in response to legislation which allowed for substantial rent increases, ending the wartime restrictions.³⁴ We can view this through the Unionist Nationalist lens as it suggests an intervention that although partly

³² K. Morgan, 'Cutting the Feet from Under Organised Labour? Lord Weir, Mass Production and the Building Trade in the 1920s', pp48-49.

³³ GUA, Papers of Lord Weir, 'Lord Weir's Campaign on Industrial Crisis', November 1920, DC96/22/31.

³⁴ *The Times*, 30 August 1920.

defensive, also contained a strong element of paternalism. The evidence suggests a desire on the part of the leading industrialists to improve conditions in Scotland, albeit strictly on their own terms.

Concerned at the lack of progress, in October 1925 Weir arranged for the Prime Minister, Stanley Baldwin, to be taken on a tour of the worst slum districts in Glasgow, 'quite secretly, no photographs and no press stunts,' as part of a planned visit to the city.³⁵ Accompanied only by a former Medical Officer of Health for the city, Baldwin was able to tour Anderston and the Gorbals incognito.³⁶ Baldwin spoke out against the 'cynical indifference' of slum landlords, acknowledging that in Glasgow, 'people are living and dying in hovels.'³⁷ During the visit, Weir's close relationship with government came to the fore as the Prime Minister announced a new additional subsidy of £40, 'for the first 4,000 homes of an alternative type.'³⁸ Baldwin stayed with Weir at his Glasgow home – 'not a steel one' as *Forward* helpfully pointed out – and the Prime Minister spoke enthusiastically of the steel houses and the speed with which they could be built.³⁹ The close relationship between Weir and the Unionists drew criticism from the Left. *Forward* asked if there was 'some mysterious connection between the Weir House and the Tory Party which is hidden from the ordinary observer' while observing acidly that Sir John Gilmour, the Secretary of State for Scotland, 'is now acting as Government agent for the Weir steel house.'⁴⁰ Just weeks before, in a letter to Winston Churchill, Weir had expressed the belief that in Scotland 'the housing evil is worse than ever',

³⁵ GUA, Papers of Lord Weir, Lord Weir to Lord Stonehaven, 21 October 1925, DC96/1/251.

³⁶ Ward-Smith, 'Baldwin and Scotland: More than Englishness', p76.

³⁷ *Forward*, 26 December 1925; *Glasgow Herald*, 2 October 1925.

³⁸ *Glasgow Herald*, 2 October 1925.

³⁹ *Forward*, 10 October 1925.

⁴⁰ *Forward*, 26 December 1925.

before condemning the 'criminal responsibility' of those members of the trade unions responsible for delaying work on his steel houses.⁴¹

The first significant Scottish scheme, one hundred homes at Harthill in Lanarkshire, commissioned by the County Council in early 1925, was almost immediately brought to a halt by the trade unions.⁴² Alive to Weir's stated aim that he would use idle shipyard and engineering workers, undercutting existing building trade rates, the main union, the National Federation of Building Trade Operatives (NFBTO) threatened to boycott all new building for councils which went ahead with the steel houses. As the largest authority with the most pressing need, the NFBTO focused on Glasgow. They latched onto Glasgow Corporation's Standing Orders which appeared to force any contractors to pay building trade rates of pay. When the first tranche of houses were proposed, the NFBTO immediately sent a deputation to the Corporation to ensure that trade union rates were paid.⁴³ Dismissing the suggestion that those assembling the steel houses should be paid at the building trade rates, Weir told Churchill emphatically that, 'we propose to pay these men the full trade union rate of wages applicable to a comparable trade.'⁴⁴ Weir's brother-in-law, J. R. Richmond, a director of G. & J. Weir, explained that the firm was employing idle engineers and paying them engineering trade union rates in preference to mere labourers. Richmond denied that Messrs Weirs were, 'a stiff-necked and reactionary firm bent on downing the trade unions,' and made great play of the fact that the vast majority of workers on steel houses were earning the full rate for skilled engineering trade operatives.⁴⁵ Weir was of course instinctively hostile to trade

⁴¹ GUA, Papers of Lord Weir, Lord Weir to Winston Churchill, 11 September 1925, DC96/11/6.

⁴² *Glasgow Herald*, 27 June 1925.

⁴³ GUA, Papers of Lord Weir, Correspondence with National Building Trades Federation, 1925, DC96/11/2.

⁴⁴ GUA, Papers of Lord Weir, Lord Weir to Winston Churchill, 11 September 1925, DC96/11/11.

⁴⁵ *Glasgow Herald*, 15 January 1926.

unionism and craft workers in general, suspicious of their claims for differentials, and determined to prove – as he had at G. & J. Weir - that the unskilled worker with limited training was more than capable of the task.

In his first public statement in the summer of 1924, Weir had suggested that half a million new homes should be built within five years.⁴⁶ A highly ambitious target, Weir suggested that he would eventually be able to produce 4,000 steel homes a year. Production of the steel houses could only be viable if Weir could ensure volume production – the entire venture was predicated on the basis of large-scale production bringing total costs down to a level well below traditional methods. The trade union threat to boycott all new building in areas that adopted the steel houses forced the hands of sympathetic local authorities. A letter from the City of Edinburgh Housing Department apologised for the lack of progress, due to the ‘impasse set up by the Building Operatives’ before asking, ‘Can you help us over that stile?’⁴⁷ Weir lobbied hard on behalf of the project, calling in favours from government allies. Patrick Dollan recalled how Labour Councillors in Glasgow were guided around the demonstration model at Weir’s Cathcart works by ex-cabinet members Lord Novar and Sir John Baird.⁴⁸ Nevertheless, the threat of industrial action dissuaded most local authorities from placing orders which might inflame union feelings. In the west of Scotland, Labour politicians tended to side with the building trade unions, revisiting some of Weir’s wartime disputes to argue against dilution in home-building. In parliament, David Kirkwood resurrected some of the battles of the recent past when he warned that, ‘I have watched the serpent at work before’,

⁴⁶ *Glasgow Herald*, 30 July 1924.

⁴⁷ GUA, Papers of Lord Weir, Letter from Edinburgh City Council to G. & J. Weir Ltd, 15 September 1925, DC96/11/4.

⁴⁸ *Forward*, 9 January 1926.

concluding that Weir would, 'cut the very feet from under organised labour.'⁴⁹ However, despite the rhetoric, the clear need for a speedy solution to the housing crisis presented the left with a dilemma; at a time when the traditional building sector's output was woefully inadequate, Weir offered a practical and affordable alternative. However, the Glasgow solicitor and journalist Rosslyn Mitchell, once a Liberal but now the Labour MP for Paisley, broke ranks with a passionate defence of the steel house and the use of idle engineers, ultimately calling on the unions to 'stop the cackle and get on with the job!'⁵⁰ Describing the shortage of skilled building workers, Mitchell wrote that:

The building trade cannot give them houses. Why? Because there aren't enough of them. But there are thousands of engineers who have had no jobs for years. Their families are in want. They stand in a queue, humiliated by enforced idleness, for there is nothing for them to make. The building operatives have more work than they can possibly undertake. The engineers have none at all. And the poor are grasping for houses.⁵¹

Emboldened by his strong connections with government, Weir was initially confident of victory. Although the steel house scheme took up a large proportion of his time during 1925 and 1926, it was always just part of his wider involvement in industrial matters. His persistent anti-union rhetoric came from a passionate belief that overseas competition could only be addressed through lower wages, longer hours and higher production, a stance that chimed with the message coming from the FBI and NCEO. Attempting to overcome trade union

⁴⁹ *Parliamentary Debates*, Vol. 191 (1926), pp1314-1316.

⁵⁰ *Forward*, 26 December 1925.

⁵¹ *Forward*, 26 December 1925.

resistance, Weir wrote to his friend Sir John Gilmour, Secretary for Scotland, suggesting direct government intervention to overcome the reticence of local authorities. His solution to the impasse was to circumvent the local authorities by having central government start building on 12 sites throughout Scotland. This would counter the NFBTO policy of transferring labour from areas committing to steel houses. Accordingly, 'men who refused to work where Weir houses were being erected would find it almost impossible to get employment elsewhere and would become tired of being out of work.'⁵² Weir suggested that strikes would last six months at most and that full-scale production of steel houses would quickly make good the loss. The timing, however, was wrong. By 1926 there was a growing pool of building trade workers available for traditional construction projects, removing the principle justification for Weir's project. Even some of Weir's strongest supporters appeared to concede that his actions were just too provocative. Neville Chamberlain, Minister for Health, the department responsible for housing policy, wrote that,

I am still held up by the fact that placing a contract with Weir brings the Government into the dispute as a party to it and it seems to me that would be playing into the hands of the enemy by enabling them to mobilise political pressure on their own side.⁵³

The failure to secure orders from the Corporation Housing Department in Glasgow effectively marked the end of the scheme. In an angry letter to the Lord Provost, Weir blamed, 'a carefully worked campaign of ill-informed criticism' and the 'perfectly natural opposition of

⁵² GUA, Papers of Lord Weir, Letter from Lord Weir to Sir John Gilmour, 10 July 1925, DC96/11/4.

⁵³ R. Self, ed., *The Neville Chamberlain Dairy Letters, Volume Two: The Reform Years, 1921-1927* (Aldershot: Ashgate, 2000), p264.

the numerous vested interests.⁵⁴ Throughout 1925 and 1926, Weir had borne the majority of the losses in the hope that substantial orders would materialise, but by 1928, with orders having dried up, Weir closed his production line having built 2,552 steel houses. In retrospect, the steel house may appear to be little more than a strange interlude in the history of Scottish house-building, yet through Lord Weir's efforts to address the post-war housing crisis, it is again possible to identify a strand of Unionist Nationalism. Morton may have ignored the economic elements of Edinburgh life in his thesis, but a more comprehensive economic Unionist Nationalism has to consider that through various interventions, Scotland's inter-war commercial elites sought to occupy a distinct space in civil society, taking responsibility, as they saw it, for the well-being of the nation. The steel house was a home grown solution for a social crisis that threatened the stability of the nation, conceived outwith government, and designed to restore the social and political equilibrium as much as it was intended to ameliorate individual distress. Weir's hostility to the trade unions proved to be the undoing of the scheme, although ironically, Weir, like Lithgow and Bilsland, became more receptive to corporatist ideas as the inter-war period progressed. Twentieth century Unionist Nationalism was a fluid concept, adapting and responding to the economic climate and individual business interests, and it is noticeable how many of the key elements of the nineteenth century manifestation were reconfigured as the inter-war period progressed.

4: Glasgow Politics

The effectiveness of the associational culture which developed around Scotland's business elites gave them the confidence and authority to address the economic problems which

⁵⁴ GUA, Papers of Lord Weir, Letter from Lord Weir to Sir David Mason, 16 December 1927, DC96/11/6.

became increasingly evident as the 1920s progressed. As already discussed, their work in London, in the Admiralty or in national employers' organisations, created a network of contacts, across business, banking and politics, which they could call upon as they turned their attention to the problems at home. The link between this associational culture and Unionist Nationalism became increasingly explicit as the inter-war period progressed, the ambition in projects to revive Scottish industry or to empower the Scottish Office matched by the determination with which the enabling institutions were controlled. While this is seen to best effect in the creation of the SNDC in the early 1930s, the resolute manner in which the conservative forces in Glasgow local politics confronted the rise of Labour mirrors Morton's description of self-government in nineteenth century Edinburgh. Local politics in Glasgow throughout the inter-war period were defined by a long-running anti-Socialist campaign from a conservative alliance of ratepayers and commerce. Throughout the 1920s, the Moderates, an electoral force ostensibly free from party ties, proved to be highly effective at resisting the rise of the Labour Party. In effect a collaborative agreement between the Liberal and the Unionist factions on the Council, the Moderates on Glasgow Town Council retained control despite Labour's impressive performance in parliamentary elections. Such coalitions were of course, far from unusual during the inter-war period. At the Westminster level, Unionists had been in coalition with the Liberals between 1915 and 1922 and the collapse of the Labour Government in 1931 brought a National Government which persisted until 1940. Dyer notes that 'for the Scottish non-socialist electorate the suggestion that they were a non-partisan common sense citizenry opposed to an ideological and partisan Labour Party had particular appeal.'⁵⁵ The coalition which controlled Glasgow politics until 1933 was conceived primarily

⁵⁵ M. Dyer, 'The Evolution of the Centre-right and the State of Scottish Conservatism' in *Political Studies*, Vol.49 (2001), p40.

as a defensive measure against the perceived danger of socialism, demonstrating again the pragmatism inherent in inter-war Unionism. The compromises of coalition were deemed worthwhile if they helped maintain the established order.⁵⁶

Lord Weir and Steven Bilsland became closely associated with the conservative elements in the city, cementing the already strong links with business. The city's Chamber of Commerce was an essential part of this relationship and the role of President was a prestigious position, one with a national profile given the city's industrial importance. Of the inter-war Presidents, Steven Bilsland was the most impressive, and he remained active in industrial affairs until the 1960s. Bilsland, son of the former Lord Provost and philanthropist William Bilsland, was a banker and close ally of Weir and Lithgow. An active member of the Chamber since the mid-1920s, he used his position to plant the first seeds of the planning revolution, commissioning research and instigating publicity campaigns to aid recovery. Bilsland chaired the Glasgow and West of Scotland Development Board, which first met in 1929. The new organisation originated in a Chamber of Commerce bid to address the prolonged trade slump by commissioning evidence-based research from Glasgow University economists, and their work pre-empted similar projects by the SNDC and the Special Areas Commissioner later in the 1930s.⁵⁷ Having served as President between 1932 and 1935, Bilsland's public service continued with work with the SNDC and in 1938 he became Chairman of both the Scottish Economic Committee and Scottish Industrial Estates Ltd. Both Lord Weir and his eldest son, Kenneth, were members of the Chamber of Commerce, providing a link with the various

⁵⁶ Finlay, 'Patriotism, Paternalism and Pragmatism: Scottish Toryism, Union and Empire, 1912-1965' in Torrance, ed., *Whatever Happened to Tory Scotland?*, p33.

⁵⁷ Glasgow Chamber of Commerce, *Report on the position of trade in Glasgow and the West of Scotland* (Glasgow: Glasgow Chambers of Commerce, 1930). Much of the research was carried out by Professor W.R. Scott, a Political Economist at the University of Glasgow.

bodies which supported the Moderates on the Town Council. Unsurprisingly, the membership were innately conservative, the monthly editorials in the Chamber's *Journal* offering a fiercely traditional defence of Unionism and the benefits of Imperial trade in addition to a disdain for socialism and trade union demands. The *Glasgow Herald*, which provided the trenchant leader articles in the *Journal*, remained particularly supportive of both the Chamber of Commerce and the Moderates throughout the period, helping maintain solidarity within the middle classes.

With the support of the majority of middle-class voters, the business community and the conservative press, the Moderates proved to be an effective electoral force, supported by a plethora of sympathetic organisations. Although frequently described as the Moderate Party, there was no formal structure, Smyth explaining that the Moderates 'only existed within the Council chambers.'⁵⁸ After Labour finally gained a working majority on Glasgow Town Council in November 1933, the failure to retake control in subsequent years prompted the formation of a more professional body, the Progressive Party, which fought municipal elections from 1936 onwards.⁵⁹ The Moderates were a diverse mix of conservative-minded Glaswegians. Defenders of the ratepayers, they essentially encompassed all of the city's anti-Socialist politicians, and as such there was no real consensus on policy other than a constant call for economy. However, as the Liberal vote collapsed after the Great War, the Unionists were able to exert more influence. Hutchison has described how, 'the concept was to pull in Liberals (and any other anti-Socialist groupings), while leaving the muscle and might in the

⁵⁸ J. Smyth, 'Resisting Labour: Unionists, Liberals, and Moderates in Glasgow between the wars' in *The Historical Journal*, 46 (2), 2003, p384.

⁵⁹ Maver, *Glasgow*, p235

hands of the Tories'.⁶⁰ Given that the Moderates themselves had a rather nebulous existence, the organisations that provided the funding and organisational support assumed great importance. A network of organisations dedicated in some way or another to the twin goals of civic economy and fighting Socialism came together through their shared vision. During the 1920s the Glasgow Good Governance League (GGGL) was established, itself made up of representatives from the Glasgow Unionist Association, the Glasgow Liberal Council, the Woman's Citizens' Association, the Rotary Club, the City Business Club and the Citizen's Vigilance Committee amongst other bodies.⁶¹ Although seemingly unmanageable, this amalgam of interests allowed an anti-Socialist force to retain control of the Town Council well after a majority of the city's Parliamentary seats had been captured by Labour in 1922. The web of organisations supporting the conservative elements in Glasgow politics provides a direct link to Morton's argument that the move towards more local self-governance was a reaction to the fear of centralisation. Morton describes how self-governance provides, 'the very machinery necessary to deal with almost any social, economic or political issue in the city and without recourse to the parliamentary state,' producing a near perfect description of the Unionist Nationalism embedded in Glasgow's anti-Labour politics during the period.⁶²

In early 1933 the GGGL was dissolved and replaced by the Glasgow Municipal Society (GMS). An organisation controlled largely by businessmen, the GMS was faced with a growing problem of apathy and discontent amongst ratepayers. Turnout in municipal elections had never been high but with the Labour Party proving more effective at getting its vote out, the GMS grew increasingly concerned about the prospect of losing control of the Town Council

⁶⁰ Hutchison, *Scottish Politics in the Twentieth Century*, p47.

⁶¹ Smyth, *Labour In Glasgow 1896-1936: Socialism, Suffrage, Sectarianism*, p102.

⁶² Morton, *Unionist Nationalism*, p97.

by default. Launching the new organisation, Hugh Cree, a former President of the Chamber of Commerce, explained that its purpose was to, 'rouse the citizens to a greater sense of their responsibilities.'⁶³ With the creation of the GMS, the connection between business and local government became more overt – in large part due to the high degree of crossover between the GMS and the city's Chamber of Commerce. Lord Weir was asked to be President and in addition to making several speeches and associating himself with the organisation, he made a number of sizable donations, while still pleading his disinterest in party politics. The close ties between business and the Moderates were gleefully exposed by the left-wing press in 1935. Reporting that a meeting of businessmen organised by the West of Scotland Economic League had met to inaugurate their municipal election campaign, the *Scottish Free Press* listed an impressive selection of West of Scotland luminaries.⁶⁴ Two years earlier, a special supplement inside the same newspaper accused Lord Weir - 'the secret leader of the Moderates' - of attempting to raise £40,000 to cover candidates' election expenses:

Lord Weir has got election fever. He is terror-stricken at the prospect of a Labour majority in Glasgow Town Council He has sent an S.O.S. to the heads of big business, appealing for funds to assist him in fighting Labour candidates in every ward.⁶⁵

⁶³ *Glasgow Herald*, 5 May 1933.

⁶⁴ *Scottish Free Press*, November 1935

Amongst those attending were: Sir John Cargill, Burmah Oil; J.R. Richmond, G&J Weir; Sir F.C. Gardiner, Shipowner; Sir Adam Nimmo, Chairman Scottish Coalowners; S. R. Beale, ex-President Glasgow Chamber of Commerce; Sir Thomas Dunlop, Shipowner; Sir George A. Mitchell, Coalowner and ex-President of Glasgow Chamber of Commerce.

⁶⁵ *Glasgow Municipal Elector*, November 1933.

In breaking with the Moderate name in 1936, the anti-Socialist coalition was in effect admitting that the Labour Party had outwitted them. Having narrowly gained control of the Council in 1933, they had subsequently consolidated their position. Acknowledging that part of Labour's success had been its rigid and highly disciplined structure, engaging on 'strictly party lines', it was decided to counter this with a completely new organisation, the Progressive Party.⁶⁶ Steven Bilsland agreed to be President of the Progressive Party. Voicing regret that a party structure had been introduced into municipal affairs, Bilsland nevertheless had argued that, 'organisation on one side must be met by organisation on the other'.⁶⁷ More than a simple rebranding, the Progressives were a more coherently organised body with a full-time organiser and eye-catching propaganda. At their 1938 AGM, they could declare themselves, 'a new party, virile and constructive, progressive and united and devoted to welfare and progress.'⁶⁸ As Liberal support continued to wither, the Unionists were effectively in control. Welcoming the new party, the chairman of the Glasgow Unionist Association said that, 'its chief aim would be to endeavour to preserve sane and reasonable government in terms of the constitution of the Moderate Group'.⁶⁹ He went on to explain that the party would have representatives from the Moderate group on the Town Council, the Trades House, the Merchant's House, the Chamber of Commerce and other such public bodies.

Recruiting Steven Bilsland as President of the Progressive Party was an inspired choice.

Relatively young, he was well-known within Glasgow business circles through his family

⁶⁶ *Glasgow Herald*, 5 May 1936.

⁶⁷ *Glasgow Herald*, 2 November 1937.

⁶⁸ *Glasgow Herald*, 25 March 1938.

⁶⁹ National Library of Scotland, Manuscript Collection, *Scottish Conservative and Unionist Association*, Glasgow Unionist Association Minute Book, 24 February 1936, Acc. 10424/32.

bakery business, his Chairmanship of the Union Bank of Scotland and his extensive work in attracting new industries to the west of Scotland through the Glasgow Development Board, the SNDC and more recently, Scottish Industrial Estates. Bilsland had undergone a political journey that matched a number of his contemporaries. His father, Sir William Bilsland, was a Liberal and a notable Lord Provost of Glasgow between 1905 and 1908.⁷⁰ As the Liberals had declined, Sir Steven appeared to move to the right. Although he was being discussed as a possible National Liberal candidate in Glasgow Central in 1923, by 1930 he was a very visible member of the platform party at a Unionist rally in the city. The ILP weekly, *Forward*, noted unkindly that, 'Sir Steven is a Liberal who has wandered into the Tory camp and has become more die-hard than the Tories, in an attempt to prove his loyalty to reaction'.⁷¹ Although Labour retained control of the Town Council on the eve of the Second World War, the Progressives managed to halt the decline in their support and they were in a position to challenge for power in the immediate post-war period.

The efforts to resist the rise of Labour which dominate any analysis of inter-war politics in Glasgow demonstrate the underlying sense of an elite struggling to contend with a rapidly evolving political and economic environment - one over which they have only limited control. While the creation of self-help bodies like the SNDC, quite distinct from the state, provides evidence of a more enlightened industrial class attempting to rebalance the economy, the conduct of local politics in Glasgow highlights their more reactionary determination to preserve the established order. In seeking to halt the advance of Labour, Glasgow business was hoping to reaffirm the Unionism and imperialism which had served them so well in the

⁷⁰ T.A.B. Corley, 'Bilsland, Sir William, first Baronet, (1847-1921)' in *Oxford Dictionary of National Biography*.

⁷¹ *Forward*, 10 September 1938.

recent past. By creating their own space in civil society, mediated through their stewardship of the principal industrial institutions, the Chamber of Commerce, local politics, inter-locking directorships and employer associations, the West of Scotland's business leaders sought to direct the future of their area and as the inter-war period progressed and their vision expanded, their ambition extended to Scotland as a whole.

5: Fighting Home Rule

The collapse in confidence after the Great War provided much of the impetus for the Unionist Nationalism described throughout this thesis. The belief that the economy had to diversify to progress underpinned efforts towards rationalisation and revival. While Scotland's business leaders understood that the nation's particular problems demanded a Scottish solution, they were explicit in making it clear that these solutions came as part of the wider Union. Indeed, as the inter-war period progressed, there was a conscious effort to restate the value of Empire, linking Scotland's long involvement with Imperial trade to the benefits of continuing Union. However, the uncertainty generated by the collapse in shipbuilding, steel and coal in the early 1920s fuelled a revitalised Home Rule movement. Hanham and Finlay have both documented the machinations, infighting and personality clashes of the different strands of nationalism throughout the 1920s which led to the formation of the National Party of Scotland in 1928.⁷² Given that the movement could often appear fractious, tending towards in-fighting and factionalism, opponents tended to portray the nationalists as eccentrics or extremists. Often couching their arguments in an appealing mix of sentiment

⁷² H.J. Hanham, *Scottish Nationalism*, (London: Faber and Faber, 1969); R.J. Finlay, *Independent and Free*, (Edinburgh: John Donald, 1994).

and romanticism, the nationalists were however blessed with a number of charismatic leading figures like Ronald Muirhead and Robert Cunninghame-Graham, who worked assiduously in promoting the cause.⁷³ The question of Scotland's political future, in particular the need for a separate parliament in Edinburgh, began to attract support from surprising quarters. As Finlay describes, much to the embarrassment of the Unionists, some of the most eloquent supporters of Home Rule were intellectuals like Andrew Dewar Gibb and George Malcolm Thomson, both earlier Unionist supporters.⁷⁴ Without overstating the extent of the nationalist surge, the underlying cause, the perception that Scotland was no longer benefitting from Union, assumed greater importance.

The spectre of a new body of 'Moderate Home Rulers' led to the business community forming its own well-supported anti-Home Rule movement in November 1932. Fearing that they were losing the propaganda war, several hundred leading figures from business, the professions and the landowning classes formed themselves into an organisation designed to halt moves towards Home Rule in their tracks. United by their hostility to a Scottish parliament, they had little to say about improving the country's economic ills and tended towards crude scare tactics. One of the organisers of the Movement to Oppose Agitation for a Scottish National Parliament, Sir John Stirling-Maxwell, warned that if the Scots were 'so ill-advised as to ask for Home Rule they would certainly get it, and, pay heavily for their folly.'⁷⁵ The strength of the opposition underlined how seriously they took the threat; previous bursts of Home Rule activity had been dismissed as a joke. In 1922, the staunchly Unionist *Sunday Post* had asked,

⁷³ Finlay, *Independent and Free*, p1

⁷⁴ R.J Finlay, 'National Identity in Crisis. Politicians, Intellectuals and "The End of Scotland", 1920-1939' in *History* 79 (1994), p247.

⁷⁵ *Glasgow Herald*, 15 November 1932.

‘Do we want a tin-pot parliament in Scotland?’ before answering that it would be ‘a glorified County Council and a waste of public money!’⁷⁶ Ten years on, the Unionist line that Scotland’s interests were inextricably linked with the United Kingdom and the British Empire became less convincing the longer the economic slump continued.

The businessmen’s campaign was prompted by the creation of the Scottish Party in the autumn of 1932. With respectable leaders in the form of the Duke of Montrose and Sir Alexander MacEwen and support from a number of well-connected Unionists, the Scottish Party presented itself as the model of moderation.⁷⁷ They advocated a Scottish Parliament to discuss Scottish affairs but would not break the Union, would remain a part of the British Empire and continue to send MPs to Westminster. The moderates argued that congestion at Westminster, caused by the great weight of Imperial business, prevented Scottish affairs from receiving due attention. The Scottish Party was essentially a grouping of those Home Rule supporters who felt unable to support the NPS policy of outright separation, preferring to campaign for self-government while stressing the primacy of Empire. The party was formed at a conference organised by the Imperial Committee of the Cathcart Unionist Association, a previously loyal organisation in a douce suburb on the southern edge of Glasgow.⁷⁸ Under the leadership of J Kevan McDowall, a Glasgow solicitor, the Cathcart Unionists made the claim for self-government within an Imperialist framework. Discussing the Scottish Party, Kidd notes a porousness between nationalism and Unionism, unsurprising when so many of the leading lights in the moderate side of Home Rule were in fact Unionists.⁷⁹

⁷⁶ *Sunday Post*, 11 March 1922.

⁷⁷ *Glasgow Herald*, 1 September 1932.

⁷⁸ Finlay, *Independent and Free*, p175-177.

⁷⁹ Kidd, *Union and Unionisms*, p265

Without question, the business community was rattled by the rise of the Home Rule movement. At the preliminary meeting of the Anti-Scottish National Parliament Movement in late October 1932, Lord MacLay expressed the hope that in setting up a campaign, 'Nationalist agitation would be nipped in the bud.'⁸⁰ Despite Labour having been routed in the recent general election, there remained a strong antipathy to socialism; the very real possibility of a Labour majority in any Scottish parliament and the associated dangers of higher taxes on income and profits exercised minds. Reflecting this, MacLay ignored the Home Rule movement's most potent argument, that it was the 'drift southwards' of industry that presented the greatest danger, claiming instead that 'the need was for ever closer relations between England and Scotland.'⁸¹ The Nationalist *Scots Independent* picked up on MacLay's argument, complaining that, 'it is just that interlocking that has been so tragically detrimental to Scotland, although it may have been quite congenial to some of those at the meeting whose interests are similarly interlocked.'⁸² MacLay's Unionist Nationalism was typical of the business community's belief that whatever solutions were to be applied to Scotland's problems, they should be rooted in the Union. Reporting how the leaders of industry were, 'coming together to set up resistance,' the *Dundee Courier* declared that, 'the spectre of a Scottish Parliament terrifies them, even though they do not believe it will ever materialise!'⁸³

⁸⁰ GUA, Papers of John Brown & Sons Ltd., Anti-Home Rule Propaganda, UCS1/9/22.

⁸¹ *Ibid.*

⁸² *Scots Independent*, December 1932.

⁸³ *Dundee Courier and Advertiser*, 5 November 1932.

At a meeting convened by the ship-owner Lord MacLay in the Merchants House in Glasgow on 14 November 1932, a gathering of prominent West of Scotland business leaders met to form a committee to oppose any movement towards Scottish self-government. The mobilisation of such a robust demonstration of anti-Home Rule feeling demonstrated that the business community and their landowning allies were conscious of the potential dangers. Styling themselves as 'representative [of] business and public opinion' the list contained four Dukes, two Marquises, nine Earls, three Viscounts and seven Lords.⁸⁴ John McCormack was probably quite accurate when he wrote later that the assembly consisted of, '400 of the leading reactionaries in Scotland.'⁸⁵ From a West of Scotland perspective, there was an impressive expression of support from all aspects of business. All of the principal industrialists were either present at the Merchants House or sent letters of support: Sir James Lithgow, Lord Weir, Sir Thomas Bell, Sir Alexander Kennedy, Sir John Cargill and John Craig all associated themselves with the cause.⁸⁶ The past, present and future Presidents of the Glasgow Chamber of Commerce attended; the Chamber formally expressing its disapproval of any form of self-government at a meeting ten days later.⁸⁷ Banking and insurance, manufacturing and the area's main trade organisations were also well represented in a list which demonstrated the unity of Scottish commerce. Given that the publicity material and speeches at the Merchants House rally were merely restating well-rehearsed arguments, the organisers made the most of their 400 backers. The invitations called for a 'spontaneous expression...so representative and striking' that MPs would realise the folly of supporting any

⁸⁴ Movement to Oppose Agitation for a Scottish National Parliament, *Statement to give expression to Public Opinion in Scotland in Opposition to agitation for a Scottish National Parliament*, Edinburgh, 1932.

⁸⁵ J. MacCormick, *Flag in the Wind* (London: Gollanz, 1955), p72.

⁸⁶ *Glasgow Herald*, 15 November 1932.

⁸⁷ *Glasgow Herald*, 26 November 1932.

moves for self-government.⁸⁸ However, the widespread support from the aristocracy and landowners, far from appearing representative, emphasised the extent to which the anti-Home Rule campaign was made up of vested interests. Describing the 400 signatories as the ‘Little Scotlanders’, the *Scots Independent* protested: ‘they are of the same type as those who were on the famous Ragman’s Roll of six hundred years ago – men who were ready to sell and betray their country to England.’⁸⁹

Prior to the Glasgow meeting, the organisers prepared their ground well. Sir Godfrey Collins, the recently appointed Secretary of State for Scotland was briefed in advance by Cecil Weir, a Glasgow businessman unrelated to Lord Weir whose involvement in the SNDC led to him becoming the leading organiser of the 1938 Empire Exhibition.⁹⁰ Collins was that rare beast, a west of Scotland Liberal who had clung onto his Greenock seat after the Great War. Having crossed the House with the other Liberal Nationals the previous year, Collins now sat in Baldwin’s Conservative-dominated cabinet. Days before the Glasgow meeting, Weir told Collins that:

The position briefly is that the Home Rulers of all sorts have been obtaining far too much publicity of late considering the far from representative character of both their leadership and following, and we felt it was high time that the political

⁸⁸ UGA, Papers of John Brown & Sons Ltd., Anti-Home Propaganda, UCS1/9/22.

⁸⁹ *Scots Independent*, December 1932.

⁹⁰ S. Bilsland, ‘Weir, Cecil McAlpine (1890-1960)’, in *Oxford Dictionary of National Biography*, ed. H. C. G. Matthew and Brian Harrison (Oxford: OUP, 2004); M. McCrae, ‘Collins, Sir Godfrey Pattison (1875–1936)’, in *Oxford Dictionary of National Biography*; G. Pottinger, *The Secretaries of State for Scotland, 1926-1976* (Edinburgh: Scottish Academic Press, 1979), pp54-62; D. Torrance, *The Scottish Secretaries* (Edinburgh: Birlinn, 2006), pp126-134.

parties should be made aware that representative business and responsible public opinion in Scotland was not in favour of any form of devolution.⁹¹

This viewpoint, that the nationalist line had been allowed to seep into the public consciousness almost unchallenged was mirrored by the business community's principal supporter in Scotland, the *Glasgow Herald*. While confident that the Scottish people were unlikely to be taken in by nationalist propaganda, the paper argued that, 'it was undoubtedly time for their claims to be vigorously refuted and for the real facts...to be authoritatively set forth.'⁹² The organisers themselves were clearly confident. Cecil Weir wrote that he hoped that the meeting would, 'have a shattering effect upon the various bodies of Scottish Nationalists and Home Rulers.'⁹³ Of note is the use of the term 'representative opinion'. Throughout the inter-war period, Weir, Lithgow and their colleagues peppered their speeches with the phrase, recalling Dyers suggestion of a 'non-political common sense citizenry', essentially the centre-right of Scottish political life, who the industrialists regarded as their natural supporters.⁹⁴

While business opinion was implacably against Home Rule, it became clear during the autumn of 1932 that there was a willingness amongst those opposed to Home Rule to concede concrete changes in the administration of Scotland. Stopping well short of self-government, it was proposed to move parts of the Scottish Office to Scotland. Sir Robert Horne, a Glasgow MP, former Chancellor of the Exchequer and the leading backbench Scottish Unionist,

⁹¹ National Records of Scotland (NRS), Scottish Home Rule, Cecil Weir to Sir Godfrey Collins, 12 December 1932, HH1/795.

⁹² *Glasgow Herald*, 15 November 1932.

⁹³ NRS, Scottish Home Rule, Cecil Weir to Sir Godfrey Collins, 12 December 1932, HH1/795.

⁹⁴ Dyer, 'The Evolution of the Centre-right and the State of Scottish Conservatism', p40.

expressed the desire to see Edinburgh invested with the status of a great capital city complete with a suitably grand Government building on an imposing site.⁹⁵ With the Secretary of State for Scotland based in London and most of his civil servants in Dover House, only a tiny proportion of Scottish Office staff were actually based in Scotland. The plan to reform the Scottish Office which emerged in 1932 focused on transferring much of the civil service machinery to Edinburgh. This process, christened administrative devolution by a Scottish Office member of staff, Patrick Laird, was borne partly from necessity – the existing structure was widely held to be failing - and partly as a pragmatic means of defusing calls for a Scottish Parliament.⁹⁶ Under the plans, Dover House would become a ‘General Headquarters’, designed for ‘liaison and Parliamentary matters’ while the day to day business of overseeing Scottish affairs would be carried out in Edinburgh.⁹⁷ The memo regarding administrative devolution was in fact a 1928 plan hurriedly dusted down and updated as the clamour for Home Rule intensified during the summer of 1932, but the idea gained traction to the extent that by late 1935 the government had agreed to a full inquiry.⁹⁸

In his letter to Sir Godfrey Collins before the Glasgow meeting, Cecil Weir had confided that ‘my personal opinion is that the best way to dispose finally of the Home Rule agitators is to produce a positive policy, by means of which some adjustments might be made in the present machinery.’⁹⁹ The preamble to the revived memo admitted that, ‘administrative devolution

⁹⁵ *Scottish Daily Express*, 29 October 1932; P. Williamson, ‘Horne, Robert Stevenson, Viscount Horne of Slamannan (1871–1940)’, in *Oxford Dictionary of National Biography*, ed. H. C. G. Matthew and Brian Harrison (Oxford: OUP, 2004).

⁹⁶ Mitchell, *Governing Scotland: The Invention of Administrative Devolution*, p124.

⁹⁷ NRS, Administrative Devolution, ‘A note as to the possibility of extending devolution’, 17 November 1932, HH1/799.

⁹⁸ *Parliamentary Papers*, 1937 (Cmd. 5563), Committee on Scottish Administration: Report.

⁹⁹ NRS, Letter from Cecil Weir to Sir Godfrey Collins, 12 December 1932, HH1/795.

has now become a live issue and it is desirable to survey the possibilities further.’¹⁰⁰ Speaking at the Merchants Hall, James Lithgow had made it clear he was sympathetic towards reforming the Scottish Office. He believed that if this was addressed, it, ‘would remove the only real ground upon which the present demands for a separate Parliament rested.’¹⁰¹ Not everyone agreed. Lord Balfour of Burleigh, admitting that he could not take Home Rule seriously, felt that the Secretary of State for Scotland would be handicapped if he had to sit in Edinburgh, quite separate from the rest of Government.¹⁰² However, the tenor of the debate had shifted. With support for Home Rule appearing to come from a wide cross-section of the Scottish people, the concessions made by the opponents suggest a tactical decision to offer a degree of devolution which might appease moderate supporters while still fitting the Unionist Nationalist agenda.

Administrative reform was again highlighted in the debate on the Kings Speech which saw an entire day devoted to Scottish affairs – the majority to Home Rule. This debate, just ten days after the anti-Home Rule meeting, was opened by Sir Robert Horne who admitted that too much of the Scottish Office’s work was done in Whitehall. He told the House, ‘There should be concentrated in Edinburgh - I say boldly “in Edinburgh” - all the main work of the Departments which look after the business of Scotland.’¹⁰³ Horne went on to suggest that since a suitable site was available near Calton Hill in Edinburgh - the eventual home of St Andrews House - the Government should move quickly to provide a building capable of accommodating the staff of the various Scottish Office departments. The turnaround on the

¹⁰⁰ NAS, ‘A note as to the possibility of extending devolution’, HH1/799.

¹⁰¹ *The Scotsman*, 15 November 1932.

¹⁰² *Glasgow Herald*, 1 November 1932.

¹⁰³ *Parliamentary Papers* (1932-33), Vol. 272, p251.

part of Unionists stemmed primarily from a pragmatic realisation that the existing system was no longer fit for purpose. Sir Godfrey Collins told Parliament that, 'the existing arrangement whereby ten different departments are scattered in twenty two different buildings throughout [Edinburgh] is neither conducive to economy or efficiency.'¹⁰⁴ For Collins, a more professionally-minded administration was a crucial step in modernising Scottish affairs. There was also the symbolic effect of returning a degree of power to the Scottish capital – a move calculated to placate moderate Home Rulers and isolate more extreme separatists. John Buchan, the author and Unionist MP for the Scottish Universities and a passionate and vocal Scotsman, welcomed proposals to transfer the Scottish Office to Edinburgh as 'an outward and visible sign of Scotland's nationhood'.¹⁰⁵ Buchan's language in the Kings Speech debate on 24 November came close to that of the moderate Home Rulers, arguing that, 'Scottish administration should not be regarded as a backwater', but rather as a 'sister nation, with her own compact and organic system of government.'¹⁰⁶ This was the language of Unionist Nationalism and a consensus developed between the more progressive Unionist MPs and the industrialists of the SNDC to agree to an enhanced administrative devolution which, nevertheless, acknowledged and preserved the bonds of Union.

Although it was his successor Walter Elliot who oversaw the detail of the revised Scottish Office, Sir Godfrey Collins deserves much of the credit for beginning the process. Before the new St Andrews House was completed in 1939, many of the functions of the Scottish Office had already returned to Scotland; an Edinburgh office of the Secretary of State for Scotland

¹⁰⁴ *Ibid*, p294.

¹⁰⁵ *Ibid*, p264.

¹⁰⁶ *Ibid*, pp263-264.

opened in 1935.¹⁰⁷ Paterson has described how, by the late 1930s, ‘the real power in Scottish politics came to lie with the Scottish Office bureaucrats’, underlining how the location of a professional civil service within Scotland itself improved the quality of administrative governance.¹⁰⁸ Modernisation would have come eventually regardless, but the need to respond to the Home Rule movement in 1932 undoubtedly accelerated the process. The subtext of course was that by shaping the mechanics of administration, Scottish capital was in effect working to improve the Union. Nevertheless, there remained a deep unease about nationalism. William Power, a Glasgow-based journalistic and nationalist supporter, who claimed credit for the original idea of the SNDC, complained about the organisation’s rebirth as the Scottish Development Council in 1936, noting that ‘the Council has now dropped the word ‘National’, of which businessmen in Scotland are queerly afraid.’¹⁰⁹ After the 1935 General Election, Collins proposed a committee to examine the workings of the government in Scotland and to make proposals for reforms to the administrative structure. This committee, chaired by the former Secretary for Scotland, Sir John Gilmour, was working in the knowledge that a new central administrative building in Edinburgh had been authorised in 1934. During the period between the upsurge in Home Rule agitation and the completion of the Gilmour Report in 1937, a series of other developments reinforced the sense that government was addressing the key underlying issue – the collapse in industrial confidence. The appointment of a Commissioner for Distressed Areas (quickly renamed Special Areas) in 1932 introduced the concept of direct government intervention. The formation of the Scottish Economic Committee in 1936, an offshoot of the SNDC which nonetheless received its principal funding from the Scottish Office, was another attempt to develop a coherent

¹⁰⁷ J. S. Gibson, *The Thistle and the Crown*, Edinburgh, HMSO, 195, p77.

¹⁰⁸ Paterson, *The Autonomy of Modern Scotland*, p109.

¹⁰⁹ W. Power, *Should Auld Acquaintance* (London: Harrap, 1937), p157.

strategy for a planned industrial revival. These developments are discussed in a subsequent chapter.

Collins did not survive to see the fruits of his labour, dying from complications after a minor operation in October 1936.¹¹⁰ Collins came to the cabinet as an experienced, able and highly astute manager, having worked in the family publishing business for over forty years. Mitchell suggests that these attributes gave him a unique insight into modernising the administration of the Scottish Office.¹¹¹ For Collins and his colleagues in the National Government, self-government was never an option. Responding to Cecil Weir's letter about the forthcoming businessman's meeting in Glasgow, Collins had replied to his fellow Liberal that, 'needless to say, I shall endeavour to do what I can to assist the object we both have in mind.'¹¹² However, administrative devolution offered something tangible, a new central hub for the government of Scotland, to be built in the centre of the country's capital, albeit still firmly part of the Union relationship.

6: Conclusion

The individual episodes discussed in this chapter all have their roots in the economic crisis which cast a shadow over the entire inter-war period. The unforeseen collapse in 1920, the global competition which destroyed established trades and the uncertainty which continued until the late 1930s, all contributed to a deep sense of unease. Politically, the rise of Labour created new divisions. The business community's response was to coalesce around the

¹¹⁰ M. McCrae, 'Collins, Sir Godfrey Pattison (1875–1936)', in *Oxford Dictionary of National Biography*.

¹¹¹ Mitchell, *Governing Scotland*, p134.

¹¹² NRS, Letter from Sir Godfrey Collins to Cecil Weir, 15 December 1932, HH1/795.

institutions and organisations which bound them together and through which they could combine to resist the advance of socialism. As in the previous chapter, it was the associational culture which underpinned the economic Unionist Nationalist which emerged. The corporatist interventionism of the late 1930s owes much to the employers' organisations of the immediate post-war years. The effective voluntarism of the SNDC reflects the organisation of the Moderates on Glasgow Town Council. When Paterson writes of the economic autonomy that developed in Scotland in the 1930s, he notes that, 'it originated in the thinking of the Scottish elites.'¹¹³ The intention in this chapter has been to show the steady development of a functioning associational culture in Scotland which could be adapted by men like William Weir and James Lithgow in their efforts to recalibrate the nation's economy in the 1930s. The Unionism at the heart of these bodies could be reactionary and backwards looking, however there was also a strong sense of a group of individuals using these institutions to build a distinct space in civil society which reflects Graeme Morton's work on Unionist Nationalism. There is a defensiveness in the attacks on Labour and the trade unions but there is also a confident self-belief in the elites and their determination to shape events to their will. The Unionist Nationalism comes to the fore in the pragmatic response to Home Rule. The devolution of a significant proportion of the administrative powers of the Scottish Office, partly to defuse the Home Rule movement but also to modernise the system of governance, created new opportunities and created an environment where a new economic policy, specifically geared towards Scottish problems, could be explored. The practicalities of creating and then enacting these new, corporatist economic policies are discussed in later chapters.

¹¹³ Paterson, *The Autonomy of Modern Scotland*, p117.

Chapter Three: Rationalisation

1: Introduction

By the mid-1920s, any hope that the trade slump was a temporary aberration and that Scotland's heavy industries might bounce back and reclaim their pre-war glories had evaporated. Post-war optimism, founded on a belief that reconstruction and reopened markets would allow a swift return to normality, fuelled a wave of consolidation across the West of Scotland's principal industries in 1919 and 1920.¹ After a short-lived boom, by the autumn of 1920 it was becoming increasingly clear that global trading conditions were growing weaker and that economic nationalism, in the form of tariff barriers, threatened Scotland's traditional markets. Excess capacity, falling prices, increasing costs and vigorous overseas competition combined to undermine the West of Scotland's pre-eminence in the staple industries.² The return of sterling to the gold standard at pre-war levels of parity in 1925 merely compounded the issue, rendering many export goods highly uncompetitive. Lee has described how Scottish industry in the post-war period was inhibited by its small scale production; an army of family-owned businesses were unable to react to the vagaries of international markets.³ Business leaders, unprepared for the sudden turnaround, were forced to confront the fact that in an increasingly globalised economy, Scottish industry would have to adapt quickly. Many felt unable to make such a leap, the sudden drop in demand encouraging firms to adopt a 'wait and see' attitude as low wages encouraged employers to delay investment in labour-saving productivity improvements.⁴ Nevertheless, a small number

¹ Payne, pp146-147; Tolliday, *Business, Banking and Politics*, pp100-102.

² Slaven, *The Development of the West of Scotland*, p185.

³ Lee, *Scotland and the United Kingdom*, p84.

⁴ Campbell, *The Rise and Fall of Scottish Industry*, p168.

of Scottish businessmen recognised that there was a pressing need for structural reform and were willing to step forward to work towards such a goal, creating a self-help mechanism within each troubled industry to resolve issues of over-capacity without recourse to the state. They understood that the industrial crisis threatened their vision of Scotland and that the country could only flourish as a vital part of the Union. The urgency of their efforts to reshape the Scottish economy throughout the inter-war period reflected their fear of the social, economic and political implications of failure.

The rationalisation of Scottish steel and shipbuilding capacity throughout the late 1920s and much of the 1930s, adds another strand to the developing Unionist Nationalist argument evident in the previous chapters. There were clear benefits for individual firms in reducing wasteful duplication or addressing the legacy of chronic over-capacity, but the case for rationalisation in Scotland assumed national significance, extending beyond the industries in question and could be appreciated as an expression of national unity. Rationalisation, however, should not be viewed in isolation. Much of the existing literature on the subject tends to focus on the machinations within individual industries. Payne's comprehensive study of the Colville steel business and Slaven's work on shipbuilding offer considerable insights into the controversial rationalisation schemes, yet both focus more on the internal dynamics of each industry rather than locating these developments within the wider social and political context of inter-war Scotland.⁵ Rationalisation was just one element of a much broader strategy to address economic decline in Scotland which included reform of the Scottish Office and the creation of the SNDC and its more interventionist offspring, the SEC. In this context

⁵ Payne, *Colvilles*; Slaven, 'Self-Liquidation: The National Shipbuilders' Security Ltd and British Shipbuilding in the 1930s'; Slaven, 'A Shipyard in Depression: John Browns of Clydebank, 1919-1938'.

rationalisation can be viewed as a stepping stone on the part of the principal industrialists in their steady conversion to corporatism and illustrates a Unionist Nationalism which was embracing an increasingly competitive environment.

Given the gloomy economic prognosis in the early 1920s, rationalisation was a fashionable panacea for many industrialists, combining modernity and efficiency. In the 1970s, Leslie Hannah noted the influence of successful examples of rationalisation in Germany and the USA, describing how enthusiasm extended beyond industrialists to politicians, bankers and even the more pragmatic trade union leaders.⁶ More recently, Julian Greaves has suggested that by the late 1920s, rationalisation had become 'common currency' within much of British industry, valued for its common sense approach to the challenges of global trade.⁷ Despite growing concern that Scotland's industries were being marginalised by a focus on the thriving markets of southern England, the merger of Scotland's largest steel manufacturer, David Colville & Sons Ltd, with the Lithgow-owned James Dunlop & Co. Ltd in 1930, was welcomed as being, 'a rationalisation move of first class importance to Scotland.'⁸ A supportive yet cautionary note was recorded by Lord Weir, an industrialist with no direct involvement in steel, who nevertheless stressed that, 'the entire future industrial prosperity of the West of Scotland depends on the recreation of a healthy steel industry.'⁹ Implicit in the concern of Weir and others was the sense that any failure to adapt would have disastrous economic and social consequences. In pushing for change, the leading industrialists were at once looking back to preserve the world they knew and understood, while simultaneously acknowledging

⁶ L. Hannah, *The Rise of the Corporate Economy* (London: Methuen, 1976), p32; 42.

⁷ Greaves, *Industrial Reorganization and Government Policy in Inter-War Britain*, p32.

⁸ Campbell, *The Rise and Fall of Scottish Industry*, p163.

⁹ Glasgow University Archives (GUA), Papers of Lord Weir, Correspondence and papers relating to the proposed Scottish Steel merger, Memo by Lord Weir, Summer 1933, DC96/18/89.

the new global trading environment and the need for Scottish industry to modernise and evolve as part of a wider network of British manufacturers.

Crucially, the rationalisation plans were conceived and delivered by business rather than the state, with the reconfiguration of the shipbuilding industry, for instance, being managed by an offshoot of the Shipbuilding Employers' Federation (SEF).¹⁰ This direct intervention in the economic sphere reinforces the significance of the associational culture discussed in the opening chapters of this thesis and again suggests twentieth century business practices owed much to nineteenth century models, although more muscular and wide-ranging than Morton's original discussion of Edinburgh.¹¹ The Scottish producers who took responsibility for reorganising steel and shipbuilding did so for a variety of reasons, not least of which was self-interest. The industries from which they derived their main incomes were in crisis and hopes for a revival in trade depended to a large extent on managing a reduction in capacity, either through merger or rationalisation. In many respects inter-war rationalisation was essentially defensive, with Campbell noting how the outlook of Scottish industrialists had been moulded by the cycles of boom and bust of the pre-war period, leaving them wholly unprepared for the unrelenting slump which continued well into the 1930s.¹² Later, strategic concerns would play a part, as West of Scotland firms deemed too important to fail, like William Beardmore & Co. or the Fairfield shipyard in Govan, teetered on the brink of collapse.¹³ Yet the most significant aspect of rationalisation was the calculated manner in

¹⁰ Slaven, 'Self-Liquidation: The National Shipbuilders' Security Ltd and British Shipbuilding in the 1930s'.

¹¹ Morton, *Unionist Nationalism*; Morton, 'Scottish Rights and 'centralisation' in the mid-twentieth century'.

¹² Campbell, *The Rise and Fall of Scottish Industry*, p165.

¹³ J. Hume and M.S. Moss, *Beardmore: The History of a Scottish Giant* (London: Heinemann, 1979); H.B. Peebles, *Warshipbuilding on the Clyde* (Edinburgh: John Donald, 1987); Sayers, *The Bank of England, 1891-1944: Volume 1*, pp320-326.

which industrialists like Weir and Lithgow used the impressive contacts they had developed in wartime and through their work in various employers' organisations actively to shape the future direction of Scottish industry. Their Unionist Nationalism was predicated on taking responsibility and preserving, where possible, the *status quo*, while recognising that rapidly changing global trading conditions demanded that some degree of evolution was necessary to ensure the survival of the industries they sought to protect.

This chapter reflects on the significance of Lord Weir and James Lithgow's interventions in the steel and shipbuilding industries in the late 1920s and early 1930 focusing on the fact they were able to act with confidence, secure in the knowledge that their impressive connections across business, banking and politics gave them license to address Scotland's underlying problems, on their own terms. Building on earlier discussions, the chapter identifies the close ties between Weir and Lithgow and the Governor of the Bank of England, Montagu Norman, as the defining relationship of the period. First evident as the Beardmore business slid into an inexorable decline in the mid-1920s, the connections with the Bank were exploited by Weir and Lithgow as they sought financial assistance to help support their plans. The energetic interventions of both men, particularly Lithgow's role in the creation of the Colville steel monopoly, support the argument that they were able to make a unique contribution to the rationalisation process in Scotland, acting not only to preserve the staple industries, but offering a staunch defence of the Union relationship itself.

During the inter-war period there are two particular moments where the Unionist Nationalism, expressed itself in a more dynamic demonstration of collaborative effort. The first was the creation of the Scottish National Development Council (SNDC) in 1931, and the

enthusiastic adoption of a new, corporatist, planning agenda. This is discussed in the following chapter. The second - the bold attempt to rationalise productive capacity of the steel and shipbuilding industries - forms the basis of this chapter. The ability of Lord Weir and James Lithgow to push through their vision despite the concerns of many of their peers is further evidence of their leading position within Scottish industry. As with their other interventions, they sought to establish consensus within the limited group they repeatedly called 'representative opinion' and despite suspicion and hostility amongst some owners, the rationalisation plans were largely agreed between the owners themselves. The term 'self-help' was used throughout the period by the leading businessmen of the period, reflecting their debt to Victorian individualism and their concerted effort to operate at one remove from the state. Their determination to retain control of events highlights the essential contradiction in many of their actions. Rationalisation was a modern, efficient process and in adopting the concept within their own industries, Scotland's business leadership showed a pragmatic acceptance of the country's diminished status in the context of the heightened global competition of the post-war era. Yet, while there were many positive aspects of rationalisation, most notably the desire to adopt efficient, cost-effective models of production, there was always the suspicion that Scottish business would be happier still if they could return to the certainties of pre-war prosperity. At root, rationalisation could be a progressive means to a very conservative end. This defensiveness, the need to protect what they already had, permeates many of the inter-war interventions of the Scottish business elite.

2: Beardmore, Lord Weir and the Brassert Plan

The slow collapse of William Beardmore & Co. Ltd cast a long shadow over Scottish industry which persisted until the rearmament orders of the mid-1930s signalled a sustained upturn in the staple trades. Throughout the late 1920s, the very real prospect of the Beardmore business entering liquidation concentrated minds in the business and financial communities and the extent of the firm's indebtedness towards the main Scottish clearing banks resulted in the Bank of England becoming increasingly involved in attempts to restructure the business. Lord Weir - his reputation enhanced by his successful periods overseeing munitions and aircraft production during the War - was an obvious go-between for the Bank of England, the Scottish clearing banks, Beardmore and the other iron and steel producers and he used his familiarity with all the principal parties to push for a solution to the uncertainty which engulfed the industry. Both Weir and Sir James Lithgow were friends of the Beardmore owner Lord Invernairn, and at various stages during the extended crisis they tempered their instinctive urge to dilute Invernairn's holding in deference to both his feelings and the goodwill which still existed in some quarters within the West of Scotland towards someone who was deemed to have risen to the challenge of wartime conditions.¹⁴ By the early 1920s, Invernairn was in his mid-sixties, exhausted by the efforts of wartime production and quite unprepared for the strains of the post-war slump, a position which was compounded by what Moss has described as his autocratic style and lack of judgement.¹⁵ The Beardmore business had expanded rapidly during the Great War in response to the demanding targets of the

¹⁴ M.S. Moss, 'Beardmore, William, Baron Invernairn (1856-1936)' *Oxford Dictionary of National Biography*; Hume and Moss, *Beardmore: The History of a Scottish Giant*, p237. William Beardmore was created a baronet in 1914 and ennobled in 1921 in recognition of his wartime service.

¹⁵ Moss, 'Beardmore, William, Baron Invernairn (1856-1936)'.

Ministry of Munitions, but the loans accumulated to install new plant proved to be a disastrous millstone around the company when wartime orders dried up and diversification failed.¹⁶

Despite generating significant profits during the War, by the early 1920s Beardmore owed £1.25m to a combination of Lloyds Bank, its wholly owned subsidiary the National Bank of Scotland, and the Royal Bank of Scotland.¹⁷ With none of the attempts at diversification producing a satisfactory return, by 1924 the firm's annual loss had risen to £0.5m.¹⁸ In 1930 the Bank of England calculated that the total losses at Beardmores between 1918 and 1930 were £2,125,394.¹⁹ Losses on this scale were unsustainable, and presented a real danger to the commercial banks. Such was the pressure on Lord Invernairn in the immediate post-war period, that in January 1923 he unilaterally proposed a merger of all the major Scottish steel companies, calling all of the principal steel-owners to a meeting at Beardmore's Parkhead works. Payne notes that Invernairn advocated merger as essential 'not merely for the revival, but for the survival of the trade.'²⁰ Clearly, in this case, 'wait and see' was not an option, and although it took over a decade to finally resolve the Beardmore 'problem', the failings which were exposed across the whole industry in the mid-1920s, provided the impetus for the rationalisation schemes which began to be discussed after 1929. Given already high levels of unemployment throughout the district, the idea of William Beardmore & Co. Ltd collapsing was highly problematic in political terms for both the 1924-29 Conservative government and

¹⁶ Hume and Moss, *Beardmore: The History of a Scottish Giant*, p145.

¹⁷ *Ibid*, p161.

¹⁸ *Ibid*, p162.

¹⁹ Bank of England Archive, Securities Management Trust (SMT), Papers of Charles Bruce Gardner, Memo by Frank Hodges, 18 July 1931, SMT 3/121.

²⁰ Payne, *Colvilles*, p155.

its Labour successor. In part this explains the new Labour government's willingness to allow the Bank of England to intervene in 1929. When Frank Hodges, an ex-trade unionist turned Bank of England advisor, admitted in 1931 that the aid had been given 'to meet a temporary social situation which would have arisen in Glasgow if the Works had been stopped', he was giving voice to a common concern.²¹ Memories of Red Clydeside remained fresh and the urgency of the efforts to find a workable solution to Beardmore's plight had to be tempered with considerations of the social and political implications of any decision. Yet the over-riding priority was the economic well-being of the West of Scotland, as determined by the district's leading industrialists. Given the inter-connecting nature of the staple industries and the firm's strategic importance, Beardmore was too significant to fail.

As a friend of Invernairn and a director of Lloyds Bank, Lord Weir was in a unique position to intercede and while he was approached about becoming involved in a possible restructuring of Beardmore during the early part of 1928, the scale of indebtedness was too great for any progress to be made.²² Weir was also involved in negotiations with Sir Harry McGowan, himself a key figure in rationalisation through his work with Imperial Chemical Industries (ICI), on behalf of a new entity, the Anglo-American Finance Corporation.²³ Montagu Norman advised the government not to intervene to support Beardmore on the grounds that the company like other failing firms needed 'new blood, new management and economies which could be secured only by a receiver.'²⁴ Ultimately, in 1929, Norman had to step in after it

²¹ Bank of England Archive, SMT, Papers of Charles Bruce Gardner, Memo by Frank Hodges, 11 November 1931, SMT 3/121.

²² Hume and Moss, *Beardmore: The history of a Scottish industrial giant*, p203.

²³ Payne, *Colvilles*, p166; W.J. Reader, 'McGowan, Harry, Duncan, first Baron McGowan (1874-1961)', *Oxford Dictionary of National Biography*.

²⁴ Payne, *Colvilles*, p168.

became clear the firm would fail without support. After a meeting at the Bank of England with Lord Weir in June 1929, Norman wrote in his diary: 'Beardmores: he is unhappy and fears stoppage of works thus receivership. I explain position as understood and suggest meeting of 6 or 8 useful friends to discuss.'²⁵ Hume and Moss cite Norman's response to a suggestion that Lord Weir should become Chairman of Beardmore: 'Of course Weir is very good as a man but as a Director of Lloyds and being as he is steeped in Glasgowisms, I do not think it fair to ask him.'²⁶ In the end both Weir and Andrew Duncan turned down the job of Chairman, viewing it as a poisoned chalice bound to damage their reputations.²⁷

The surviving parts of the Beardmore business remained a cause for concern into the early 1930s - the shipbuilding arm was closed down by NSS in early 1931. Following the ousting of Lord Invernairn in June 1929, the Bank of England invested almost £0.75m, Montagu Norman stating that while he did so 'very much against his will', he acted in the national interest.²⁸ In return, the Bank was granted a degree of control over the membership of the new board and it was agreed that the ultimate aim of the firm was to rationalise further, liquidating the least productive parts of the business. Production was to be concentrated on the giant Parkhead Forge, a versatile plant which produced steel plate for shipbuilders, various castings for the railway industry as well as forming 'a source of supply for armaments products of great national importance.'²⁹ The most significant development was the appointment of Lithgow (a member of the board at Colvilles Ltd since 1930) to the board of Beardmore in July 1932.

²⁵ Bank of England Archive, Papers of Montagu Norman, Diary, 12 June 1929, ADM 34/18 – 1929.

²⁶ Hume and Moss, *Beardmore: The history of a Scottish industrial giant*, p211.

²⁷ Tolliday, *Business, Banking and Politics*, p239.

²⁸ *Ibid*, p238.

²⁹ Bank of England Archive, SMT, Papers of Bruce Gardner, Scheme of Reorganisation of the Steel Industry in the West of Scotland, Undated, 1930. SMT 3/106.

He was blunt in his assessment of weaker parts of the company like the Mossend works in Lanarkshire, telling Andrew Duncan that 'we are going to have a hard enough job in the Scottish steel trade to keep the living in life without trying to do the impossible with resurrecting the dead.'³⁰ The growing recognition that the survival of the heavy industries depended on collective action on the part of the Scottish producers and that merger – and, it was presumed, rationalisation – offered the most practical route towards some form of prosperity, created a momentum which eventually overcame the extensive personal differences between individual owners. This collaboration, in the face of external threats, suggests a Scottish nationalism within the parameters of the British economic nexus, which prioritised the preservation of the existing industrial framework.

On 5 February 1929, representatives of the leading West of Scotland iron and steel manufacturers gathered at Eastwood House, the Glasgow home of Lord Weir, to discuss a possible series of mergers designed to rationalise the industry.³¹ Hitherto fiercely independent and highly competitive, the reality of almost a decade of depressed trade forced long-established companies to take unpalatable steps towards co-operation. While their own companies were suffering from the prolonged downturn, the continuing difficulties of William Beardmore & Co. Ltd added urgency to the deliberations. The meeting was convened with the knowledge of the Governor of the Bank of England, Montagu Norman, and represented the beginning of a remarkable period of arms-length intervention in Scottish industry whereby the Governor empowered Weir and Lithgow to push through rationalisation plans.

³⁰ Bank of England Archive, SMT, Papers of Bruce Gardner, Scheme of Reorganisation of the Steel Industry in the West of Scotland, Sir James Lithgow to Sir Andrew Duncan, June 1932, SMT 3/106.

³¹ GUA, Lord Weir Papers, Minutes and Correspondence Relating to the Response of Scottish steel manufacturers to the Brassert Report, DC96/18/41.

The Scottish steel producers, strong-willed and combative, reluctantly agreed that collaborative action offered the only realistic route out of their difficulties.

Aside from Weir, the other participants at the Eastwood meeting were Sir James Lithgow, Sir Adam Nimmo, John Craig, A. K. McCosh and Frederick J. Stephen.³² Representing the principal Scottish steel manufacturers, their extensive interests in mining and shipbuilding reflected the post-war buying spree when the main shipbuilders sought to ensure continuity of supply through vertical integration. Of the five participants, only two, John Craig and Andrew McCosh were steel men, representing David Colville & Sons Ltd and Bairds respectively. Lithgow and Stephen were shipbuilders, but attended through their controlling stakes in James Dunlop & Co Ltd and the Steel Company of Scotland. Sir Adam Nimmo, one of Scotland's leading coal owners, was best known for leading the employers' side during the 1926 strikes, but he attended because one of his firms, James Nimmo & Co, was the principal supplier of coking coal for blast furnaces.³³ All five were strong-willed, successful men who had led their firms through the strains of the recent War. They were all struggling to cope with the effects of the slump and there was considerable pressure for them to reach a workable solution. There is also the sense, most apparent in comments by Lord Weir and James Lithgow, that they were working for the greater good of the Scottish economy as a whole. Reflecting some of the unease felt within the district as the local economy struggled to make headway almost a decade after the first signs of the slump, Weir felt that a combined scheme subscribed to by all the producers had the potential, 'to completely rejuvenate both

³² Bank of England Archives, Securities Management Trust (SMT), Scottish Steel, Brassert Meeting 5 February 1929, SMT 2/146.

³³ Payne, *Colvilles*, pp170-172.

the industries and the spirit of the West of Scotland.’³⁴ In his remarks at Eastwood House, Weir told the meeting that:

In my view the big picture is drawn in clear and definite outline, and the question now arises, is each of you prepared to play your part to enable the picture to be filled in. It will require great courage, some personal sacrifice, and a considerable degree of arbitrary decision on contentious values.³⁵

The meeting was Weir’s idea and he was an ideal host. A well-respected figure in Scottish business, with a proven track record in his own engineering business as well in national industrial affairs, Weir presented himself as an independent arbitrator. He possessed an excellent understanding of the staple industries and he was familiar with all the main personalities. Over the previous decade, as a result of his work in the national employers’ organisations, Weir had also become a confidant of various Conservative politicians, notably Neville Chamberlain and Winston Churchill.³⁶ Through these activities Weir developed close ties with Montagu Norman - a friendship highlighted by the frequency of their meetings during the crucial period from 1929 until 1934.³⁷ In the period leading up to the Eastwood meeting, Weir let it be known to Lithgow and Craig that if a suitable merger scheme could be agreed, government money, at a low rate of interest, would be available.³⁸ Sir Andrew Duncan was again an important connection. While he was Secretary of the SEF in the early

³⁴ GUA, Lord Weir Papers, Minutes and correspondence relating to the response of Scottish steel manufacturers to the Brassert Report, DC96/18/41.

³⁵ *Ibid.*

³⁶ Reader, *Architect of Air Power*, p165; K. Middlemas, *Politics in Industrial Society*, p184.

³⁷ Bank of England Archives, Papers of Montagu Norman, Diaries, ADM 34/18-23.

³⁸ J. Vaizey, *History of British Steel* (London: Weidenfeld & Nicolson, 1974), p55.

1920s, Duncan worked with Weir at the National Confederation of Employers' Organisations and the link was maintained when Duncan became the first Chairman of the Central Electricity Board in 1926. By the time he was a member of the Court of the Bank of England (he was appointed in January 1929), both Lithgow and Weir had a conduit to the Governor of the Bank of England. With the Bank's inhibitions about direct intervention in industrial affairs having been cast aside as it sought to resolve potentially ruinous crises in the cotton and armaments industries, there was an audience for Weir and Lithgow's proposals.³⁹

In hosting the meeting at Eastwood House, Weir was adamant he was acting independently and for the good of Scotland. He told the assembled owners that he was, 'gravely concerned at the depressed conditions of industry in South Scotland as compared with the growing prosperity of Southern England.'⁴⁰ Weir stressed that he had no financial interest in any coal, steel or shipbuilding firm, other than through the products which his businesses produced. As such, he believed he was in a unique position to intercede in the often fractious arguments between competing producers. Of course, Weir had every reason to be interested as the family engineering firm, a major sub-contractor on Clydeside, remained his primary source of income. Weir told the assembled steel men that 'you have it in your power through this metallurgical development to completely rejuvenate both the industries and the spirit of the west of Scotland.'⁴¹ As Johnman and Murphy observe, there was a strong 'desire to consolidate the industry based on hard-headed business acumen', but this was offset by less obviously commercial considerations, moves which preserved unproductive capacity for

³⁹ Sayers, *The Bank of England, 1891-1944: Volume 1*, pp314-321.

⁴⁰ GUA, Lord Weir Papers, Minutes and correspondence relating to the response of Scottish steel manufacturers to the Brassert Report, Rough notes on Lord Weir's speech, DC96/18/41.

⁴¹ *Ibid.*

some perceived greater good.⁴² This failure to follow through on the promise of rationalisation, by merely merging, rather than stripping out the weakest performing elements, forms the basis of Tolliday's later critique of the process.⁴³

The outcome of the Eastwood House meeting was a concrete decision to engage the Chicago consulting company H.A. Brassert & Co. to produce a technical report on the merits of a single unit of production for iron and steel products in Scotland. This central production facility would be owned by a holding company, with ownership divided between the existing steel firms; one of the immediate problems was to find a mechanism to allocate ownership on a proportional basis, relating to output and market share. While the venture would have undoubtedly benefitted the shareholders, there would have been considerable job losses; the minutes of the Eastwood House meeting talk of 'closing down in some cases and scrapping would be inevitable.'⁴⁴ The resulting report was completed by May 1929 and offered one over-riding solution: a deep water facility on the banks of the River Clyde to be connected to the rail network for onward transit. The recommended site was at Erskine, midway between Glasgow and Greenock and far from the existing centre of the steel industry in Lanarkshire. Reconstruction of existing facilities was rejected as uneconomic, the report recommending the integrated riverside site as a means of avoiding freight charges while noting that the main home market for finished steel products remained the Clyde shipyards.⁴⁵

⁴² Johnman and Murphy, *Scott Lithgow: Déjà vu All Over again!*, p65.

⁴³ Tolliday, *Business, Banking and Politics*, p122-123.

⁴⁴ GUA, *Papers of Lord Weir*, Minutes and correspondence relating to the response of Scottish steel manufacturers to the Brassert Report, DC96/18/41.

⁴⁵ GUA, *Papers of Lord Weir*, Report to Lord Weir of Cathcart on the Manufacture of Iron and Steel by Wm. Baird & Co. Ltd., David Colville & Sons, Ltd., Jas. Dunlop & Co. Ltd., Steel Company of Scotland Ltd., Stewarts & Lloyds, Ltd. by H.A. Brassert & Company, 16 May 1929, DC96/18/41.

External factors affected the decision making process. Lithgow feared that a failure to halt a reduction in hours in the mining industry would increase the price of raw materials, making the carefully calculated projections within the Brassert Report invalid and by default leaving Brassert's new plant prohibitively expensive. Although Lithgow had led the calls for a workable rationalisation plan, in the light of so many unexpected or unforeseen difficulties, he advised Weir that, 'I am driven back to the alternative of making the best of our existing facilities for as long as they can struggle along.'⁴⁶ Lithgow felt that the savings – possibly £100,000 – were too small and the level of risk too high to proceed.⁴⁷ To complicate matters, the Brassert talks were taking place as a fresh downturn weakened confidence further; the steel producers, innately conservative, had little inclination to adopt any grand scheme when the outlook appeared so uncertain and there remained the suspicion that the industry in Scotland was haunted by the messy failure of the Beardmore business. Payne notes that despite being impressed by the plan, the manufacturers ultimately rejected it.⁴⁸ One of the main stumbling blocks was the danger that the projected profits would be swallowed up during the first few years by the costs of dismantling the existing works. Although Lithgow had doubts about the scheme, fearing unexpected surprises which could knock the figures askew, John Craig was generally supportive. However, even Craig began to have doubts. He later wrote to the Bank of England official, Charles Bruce-Gardner, telling him that:

I am quite conscious that there are those in Scotland who consider that nothing but a great modern plant on the banks of the River Clyde will ever save the situation. While I admit this would be the ideal solution, I still think that with

⁴⁶ GUA, Lord Weir Papers, James Lithgow to Lord Weir, 13 January 1930, DC96/18/41.

⁴⁷ Tolliday, *Business, Banking and Politics*, p105.

⁴⁸ Payne, *Colvilles*, p183.

modern coke ovens and blast furnaces somewhere nearer the existing Steel Works and the supply of coking coal, it would probably be found to be as economic as the larger scheme because of the smaller new capital required.⁴⁹

Brassert may have failed but it opened up a dialogue between the main producers which, given the strong personalities and the animosities which had existed between them, was significant in itself. The steel industry had always been highly competitive and the sustained downturn had merely exacerbated existing tensions. Relations between William Beardmore & Co. and David Colville & Sons Ltd had broken down in the early 1920s with each accusing the other of under-cutting and producing at a loss to win contracts just to keep plants working. With each company warily watching the other, the chances of any settlement were negated by the abrasive relationships between owners. Quite simply they were all big personalities, and as Payne has noted, 'they all hated each other!'⁵⁰ The central aspect of the Brassert plan - the new combined plant on the Clyde - was a step too far for the steel men. There were too many imponderables, hidden costs and doubts about over-zealous projections and the Brassert scheme ultimately came to nothing, although, with steel and shipbuilding remaining weak, the appetite for rationalisation remained.

3: The Colville 'Monopoly'

While the failure of the Brassert Plan robbed the West of Scotland of the opportunity to develop a consolidated production facility which might compete with more efficient foreign

⁴⁹ Bank of England Archives, SMT, Papers of Charles Bruce-Gardner, John Craig to Charles Bruce-Gardner, 8 December 1930, SMT 3/101

⁵⁰ Payne, *Colvilles*, p183.

firms, the direction of travel was clear. The 1920s had seen the various steel firms being nudged towards merger but the second phase of rationalisation witnessed a more determined attempt to force the project through to a conclusion. A fragmented market with a number of similar-sized producers competing for limited work could not hope to succeed and with true rationalisation (a serious reduction in capacity) out of the question, the opportunity was taken to work towards a similar goal through merger. Again, this was to be a self-help initiative, most of the work to ensure that ownership could be consolidated in a few key firms being undertaken by Weir and Lithgow, with assistance from Andrew Duncan and Charles Bruce-Gardner at the Bank of England.⁵¹ Although the complicity of the Bank of England undoubtedly removed many obstacles, the almost complete lack of government involvement in the mergers which took place between 1930 and 1935 is startling. In this case, the Unionist Nationalism apparent in the Scottish industrialists' defence of their own economic interests was played out through pan-British institutions like the Bank of England, rather than the state, but the central aim, the primacy of the Union relationship, remained constant. In many respects, Lithgow and Weir were fortunate that Montagu Norman's concerns about the potential damage to the banking sector if Scottish steel was not restructured coincided with their own plans to reshape the industry and that Norman's desire that the Bank should extricate itself from any loans as quickly as possible gave the industrialists considerable latitude.⁵²

As the largest Scottish steel producer it was obvious that David Colville & Sons Ltd would play a central role in any rationalisation scheme. The company, founded in 1861, had expanded

⁵¹ Charles Bruce-Gardner was a former Chairman of the Flintshire Coal Owners Association and was recruited to the Bank of England as an industrial advisor in 1929. See Obituary, *The Times*, 3 October 1960.

⁵² Sayer, *The Bank of England, 1891-1944: Volume 1*, p322.

from its original Dalzell Works at Motherwell and now owned sites at Mossend, Clydebridge and Glengarnock. Throughout the inter-war period the firm was led by John Craig.⁵³ A deeply religious man, Craig never claimed to have any great technical knowledge, but he was a skilled manager and determined negotiator, his rapid ascent within the firm demonstrating considerable ability. Moreover, as an employee rather than an owner, he stood apart from men like Weir and Lithgow, although Payne notes that his loyalty to the Colville family, and his belief that he was acting as steward for the company until a family member was in a position to take over, explained much of his tenacity.⁵⁴ John Craig was a willing participant in the various talks held throughout the 1920s, but none of the schemes offered a coherent reduction in capacity together with the necessary safeguarding of the Colville company's interests. Too often, discussions about possible mergers were dominated by the implications of the unravelling of William Beardmore & Co. Ltd. In the summer of 1929, while the Brassert plan was still being considered, John Craig held discussions with Peter Baxter, managing director of the Lithgow-owned iron and steel firm James Dunlop & Co., about a closer working relationship. Although it was not to be, Colvilles supported the Brassert Plan, and would have been willing to rationalise their own works at the right price. But Lithgow's suggestion that James Dunlop & Co. and David Colville & Sons Ltd should formally merge was greeted warmly by John Craig. The steel firm recognised the purchasing power of the Lithgow shipyards and were keen to cement the relationship.⁵⁵ Dunlops owned the Clyde Iron Works which was practically conjoined with the existing Colville works at Clydebridge in Cambuslang, and there

⁵³ Colvilles Ltd, *Sir John Craig, C.B.E, DL, LLD: Sixty-seven years with Colvilles* (Glasgow: Colvilles Ltd, 1952).

⁵⁴ Payne, *Colvilles*, p135.

⁵⁵ *Ibid*, p180.

was a compelling financial case for joining together the strongest shipbuilder on Clydeside and the most productive Scottish steel company.⁵⁶

The combined company, Colvilles Ltd. was established on 1 January 1931. An immediate result of the merger was the closure of the Calderbank works. These works had been idle for some time, and there was a pleasing symbolism in being able to demonstrate quickly that the combination of the two firms could lead to rationalisation. More importantly, the combination of John Craig and James Lithgow, both highly supportive of the principle of rationalisation, even if they disagreed over the means, added weight to the rationalisation agenda of the Bank of England and the Securities Management Trust (SMT). Crucially, the board of Colvilles Ltd now included James and Henry Lithgow who were free to agitate for rationalisation from within the company. The need for urgent action was reiterated by Bruce-Gardner in a letter sent to both John Craig and Sir James in February 1932:

I do not want to depress you unduly, but I consider the Scottish position to be very acute and serious. On the other hand, by amalgamation and concentration, it lends itself without any serious expenditure of new money to great economies and provided the steel companies could be got together under one operating company on a conservative valuation, the new company should then be in a sound position to take advantage of the trade revival when it comes.⁵⁷

⁵⁶ Tolliday, *Business, Banking and Politics*, p108.

⁵⁷ Bank of England Archives, Bankers Industrial Development (BID), BID Files relating to Steel – Scotland Merger, Charles Bruce-Gardner to John Craig and James Lithgow, 27 February 1932, BID 1/61.

For the Bank of England, rationalisation was viewed as the only means of restoring health and vitality to heavy industry. Together with Lord Weir, who despite having no personal interest in any of the steel or shipbuilding firms continued to support rationalisation schemes in the national interest, Lithgow retained regular contact with the Governor of the Bank of England, Montagu Norman, throughout the period. In a rare public statement, Norman had restated his commitment to reform in March 1930 when he told the MacMillan Committee that, 'the salvation of industry in this country, without which commerce and finance cannot long or indefinitely continue, lies in the process of rationalisation.'⁵⁸ Tolliday asserts that in the Bank's opinion, 'amalgamation was a precondition for the survival of the industry in a healthy form.'⁵⁹ The experience of Beardmore had removed any illusions about the state of the industry, and there was recognition that considerable surgery would be necessary to produce a sound, efficient business. Charles Bruce-Gardner, the leading figure in Bankers Industrial Development (BID), a Bank of England investment vehicle, laid bare the Bank's opinion on the urgency of remedial action in language which suggested he understood the potential dangers – both social and political - of such radical action:

There is much dead wood that will have to be cut out. In order that the Scottish Steel Industry may in the future be on a sound foundation, I see no possibility of avoidance of cutting deeply with the surgeon's knife and performing a serious

⁵⁸ *Parliamentary Papers*, Committee on Finance and Trade, Minutes of Evidence, Eighteenth Day, p211.

⁵⁹ Tolliday, *Business, Banking and Politics*, p111.

amputation, which is necessary if the body is to be saved. It is going to be painful and pretty desperate.⁶⁰

As the largest firm, Colvilles Ltd were keen to consolidate its position through further amalgamation, but Craig was determined not to pay over the odds for businesses he felt were inferior to his own. He also worried that a future merger, while in many ways strengthening the company, would dilute the share price. With Lithgow now on the Colvilles board yet engaged in his own Bank of England sponsored campaign to further rationalisation, there were continuing tensions between Craig and Lithgow over the pace of merger and the price to be paid. Returning to the intractable problem of what to do about Beardmore's, the leading accountant William McLintock was commissioned to produce a new report on possible merger.⁶¹ McLintock's plan was surprisingly simple. He proposed to merge the assets of all the Scottish steel manufacturing firms into a completely new company, with each existing company allocated a share of the new firm in relation to their output.⁶² John Craig, pointing out that Colvilles would provide at least 50% of the new firm's assets and that as this 50% was already producing two thirds of the average annual net profits within the industry, he was convinced that the deal represented poor value for Colvilles Ltd shareholders.⁶³ As before, he feared that the value of Colvilles shares could only be diluted by joining any such merged firm. Craig was also constrained by his firm's financial standing. Although Colvilles Ltd outperformed its rivals at the time, it still laboured under debt built up during the war. Moreover, the Belfast shipbuilding firm, Harland & Wolff, had purchased a controlling stake

⁶⁰ Bank of England Archives, BID, BID File Relating to Steel – Scotland Merger, Charles Bruce-Gardner to John Craig and James Lithgow, 27 February 1932, BID 1/61.

⁶¹ J.R. Edwards, 'McLintock, Sir William, first Baronet (1873-1947)', *Oxford Dictionary of National Biography*.

⁶² Hume and Moss, *Beardmore: The History of a Scottish Industrial Giant*, p210.

⁶³ Payne, *Colvilles*, p198.

in David Colville & Sons Ltd in 1919, and since the death of its chairman, Lord Pirrie, in 1924, had become part of the chaotic unravelling of the Royal Mail group of companies.⁶⁴ The Colville family remained significant minority shareholders having provided loans or waived dividends during the lean post-war period and their agreement – in tandem with Colville’s bankers - to an eighteen month moratorium on loans and overdrafts further influenced Craig’s behaviour.⁶⁵ Frustrated by Craig’s caution, Lithgow complained that, ‘the acute trouble arises because of the intransigent attitude of the Colville family, badly advised, as it seems to me.’⁶⁶

Lithgow’s solution to the impasse was to act independently of Colvilles and use his own private wealth to buy a controlling stake in the Steel Company of Scotland (SCS). Immediately taking over as Chairman, Lithgow made it clear that he would be willing to offer his shares to Colville at any time without taking any profit.⁶⁷ Moreover, even without any offer from Colvilles to purchase the shares, Lithgow secured the agreement of the Colvilles board to investigate the possibilities of a closer working relation between the two firms. Peter Baxter, the former managing director of James Dunlop & Co Ltd and a current Colville board member, took a place on the SCS board, again before any commitment had been received from Colvilles to buy Lithgow’s SCS shares. The message was clear. With or without John Craig’s support,

⁶⁴ M.S. Moss and J.R. Hume, *Shipbuilders to the World: 125 Years of Harland and Wolff* (Belfast: Blackstaff, 1986); M.S. Moss, *A Business of National Importance: The Royal Mail Shipping Group, 1902-1937* (London: Methuen, 1982). The Royal Mail group, primarily a shipping company, expanded rapidly in the 1920s, accumulating large debts in the process. The inability to meet repayments resulted in the increasingly frantic juggling of assets, the collapse of the business (in 1930) and a prison sentence for the owner, Lord Kysant, who was convicted of issuing a false prospectus. The Royal Mail interests in the Colville business were overseen by trustees appointed by the Treasury and advised by, amongst others, Sir James Lithgow.

⁶⁵ Tolliday, *Business, Banking and Politics...*, p114.

⁶⁶ Bank of England Archive, BID, BID File relating to steel – Lithgow, James Lithgow to Charles Bruce-Gardner, 11 May 1934, BID 1/58.

⁶⁷ Payne, *Colvilles*, p209.

Lithgow now controlled a significant proportion of the Scottish steel industry. The only question was how the two businesses would be combined. Lithgow paid £672,975 for the SCS, having complained that, 'I have a feeling that the sellers are taking advantage to an undue extent of the known desire on my part not only to strengthen Colville's position, but to take action in the national interest.'⁶⁸ Lithgow doubted if Colvilles had the means to complete the final merger with SCS. Colvilles Ltd remained in debt, and was already investing heavily in the plant it had acquired over the previous four years through the merger with Dunlops and the purchase of Mossend and Clydesdale. Writing to Bruce-Gardner before purchasing SCS, Lithgow wrote that, 'It is obviously going to be pretty difficult to interest Colville's Directors in a purchase involving more than half a million in hard cash, but I am certain that I myself could manage to adjust matters if I really felt that the price asked gives reasonable value.'⁶⁹

The purchase of the SCS demonstrated Lithgow's ability to make the grand gesture and further his own agenda. Given the energy that had already been expended in attempting to merge the various Scottish producers, it remained unthinkable to Sir James Lithgow that the SCS should continue to operate outside Colville control. John Craig's interest in a further merger had cooled as he sought to integrate recent acquisitions, but Lithgow and Bruce-Gardner remained enthusiastic. As with practically every other stage of the rationalisation process, the stubbornness and intransigence of the SCS owners - a fractious coalition of Clyde shipbuilders - repeatedly delayed any settlement. Bruce-Gardner's frustration with the slow

⁶⁸ Bank of England Archive, BID, BID File relating to Steel – Lithgow, Sir James Lithgow to Charles Bruce-Gardner, 25 May 1934, BID 1/58.

⁶⁹ Bank of England Archive, BID, BID File relating to Steel – Lithgow, Sir James Lithgow to Charles Bruce-Gardner, 23 May 1934, BID 1/58.

progress and, particularly, the inability of leading personalities to compromise over even the smallest detail was expressed in a letter to Lithgow and Craig in early 1932 – two years before the final agreement:

I am rather left with the feeling that, though there may be injustices felt, far more money will be lost by the delay in finessing for position rather than getting on with the job, and I commend the views expressed by Sir James Lithgow at his house when he took the large view that it did not matter much whether a few percentages more or less were obtained provided one could only get something done.⁷⁰

The dynamics of the final stages of rationalisation were coloured by the growing significance of rearmament. Both Lithgow and Weir were part of the Principal Supply Officers Committee of the Committee of Imperial Defence (from 1934), and were amongst the first industrialists to understand the implications of large rearmament orders.⁷¹ The Defence White Paper, published in March 1935, transformed the outlook for the principal heavy industries in Scotland.⁷² For Beardmore, this meant a significant increase in orders for armour plating and signalled a return to viability. At the same time, the Lithgow brothers had taken a majority stake in the struggling Fairfield Shipbuilding & Engineering Co. Ltd, the Govan-based naval shipbuilding firm which had been amongst the hardest hit by the sudden loss of Admiralty

⁷⁰ Bank of England Archives, BID, BID File Relating to Steel – Scotland Merger, Charles Bruce-Gardner to John Craig and James Lithgow, 27 February 1932, BID 1/61.

⁷¹ GUA, Papers of Lord Weir, Imperial Defence Committee, Notes on War Preparation, 1934, DC96/21/9; W.R. Reader, Architect of Air Power: *The Life of the First Viscount Weir of Eastwood 1877-1959* (London: Collins, 1968), pp191-192.

⁷² *Parliamentary Papers*, 1935 (Cmd. 4827), Statement Relating to Defence.

orders after 1918.⁷³ The diversification into naval shipbuilding was a telling move – it was an area in which they had little experience. It reflected their understanding of the future direction of the industry, but as in so many of their interventions, there was another, more complex, explanation. Lithgow's friend and advisor Sir Andrew McHarg may have been overstating his case when he wrote that 'I know the Lithgows have been actuated not by the prospect of any profit to be earned but by their desire to have acted in the interests of the West of Scotland, not to speak of the government', but their purchase of Fairfield was only possible because of their wealth.⁷⁴ The suggestion of altruistic motives has to be tempered with the knowledge that during the same period, Lithgow was negotiating to buy the Bank of England's holding in Beardmore, giving him control of the two most significant Scottish beneficiaries of rearmament. By the summer of 1936, Lithgow was Chairman of the Beardmore and Fairfield businesses, Chairman of SCS and Lithgow Ltd and a member of the board of Colvilles Ltd. As the Labour MP, David Kirkwood, noted in November 1936, 'he commands nearly the whole of the West of Scotland.'⁷⁵

Throughout the period, it was Lithgow who repeatedly pushed his fellow industrialists to complete the rationalisation programme. Of the two most authoritative accounts of this process, Payne credits John Craig for much of the success of creating the enlarged Colville group, stressing his managerial skills and his tenacity, as a company man, in defending the Colville family's interests. Yet it is this attachment to the firm itself which limited Craig's vision; the urge to safeguard Colvilles prevented him from seeing the broader picture. In

⁷³ Johnman and Murphy, *Scott Lithgow: Déjà vu All Over again!*, pp42-44; Peebles, *Warshipbuilding on the Clyde*, pp143-145.

⁷⁴ Bank of England Archives, SMT, Fairfields, Sir Andrew McHarg to Charles Ker, 4 September 1935, SMT 2/5.

⁷⁵ *Parliamentary Debates*, (1936-37), Vol. 317, 10 November 1936, p766

Steven Tolliday's account, which foregrounds James Lithgow's 'strength as an independent entrepreneur', the writer notes that 'without his resources neither [Craig or the Bank of England] would have been able to bring off a giant amalgamation.'⁷⁶ As an extremely wealthy man, Lithgow had a degree of freedom in his actions that other owners, crippled by the effects of the downturn, could not match. In looking for motivation, it is important not to look too far beyond his entrepreneurial ability. Quite simply, he was a very talented businessman. However, there was also a more thoughtful side to his interventions, one which reflected his strong religious beliefs and the nineteenth century paternalism which informed many of his decisions. The phrase 'national interest' occurs in many of the documents about rationalisation. In this context national is an inter-changeable term, essentially referring to the UK but also to Scotland itself. As with the calculated patriotism of the SNDC, there was little contradiction in Lithgow and his peers defending Scottish industrial interests, and given the connections between individual sectors which had developed as a result of vertical integration, there were pragmatic reasons for their behaviour. The gratitude of the Bank of England can be discerned in an internal memo from 1934 where Bruce-Gardner commends Lithgow to Andrew Duncan, the final line indicating that the Bank's thanks were passed on in a tangible form:

I must say I admire Lithgow's courage and public spiritedness in the way he has gone about this thing. It is a great responsibility for him and his brother and I knew this when fixing the price.⁷⁷

⁷⁶ Tolliday, *Business, Banking and Politics*, p123.

⁷⁷ Bank of England Archive, BID, BID File relating to steel – Scotland, Charles Bruce-Gardner to Andrew Duncan, 7 June 1934, BID 1/56.

The culmination of this prolonged series of mergers and amalgamations in the steel trade represented a considerable triumph for Lithgow. Weir's support – particularly his links with other industrialists and the Bank of England - was invaluable, but he had no direct interest in steel. Lithgow in comparison had the entrepreneurial flair, financial resources and the close working relationship with Montagu Norman and Sir Andrew Duncan to enable him to translate his vision of effective rationalisation across the industry in Scotland into reality. By taking ownership of the restructuring of the industry, Lithgow was able to address widespread concerns within Scotland about perceived national decline. Despite making use of UK institutions, reorganisation of the steel industry in Scotland was essentially a home-grown solution, a response to global trading condition and the prolonged depression but also a means of addressing social and political change.

4: National Shipbuilders' Security Ltd.

In the late 1920s, with efforts to reorganise steel still far from complete, some of the more pragmatic figures in UK shipbuilding began to consider whether rationalisation might be a practical solution to the decade-long slump in new orders. The simple expedient behind the creation of NSS was to address over-capacity within the shipbuilding industry. Conceived in large measure by Sir James Lithgow, in concert with the Shipbuilding Employers' Federation, NSS was an industry-based solution to the decade-long slump, a policy of 'self-help.' Highlighting the similarities with the recent rationalisation scheme in the Lancashire cotton industry, Clay describes NSS as an attempt 'to relieve an industry which was ruining itself by internecine competition for an inadequate demand.'⁷⁸ As far as the industry and its backers

⁷⁸ H. Clay, *Lord Norman* (London: MacMillan, 1957), p339.

were concerned the plan was eminently sensible, 'transcending in importance all other developments in the shipbuilding industry this year.'⁷⁹ The central issue of over capacity was in large part the result of government-sponsored wartime expansion; in 1930, NSS admitted that there was little possibility of excess capacity, created 'under Government pressure.... being utilised.'⁸⁰ The *Scottish Banking Magazine*, representing a particularly interested constituency, noted with satisfaction:

With the building capacity being so much in excess of the demand for new tonnage the Clyde can well afford to dispense with the berths that will now be dismantled....This rationalisation policy has the unanimous support of the leaders in Clyde shipbuilding and gives cause for hope that the industry will thus be better able to meet [the depression.]⁸¹

Surprisingly, it was Lord Weir who first proposed a radical reshaping of the shipbuilding industry. Although he had no direct interest in any of the Clyde shipbuilding firms, the health of his engineering business was bound up with the general wellbeing of the area's heavy industries. In 1927 he prepared a thoughtful paper on the outlook for shipbuilding, focusing on the over-capacity apparent in all sectors of the trade. The proposed scheme was ambitious, ultimately far more so than the rationalisation plan subsequently agreed by the industry. Weir urged that shipbuilders, 'should calmly agree to recognise that, both from a selfish, a national, and from the industry's point of view, a continuation of the existing

⁷⁹ *Glasgow Herald Trade Review*, 30 December 1930.

⁸⁰ GUA, Papers of Sir James Lithgow, National Shipbuilders' Security Ltd, Official Press Announcement, February 28 1930, DC35/37.

⁸¹ *Scottish Banking Magazine*, January, 1931.

situation is merely stupid.’⁸² He suggested dividing the industry into six regional groupings, with Clyde shipbuilding split between a Lithgow-dominated merchant shipbuilding unit and one dedicated to larger vessels, formed from the Fairfield and John Brown businesses. While the scheme was to some extent far-sighted - it predicted the arrangement of nationalisation almost half a century later - it was too reliant on compromise between the warring factions within the shipbuilding industry. Slaven’s description of the, ‘highly individualistic and independent shipbuilders who maneuvered themselves uneasily into hesitant co-operation’, captures the essential difficulty that would be encountered at every stage in the various rationalisation schemes.⁸³ Weir’s intervention in 1927 came to nothing, but the seeds of an idea had been planted.⁸⁴

The problem of redundant berths was first considered by the industry’s leading figures in mid-1928 at a meeting of the Shipping Conference - an off-shoot of the Shipbuilding Employers’ Federation (SEF). The Conference was a significant development as it encouraged shipbuilders to talk to one another, pooling tender information and helping defray some of the costs of bidding, but primarily because it created an environment where over-capacity could at last be addressed.⁸⁵ The Conference placed the matter in the hands of a sub-committee under the leadership of James Lithgow – by now firmly established as one of the industry’s leading voices.⁸⁶ The idea of an industry-based solution to over-capacity (the much repeated ‘self-help’) was appealing. Richard Green, SEF President, wrote in the *Glasgow*

⁸² GUA, Papers of Lord Weir, Some Notes on the Shipbuilding Industry, 1927, DC96/2/19.

⁸³ Slaven, ‘Self-Liquidation: The National Shipbuilders’ Security Ltd and British Shipbuilding in the 1930s’, p127.

⁸⁴ J Kuuse and A Slaven (eds.), *Development Problems in Historical Perspectives, Scottish and Scandinavian Shipping Seminar, Glasgow, 1980* (Glasgow: University of Glasgow, 1980), p25.

⁸⁵ Greaves, *Industrial Reorganisation and Government Policy in Interwar Britain*, p221.

⁸⁶ Slaven, ‘Self-Liquidation: The National Shipbuilders’ Security Ltd and British Shipbuilding in the 1930s’, p128.

Herald Trade Review that, 'the shipbuilding industry has always been opposed to state aid or interference of any kind.'⁸⁷ While this was more than a little disingenuous, the shipbuilders feared the consequences of a majority Labour government enacting some form of nationalisation. The industry's own scheme was, at least in part, a defensive measure to protect its own interests – a demonstration that they were able to put their own house in order. Norman was a firm believer in the primacy of private business and was reluctant to intervene but with little chance of a return to anything like pre-war 'normality', the new quasi-scientific nostrum of rationalisation, with the associated financial rewards of efficiency, became increasingly attractive.⁸⁸ In the event, the newly elected Labour government was very supportive of rationalisation, Greaves noting that they were unencumbered by any ideological objections to what could be perceived as creeping state intervention.⁸⁹ When the government encouraged the Bank of England to accelerate its involvement in the scheme the following year, the changing environment was highlighted by the response of the Governor's key industrial advisors who suggested that, 'the opportunity of dealing with an entire industry of the magnitude of the shipbuilding business, is unique, and should not be lost.'⁹⁰ Their enthusiasm was doubtless encouraged by the desire to avoid at costs any form nationalisation - an industry-based solution which would be financed by the shipbuilders themselves was an ideal outcome for the Bank.

⁸⁷ *Glasgow Herald Trade Review*, December 30 1931.

⁸⁸ W.R. Garside and J.J. Greaves, 'The Bank of England and industrial intervention in interwar Britain' in *Financial History Review* 3 (1996), p75.

⁸⁹ Greaves, *Industrial Reorganisation and Government Policy in Interwar Britain*, p51.

⁹⁰ Bank of England Archive, SMT, National Shipbuilders' Security Ltd, Bishchoff, Duncan and Frater-Taylor to Montagu Norman, SMT 2/280.

Despite his hostility to the Labour government and general unease at any involvement from outwith the industry, Sir James Lithgow was one of the most enthusiastic proponents of the rationalisation scheme. When a SEF delegation met Norman in the Spring of 1929, Thomas Thirlaway of Swan Hunter was quick to attack the role of the banks in artificially preserving some of the weakest shipbuilders. He complained that, 'the worst competition they had had to face had not come from abroad but from uneconomic concerns which were being supported by advances from the Banks in this country.'⁹¹ The timing of the SEF approach was crucial. Although the industry had been in disarray for a decade, with output on the Clyde in 1923 one quarter of the 1913 peak, there had been a weak recovery since 1927 which gave the shipbuilders the confidence to agree the terms for rationalisation.⁹² As Henry Clay, one of Montagu Norman's industrial advisors at the time later noted, the approaching depression, which severely weakened all shipbuilding firms, would have made the scheme untenable within a year.⁹³

As industrial advisor to the Governor, Sir Andrew Duncan used his position on the Court of the Bank of England to lobby for the shipbuilding industry. He would already have been fully aware of the Shipbuilding Conference's plans for a rationalisation scheme and in contact with Sir James Lithgow.⁹⁴ Montagu Norman was already wrestling with the issues surrounding the future of Armstrongs and Beardmores, both of which had significant shipbuilding capabilities and he was receptive to any suggestion which might offer a solution to both problems.⁹⁵

⁹¹ Bank of England Archive, SMT, National Shipbuilders' Security Ltd, Shipbuilders deputation to see Montagu Norman – undated (1929), SMT 2/280.

⁹² *Glasgow Herald Trade Review*, 31 December 1923.

⁹³ Clay, *Lord Norman*, p340.

⁹⁴ Reid, *James Lithgow: Master of Work*, p42.

⁹⁵ R.S. Sayers, *The Bank of England, 1871-1944: Vol I*, pp320-324.

Having been briefed by Lithgow, Sir Andrew Duncan wrote to Norman in March 1929 to set up a meeting between SEF representatives and the Bank:

There is an aspect of the industry which is interesting a number of the more thoughtful people in it and I should like to have an opportunity of mentioning it to you. It concerns a proposal to organize a fund within the industry which could be used for the purpose of eliminating surplus berths. In order that the arrangement should work, banking facilities would need to be arranged to allow action to be taken even ahead of the fund itself being accumulated. I have been in close touch with the position and wanted to be sure whether the matter interested you.⁹⁶

Shortly before the NSS scheme was made public, Duncan wrote in a memo to Norman that:

We are much impressed by the fact that the opportunity presents itself for dealing at one stroke with a business of national importance and of great magnitude. We are also impressed with the fact that a reliable and competent man like Sir James Lithgow, has agreed to become active in the matter... Needless to say, the greatest latitude would have to be given to Sir James Lithgow, and we feel very sure that trust in him would not be misplaced.⁹⁷

⁹⁶ Bank of England Archive, SMT, National Shipbuilders' Security Ltd, Sir Andrew Duncan to Montagu Norman, 11 March 1929, SMT 2/280.

⁹⁷ SMT, National Shipbuilders' Security Ltd, Sir Andrew Duncan to Montagu Norman, 11 March 1929, SMT 2/280.

The episode highlights how a small network of like-minded men attempted to find a solution to the ongoing economic crisis without recourse to direct Government involvement. Given the standing of the main protagonists, it was clear however that the government endorsed their actions. Norman had advised the Treasury about the scheme and had received its blessing.⁹⁸ When the scheme eventually came before parliament, no Labour MP voted against the measure while J. T. Brownlie, President of the Amalgamated Engineering Union confidently asserted that 'the shipbuilders are adopting the right policy in dispensing with obsolete and unnecessary shipyards, reducing overhead and administration charges.'⁹⁹ When the shipbuilders met with Montagu Norman to discuss the suggested scheme, he told them that he was 'all in favour of rationalisation', complaining that it was proceeding far too slowly, adding that he was prepared to assist the shipbuilding industry to the best of his ability.¹⁰⁰ One of Norman's initial concerns was that the creation of NSS might lead to a restrictive combine which would in fact reduce or even remove competition from the industry and he had to be reassured that each participating company would remain independent, tendering on their own for individual contracts on a competitive basis.¹⁰¹ To finance what became known within the new body as a policy of sterilisation, NSS received one million pounds of capital from the SMT through the BIDC and borrowing powers of three million.¹⁰² The capital was intended to allow the scheme to progress as quickly as possible and the lump sum meant that NSS could make purchases before it had raised sufficient funds through the levy on new shipping. However, the scale of the problem in the United Kingdom was highlighted in an

⁹⁸ R. S. Sayers, *The Bank of England, 1891-1944: Vol1*, p321.

⁹⁹ *Daily Herald*, 1 March 1930.

¹⁰⁰ SMT, National Shipbuilders Security Ltd, Shipbuilders deputation to see Montagu Norman – undated (1929), SMT 2/280.

¹⁰¹ Johnman and H. Murphy, *British Shipbuilding and the State since 1918*, p22.

¹⁰² Clay, *Lord Norman*, p340.

analysis of the ownership of yards by Norman where he noted, 'that out of the 100 yards in the country, 30 are in the hands of 5 [owners] and 40 are in the hands of bankers.'¹⁰³

What was essentially a fighting fund to buy out suitable yards was to be repaid by a one per cent levy on all new contracts from UK yards. Under the terms of the purchase, the yards closed were to remain so for a minimum period of forty years, although a number were reopened in the late 1930s as war became more likely.¹⁰⁴ Lithgow stressed the need for the great majority of shipbuilders to participate and advised he had already spoken with many of them from inside and outside the Conference. He advised that he 'met with some lethargy and much scepticism, but really no considered opposition.'¹⁰⁵ NSS received concrete support from the Bank of England, and the then Labour government. However, the stand-alone nature of the organisation was noted by the President of the Board of Trade who warned that NSS was, 'a private undertaking and government approval of its plans is not required.'¹⁰⁶ In fact, of all the Bank of England interventions at this time, NSS was the least significant commitment, with the innovative levy raising the necessary capital, but the initial financial support, which gave the scheme working capital in the early months, was crucial.¹⁰⁷

The public announcement of the creation of NSS in February 1930 confirmed the support of the vast majority of firms within the industry and was 'an indication of their collective

¹⁰³ Slaven, 'Self-Liquidation: The National Shipbuilders' Security Ltd and British Shipbuilding in the 1930s', p130.

¹⁰⁴ *Ibid*, p132.

¹⁰⁵ GUA, Records of Scotts' Shipbuilding and Engineering Co., Ltd, National Shipbuilders' Security Ltd., GD319/12/1/4.

¹⁰⁶ *Parliamentary Debates*, (1934), Vol. 286, 20 February 1934, pp168-169.

¹⁰⁷ Sayers, *The Bank of England, 1871-1944: Vol I*, p321.

intention to tackle the remaining big problem of redundant capacity.¹⁰⁸ Although NSS was to be a national body encompassing the entire UK, there was an inevitable bias towards the Clyde and the rivers of the North East of England. Of the ten directors of NSS, three came from the Clyde: Lithgow, Sir Alexander Kennedy of Fairfields and Alexander Murray Stephen from Alexander Stephen & Co. Ltd at Linthouse.¹⁰⁹ Stressing the fact that this was not to be viewed as a merger or amalgamation, NSS hoped, somewhat naively, that rationalisation would not mean less employment as increased competitiveness would mean more contracts. A 'well placed spokesman' (who spoke remarkably like Lithgow) advised the *Glasgow Herald* that 'all that would happen is that men might be put to the inconvenience of moving from one yard to another.'¹¹⁰ In the late summer of 1930, the secretary of NSS was able to advise that, 'all builders of Warships and Passenger Vessels have joined the Company, and builders of Cargo Vessels and Tankers to fully 90 per cent of the tonnage output have also become members.'¹¹¹

On the Clyde, twelve yards were closed between 1931 and 1936, but the focus was in the early years of that period when larger units were taken out of production. Amongst the first closures to be announced was the Beardmore shipbuilding facility at Dalmuir - a move which satisfied those within the Bank of England who continued to worry about mounting losses within the Beardmore business. Hume and Moss quote the delighted response of Bank of England officials, suggesting that the rapid sterilisation of the Beardmore yard was, 'one way

¹⁰⁸ GUA, Papers of Sir James Lithgow, National Shipbuilders' Security Ltd, DC35/37.

¹⁰⁹ SMT, National Shipbuilders Security Ltd., SMT 2/280.

¹¹⁰ *Glasgow Herald*, 28 January 1930.

¹¹¹ GUA, Records of Lithgows Ltd, National Shipbuilders' Security, Memorandums and Articles of Association, 1930-1939, UGD 320/3/126.

in which Lithgow can show his gratitude [to Montagu Norman].¹¹² By the time of its closure the yard was employing a fraction of its wartime peak but the closure added to the prevailing sense of grievance amongst a significant proportion of the population who saw yet another Scottish business being rationalised out of existence. With 13 berths and a capacity of 100,000 gross tons this would be the largest yard closure on Clydeside under the auspices of NSS.¹¹³ Opponents in the trade unions and in the left wing press were quick to point out how incongruous Lithgow's leading role in NSS was when compared with his equally prominent support for the newly formed SNDC and its desire to revive Scottish industry. After the initial shock of the closure of the Beardmore yard at Dalmuir and part of the Ardrossan Dockyard, a series of yards on the Tyne, the Wear and on Teesside were 'sterilised' producing calls of a Clydeside bias.¹¹⁴

The first years of NSS coincided with the worst of the depression in shipbuilding. The most vivid manifestation of this in Scotland was the sudden halt in work on the new Cunard liner at John Brown & Co. at Clydebank in 1932. The huge steel hull had already been laid down and it remained, towering over Clydebank, a highly symbolic indication of the industrial crisis in the West of Scotland. The delay in completion was in fact the result of Cunard's inability to secure funding to complete the vessel and ultimately it was a further act of rationalisation and Bank of England intervention which allowed work to recommence. The two major trans-Atlantic shipping lines, Cunard and White Star Line, had both been weakened by competition and the depression but White Star Line, having been acquired by the Royal Mail Group in

¹¹² Hume and Moss, *Beardmore: The History of a Scottish Industrial Giant*, p216.

¹¹³ Slaven, 'Self-Liquidation: The National Shipbuilders' Security Ltd and British Shipbuilding in the 1930s', p132

¹¹⁴ *The Times*, 26 July, 1933.

1926, was facing the consequences of the collapse of Lord Kysant's empire in 1930.¹¹⁵ Sir William McLintock, the Glasgow-born accountant who also advised on aspects of steel rationalisation, was appointed by the Treasury to unpick the Royal Mail Group's affairs and Sir James Lithgow was also called upon to advise, the period between 1930 and 1932 being marked by persistent litigation as creditors attempted to recoup their losses.¹¹⁶ The Bank of England was increasingly involved; the future of the trans-Atlantic shipping route and the John Brown yard at Clydebank were both judged to be of national importance. During late 1932 Lithgow warned Montagu Norman that, 'White Star was in serious trouble,' and both Lithgow and Lord Weir agitated in private with the Governor to intervene with financial assistance to allow work to restart in Clydebank.¹¹⁷ Lord Weir was appointed by the Chancellor of the Exchequer and President of the Board of Trade to report on the future of trans-Atlantic shipping and his final report, advocating merger between Cunard and White Star Line, also included financial provisions which allowed completion of the hull at the John Brown yard.¹¹⁸ The interventions which ultimately secured the recommencement of work can be read as a further example of the Unionist Nationalism at the heart of Weir and Lithgow's activities. Although Clydeside was far calmer than it been a decade previously, the political consequences of being seen to abandon the Scottish yard would have been considerable, particularly in the light of more vocal Home Rule activity in 1932. The rescue of John Brown & Co. reinforced the belief that Scotland's future remained best served within the Union.

¹¹⁵ M.S. Moss, 'Phillips, Owen Crosby, Baron Kysant (1863-1937), *Oxford Dictionary of National Biography*; Moss, *A Business of National Importance*.

¹¹⁶ F.E. Hyde, *Cunard and the North Atlantic* (London: MacMillan, 1975), p202.

¹¹⁷ Bank of England Archive, *Papers of Montagu Norman*, Diary, 16 March 1932, 8 December 1933, 1 March 1933, ADM 34/21; ADM 33/22.

¹¹⁸ Hyde, *Cunard and the North Atlantic*, p210.

Although Clydeside suffered increased unemployment as a result of NSS policies, the M.P. for Jarrow, Ellen Wilkinson, provided the sharpest criticism, made all the more effective for its stinging personal attack on Sir James Lithgow. Wilkinson was a passionate left-wing Labour M.P. with a striking loyalty to her predominantly working-class constituents.¹¹⁹ In 1933 NSS bought and closed Palmer's Shipbuilding & Iron Co. in the heart of Jarrow, despite the fact that more than 80% of the workers in the town were dependant on the yard for employment.¹²⁰ Both inside and outside Parliament, Wilkinson spoke in defence of her constituents, consistently attacking the commercial explanations for closure. She attacked the idea that NSS offered struggling companies a way out of the financial mire, and emphasised that, 'the worker cannot get out and gets no share of the substantial inducement.'¹²¹ Her attacks on Lithgow underline the fact that in many ways Lithgow *was* NSS; any survey of press coverage demonstrates his ubiquity. In her 1939 book, *The Town That Was Murdered*, Wilkinson attacked Lithgow explicitly:

He prides himself on being a realist. Lithgow stands for capitalism, and for the maintenance of private profit making, with no apology for the results. To him, the man who can make a profit is the only factor worth considering in national life.¹²²

As a significant Clydeside shipbuilder himself, it was probably inevitable that Lithgow would end up rationalising one of his own yards, but the fact that he was profiting from the process was badly received. NSS had purchased the Inch Yard of Dunlop, Bremner & Co. Ltd. in 1933,

¹¹⁹ R. Overy, *The Morbid Age: Britain Between the Wars* (London: Allen Lane, 2009), p189; B. Harrison, 'Wilkinson, Ellen Cicely (1891-1947)', in *Oxford Dictionary of National Biography*.

¹²⁰ Tolliday, *Business, Banking and Politics*, p323.

¹²¹ *Parliamentary Debates*, (1935), Vol. 307, 9 December 1935, pp615-616.

¹²² E. Wilkinson, *The Town That Was Murdered*, p146.

a yard which had come under the control of the Lithgow brothers twenty years earlier.¹²³ The fact that the yard was in Lithgow's home town of Port Glasgow merely added to the ill-feeling. The sense of waste, as thousands of workers lost their livelihoods was captured by the Communist, Allen Hutt. Writing about Clydeside in 1932, he described how NSS, 'unable to employ their productive capacity at a profit, and careless of the future of the scores of thousands of skilled shipyard workers flung on the scrapheap...purchased for a song and dismantled some dozen yards in various shipbuilding centres.'¹²⁴

By the late 1930s, when the demands of rearmament forced a halt to any further closure schemes, the number of berths in use had shrunk by about a third compared with 1929.¹²⁵ Compared with the protracted rationalisation projects in Scottish steel, NSS was broadly successful. The primary goal of reducing capacity had been achieved and the initial debts repaid, all of the later closures being financed by the 1% levy. Although the programme of yard and berth closures had cost at least £2.4m, by 1939 a significant proportion had been recovered through the sale of property and equipment, leading to a situation where, as Slaven has noted, the net cost of the closures, at £1.33m, 'represented a remarkably small outlay to eliminate more than one-third of the capacity of the industry'.¹²⁶ The social costs highlighted by Ellen Wilkinson or Allen Hutt were troubling and undoubtedly caused considerable hardship. On Clydeside, however, the rearmament orders which started to feed through after 1935 ensured that much of the skilled labour could be absorbed by yards with work in hand.

¹²³ F.M. Walker, *Song of the Clyde* (Cambridge: Patrick Stephens, 1984), p183.

¹²⁴ A. Hutt, *The Condition of the Working Class in Britain* (London: Lawrence, 1933), p104.

¹²⁵ GUA, Records of Lithgows Ltd, National Shipbuilders' Security, Memorandums and Articles of Association, 1930-1939, UGD 320/3/126.

¹²⁶ A. Slaven, 'Self-Liquidation: The National Shipbuilders' Security Ltd and British Shipbuilding in the 1930s', p132.

Perhaps the most striking aspect of NSS was the simplicity of the original concept and the confidence with which Lithgow, in particular, negotiated the various hurdles. Lithgow and Weir's ease of access to the Governor of the Bank of England and the strength of their network of contacts throughout industry and politics, placed them in a unique position which ultimately gave them considerable power. While there was no consolidation of ownership to match Lithgow's startling chain of acquisitions in Scottish steel, he remained the most significant figure in shipbuilding throughout the 1930s. It is notable how these vituperatively anti-union figures had, by the 1930s, tempered their rhetoric. The outright hostility to the trade unions evident throughout the 1920s had diminished to some extent, with Hutchison noting the number of leading Scottish industrialists, 'at the heart of the corporatist trend.'¹²⁷ NSS forms part of a clear pattern, building from the associational culture of the employers' organisations through to the explicit interventionism of the SNDC and the Scottish Economic Committee. The 'self-help' ethos and the sense of taking control of events builds on the Unionist Nationalist narrative of the thesis. Although NSS was a UK-wide body, the dominance of the Clyde as a shipbuilding river inevitably pushed figures like Lithgow to the fore. Within Scotland itself, NSS was part of a concerted series of initiatives designed to counter the effects of the global depression. These bodies carried real weight, designed to address complex economic issues, and while there are superficial similarities with Morton's description of the committees which governed Edinburgh in the nineteenth century, inter-war Scotland demanded a more robust form of leadership.

¹²⁷ Hutchison, *Scotland in the Twentieth Century*, p53.

5: Conclusion

In their 1940 pamphlet, *The Real Rulers of Scotland*, the London Scots' Self Government Committee devoted much of their ire to the rise of Lithgow. Complaining that while, 'political control over Scotland is weak and 400 miles distant, Lithgow's economic control is a strong and ever-present reality.'¹²⁸ His involvement in rationalising the shipbuilding industry and his central role in ensuring that the Scottish steel industry came increasingly under the control of Colvilles Ltd allowed the Committee to state that, 'the bowler-hatted Glasgow shipyard man had become the uncrowned King of Scotland.'¹²⁹ The rationalisation schemes of the 1930s took place while Lithgow was also closely involved with efforts to revive Scottish industry through the SNDC and the Scottish Economic Committee, introducing a new planning agenda which garnered support from across civic Scotland and from many progressively-minded Unionist politicians. However, as described throughout this chapter, rationalisation in both steel and shipbuilding was a lamentably slow process, repeatedly stalled by personal disagreements and the interests of individual firms. The final arrangement of the Scottish steel industry, with Colvilles dominating the sector, was far removed from the well-intentioned Brassert plans of 1929. Brassert's vision of a single integrated plant, located by a deep water port only came near fruition with the post-war development of Ravenscraig and Hunterston.¹³⁰ Instead, Colvilles operated from sites across the West of Scotland, using the ingenuity of managers to knit together the acquired units in as efficient a manner as possible.

¹²⁸ T. Burns, *The Real Rulers of Scotland* (Glasgow: Scottish Reconstruction Committee, 1940), p9.

¹²⁹ *Ibid*, p11.

¹³⁰ Payne, *Colvilles*, pp 327-328, 345-347, 420-422; Phillips, *The Industrial Politics of Devolution: Scotland in the 1960s and 1970s*, pp54-58.

Yet commercially, the enlarged Colvilles performed well, benefiting from economic revival and the surge in rearmament.

The impact of rationalisation was, however, felt across industrial Scotland. On the River Clyde, the number of vessels launched dropped from 99 in 1931 - the first full year of NSS - to 31 in 1933.¹³¹ In terms of tonnage (a better guide to output), yards on the Clyde launched 152,663 tons in 1931, but only 56,368 tons in 1933. The number of unemployed shipbuilding workers along the length of the River Clyde rose from 10,321 in 1929 to 15,631 in 1930 and to an inter-war peak of 31,277 in 1931, before slowly beginning to fall again as new orders were placed.¹³² Much of this churn can, of course, be accounted for by the impact of the global depression, but rationalisation accelerated the trends. The effectiveness of NSS can be determined by the fact that after its initial burst of activity - most rationalisation on the Clyde was completed by 1933 – Clyde yards were able to capitalise on the rearmament boom with, for example, output in 1938 reaching 443,615 tons, despite a one third contraction in the number of active berths along the entire river.¹³³

In steel, the painfully slow progress towards amalgamation makes it harder still to differentiate between the effects of the slump and those of rationalisation. Employment in the Scottish iron and steel industry as a whole fell from 8,998 in January 1931 (the date of the Colville-Dunlop merger) to 5,957 in July 1932, but it started to rise again thereafter, despite Lithgow's interventions to secure final rationalisation not taking effect until 1935-36.¹³⁴

¹³¹ *Glasgow Herald Trade Review*, 29 December 1933.

¹³² Clydesdale Bank, *Annual Survey of Economic Conditions in Scotland, 1934* (Glasgow: Clydesdale Bank Limited, 1934).

¹³³

¹³⁴ *Ministry of Labour Gazette*, February 1931; July 1932.

Output figures across the industry also suggest that it was the trade slump itself, rather than the effects of rationalisation which had the greatest impact. Colville's output of steel ingots shrank rapidly after 1929, to a low of 275,000 tons in 1932, but grew again to 897,300 tons in 1936, and over a million tons the following year, the first where the full effect of the Steel Company of Scotland merger could be measured.¹³⁵ While rationalisation stripped out redundant or inefficient plant, the gains tended to come from technical advances within existing facilities, and owed much to the abilities of Andrew McCance.¹³⁶ The unemployment rate in Motherwell – dominated by the various Colville works – rose quickly from 3,700 in early 1930 to an inter-war peak of 10,813 in January 1933, before falling back to 6,500 by late 1936.¹³⁷ Whereas the rationalisation process in shipbuilding was relatively quick and effective, hastening the breakdown of paternalism in many Clydeside yards, in the steel industry, the ultimate outcome was that Colvilles Ltd were more powerful than ever. With 80 to 90 per cent of the heavy steel trade in Scotland under their control, the firm's management continued to subscribe to employment practices which had their roots in the actions of the founder, David Colville. This paternalism was closely allied to the religious beliefs of the Chairman, John Craig, and is discussed further in chapter six.

Both Lord Weir and Sir James Lithgow were central to the Scottish rationalisation schemes; Weir through his impeccable connections in politics and finance and Lithgow through his standing within the shipbuilding industry and his own stake in James Dunlop & Co. Ltd. The

¹³⁵ Payne, *Colvilles*, p149. As a comparison, in 1920 the total output by David Colville & Sons Ltd. was 829,500 tons.

¹³⁶ P.L. Payne, 'Sir Andrew McCance' in A. Slaven and S.G. Checkland, eds, *Dictionary of Scottish Business Biography, 1860-1960* (Aberdeen: Aberdeen University Press, 1986), pp116-118. McCance sat on the board of Colvilles Ltd from its creation in 1930 until his retirement in 1965 and his technical ability (he was awarded a Doctorate in Metallurgy in 1916) was a crucial part in restructuring the business in the 1930s.

¹³⁷ *Ministry of Labour Gazette*, February 1930; February 1933; July 1936.

scheme drawn up by the leading shipbuilders to reduce over-capacity within the industry attracted Bank of England backing. Lithgow was able to use his friendship with Sir Andrew Duncan, industrial advisor to the Governor of the Bank of England, to good advantage. Quickly established as a safe pair of hands, Lithgow's enthusiasm about steel rationalisation and his willingness to work independently of the other Scottish producers, using his own fortune where necessary, gave him unique traction with Montagu Norman. The Governor unlined the cordial relationship in early 1936 when he expressed how much 'I personally respect the attitude which you – and your brother – have taken in the particular interest of the West Coast of Scotland and in the general interest of "regionalisation"'.¹³⁸ Lord Weir was also well-known to both Duncan and Norman and having worked on the fringes of government in a number of official committees throughout the 1920s, was highly regarded. Amongst his other directorships, Weir sat on the board of Lloyds, a bank with a number of significant industrial customers in Scotland. Weir's ability to intercede in both Lloyds and Bank of England business helped ease some of the financial issues surrounding rationalisation. The close connections between Weir, Lithgow, Montagu Norman and his key advisors at the Bank of England ensured that both rationalisation schemes, in shipbuilding and steel, can ultimately be judged a qualified success.

Rationalisation is a key element of the economic Unionist Nationalism that underpins this thesis. As discussed in previous chapters, the motivation for the Scottish business community's interventions in the political and economic life of the nation lay partly in a fear of the consequences of change. The heavy industries were central to Scottish economic life

¹³⁸ Bank of England Archives, SMT, Beardmores, Montagu Norman to Sir James Lithgow, 21 February 1936, SMT 2/85.

and the efforts to reshape them during the inter-war years were driven largely by a defensive need to preserve their power – and that of the owners. In contrast to earlier writers like Payne or Slaven, rationalisation should not be viewed in isolation, but rather as just one strand of a much broader set of policies and interventions, all designed to restate Scotland's position within the Union. Most importantly, it has to be viewed in connection with the developing corporatist ideas which came to the fore in the 1930s, first through the Scottish National Development Council, and then to greater effect in the Scottish Economic Committee.

Chapter Four: Scottish National Development Council

1: Introduction

The creation of the SNDC in April 1931 marked a crucial turning point as the rationalisation and retrenchment of the 1920s gave way to a determinedly optimistic search for diversification and economic revival. Hugh Cree, President of Glasgow Chamber of Commerce, voiced a common concern when he wrote in the 1932 *Glasgow Herald Trade Review* that 'we would have been better to have had our eggs in a larger number of baskets'.¹ For over a decade, the unrelenting slump in industrial output had sapped confidence, fuelling a widespread belief that Scotland itself was in decline. Throughout October and November 1929, the BBC Scottish Service asked a series of writers and politicians to respond to the question 'What's wrong with Scotland?' and the *Daily Record* posed a similar question in its New Year editorial a few weeks later.² The phrase reflected deeply-held feelings that Scotland had been disproportionately affected by the trade depression and the waves of mergers and closures. Adding to the gloom was the recognition that the rate of emigration had accelerated during the 1920s and that a large proportion of those leaving Scotland were young, skilled workers who in other circumstances might have been expected to lead any economic revival.³

As has been shown in the previous chapter, Scotland's industrialists had already demonstrated a willingness to intervene to restructure the shipbuilding and steel industries, yet the creation of the SNDC signalled a new approach to the ongoing economic malaise. From the outset, the new body sought to address the psychological effects of the slump,

¹ *Glasgow Herald Trade Review*, 31 December 1932.

² *Glasgow Herald*, 23, 30 October, 6,13,20,27 November 1929; *Daily Record*, 31 December, 1929.

³ E.A. Cameron, *Impaled Upon A Thistle*, p125.

attempting to boost morale and restore a degree of self-confidence. Writing in early 1932, James Lithgow explained that the Development Council's main task 'is to inspire Scotsmen with a renewed belief in themselves and in their country.'⁴ In a speech to businessmen Lithgow stated quite explicitly that 'the psychology of the [development] movement was very important'.⁵ The sub-text, of course, was an apparent increase in support for Home Rule, particularly in the autumn of 1932. Fuelled in part by a vigorous circulation war between the *Daily Express* and *Daily Record* and the emergence of the moderate Scottish Party, the renewed interest in Home Rule stemmed largely from concern over the nature of the prolonged slump and the perception that Scotland was seemingly incapable of regaining its previous position in the world.⁶ Yet the nationalists were an electorally insignificant force in the 1930s. A far more realistic threat came from the Labour Party, which, in spite of its disastrous performance against the National Government in the 1931 general election, had demonstrated itself capable of forming an administration in its own right as recently as 1929. The most pressing danger from Labour was perceived to be nationalisation and the creation of the SNDC, the reorganisation of the steel industry and the rationalisation programme in shipbuilding should all be viewed as strategies to pre-empt any moves against the weakest industrial sectors.

Whereas rationalisation was a defensive response to the dangers of global competition, the Development Council was an entirely new proposition, a bold move to restate Scotland's economic importance and one which embraced corporatism and accepted a hitherto

⁴ *Colville's Magazine*, April 1932.

⁵ Glasgow University Archives (GUA), *Papers of Sir James Lithgow*, Speech to Glasgow Publicity Club, 13 February 1932, DC35/74/25.

⁶ Mitchell, *Conservatives and the Union*, p46.

unprecedented degree of planning. The associational culture which helped sustain the position of the leading industrialists in the period after the Great War took on fresh significance as the new voluntary body, populated by representatives from Chambers of Commerce and local government, bridged the gap between business and civic Scotland. A further sign of the hoped for consensus was the presence of trade union representatives, notably William Elger, the long-serving Secretary of the Scottish Trade Union Congress (STUC).⁷ That such a defiantly Scottish approach to economic revival should be advanced by a staunch Unionist like James Lithgow contributes to the overall Unionist Nationalist narrative of this thesis. With Home Rule activity growing, the Development Council offered a means of countering this threat with a positive message of economic revival. Although political nationalism had failed to make electoral headway, the emergence of a small but vocal body of conservatively-minded Home Rule supporters in the early 1930s demanded a response, and the patriotic lion rampant emblem of the SNDC was part of a process of acknowledging Scottish sensibilities which included administrative devolution and the construction of the strikingly modern St Andrews House in Edinburgh.⁸

Both Paterson and Harvie place the Development Council firmly within the realm of 'middle opinion' in 1930s Scotland, a term used to describe the acceptance of the mixed economy and centralised planning which marked such a distinct shift from the free trade era of pre-Great War prosperity and which helped create the post-1945 consensus.⁹ 'Middle opinion' reflected the Unionist domination of Scottish politics in the early 1930s, and a new generation

⁷ W. Knox, 'Elger, William (1891-1946)' in W. Knox, ed., *Scottish Labour Leaders, 1918-1939* (Edinburgh: Mainstream, 1984), pp107-110. Elger was Secretary of the STUC between 1921 and 1946.

⁸ Mitchell, *Governing Scotland: The Invention of Administrative Devolution*.

⁹ Harvie, *No Gods and Precious Few Heroes*, p51; Paterson, *The Autonomy of Modern Scotland*, pp105-119.

of more progressive Conservatives, men like Walter Elliot, Noel Skelton and Bob Boothby, sympathetic to the aims of the SNDC, worked in tandem with National Liberals like Sir Godfrey Collins, Secretary of State for Scotland between 1932 and 1936.¹⁰ The broad coalition which came together in founding the SNDC mirrored the wider political scene where a degree of consensus, at least amongst the anti-Labour vote, secured a clear mandate for the National Government. In the Scottish context, centralised planning in effect meant a greater role for the increasingly autonomous Scottish Office - an important distinction as it brought back powers from Westminster while retaining the essential Union connection. Where previously Scottish industrialists might have viewed centralisation with suspicion – as in Morton’s discussion of nineteenth-century Unionist Nationalism – by the 1930s, the urgency of the industrial crisis ensured that the enhanced powers of the Scottish Office were considered an opportunity - a positive development for the future economic wellbeing of Scotland.¹¹ Indeed, the Development Council’s creation of the Scottish Economic Committee in 1936, designed to focus entirely on economic revival and the establishment of new industries, blurred the line between the voluntarism of the civil society and the institutions of the state.¹²

The evolving role of the Scottish Office, particularly as administrative devolution began to improve its effectiveness and efficiency, inevitably introduced a degree of nationalism into its operation, as Edinburgh-based officials sought to influence policy on the basis of their understanding of Scotland’s particular needs. C.H. Lee notes that the autonomy and independent thinking visible in some of the Scottish Office activities in the 1930s

¹⁰ Hutchison, *Scottish Politics in the Twentieth Century*, p53.

¹¹ Morton, ‘Scottish Rights and ‘centralisation’ in the mid-nineteenth century’ in *Nations and Nationalism*.

¹² Paterson, *The Autonomy of Modern Scotland*, p119

demonstrates a responsiveness that was missing from interventions from Westminster.¹³ The development of a more active form of unionism – one which by the late 1930s was comfortably adapting to corporatism – suggests that Kidd may have been too dismissive in his description of ‘banal unionism’.¹⁴ Far from being understated (as Kidd has suggested), inter-war unionism was compelled by circumstance to produce a sophisticated response to a series of social, political and economic challenges, and in electoral terms alone, the Unionist domination during much of the period was remarkable. Moreover, the modernising agenda which brought administrative devolution was a pragmatic response to events which suggested unionism was more than capable of change. Gabrielle Ward-Smith has shown how Unionists in Scotland were able to mix an awareness of Scottish historical and cultural values with the ability to project a compelling vision of the Scotland of the future.¹⁵ The willingness to view issues like economic renewal through a Scottish prism is demonstrated by the close correlation between unionism and the self-help organisations which sought to revive failing industries.

The founding of the SNDC was a logical extension of some of the other strands of Unionist Nationalism discussed in earlier chapters. Scotland’s industrialists had already displayed a pragmatic realism in their collaborative attempts to reduce industrial capacity. Rationalisation and revival were not incompatible. Both concepts were predicated on the need to defend, where possible, a way of life and of doing business which the industrialists understood, and, if necessary, reforming and modernising to ensure that change could be controlled. By adapting to events, they ensured that they retained their influence. As with

¹³ Lee, *Scotland and the United Kingdom*, pp159-160.

¹⁴ Kidd, *Union and Unionisms*, pp23-35.

¹⁵ Ward-Smith, ‘Baldwin and Scotland: More Than Englishness’, p62.

steel and shipbuilding, the SNDC was another example of self-help designed to operate beyond the state, although in this case taking its diverse membership from across civil society. With its roots firmly in the associational culture of Glasgow Chamber of Commerce, there is a clear echo of the committees and societies of nineteenth-century urban Scotland described by Morton. Again, as with rationalisation and some of the political interventions during the period, there is also an implicit - often explicit - restating of the Union relationship. The appropriation of patriotic imagery in much of the SNDC's work was a conscious attempt to reclaim territory from the Home Rule movement. Jackson has described how 'Scottish unionism thrived by cultivating Scottish institutions, administrative devolution, and by making patriotic appeals within the wider framework of union' and this is seen to good effect with the Development Council.¹⁶ It is however notable that the active membership of the SNDC contained a number of vocal Home Rule supporters, giving credence to Kidd's observations on the similarities between moderate Unionists and Nationalists and accounting for some of the early suspicion of the SNDC on the part of more forthright defenders of the Union.¹⁷

2: The Scottish National Development Council and Antecedents

At the April 1931 meeting of the Convention of Royal Burghs, held in the City Chambers in Edinburgh, Sir Henry Keith, a former Provost of Hamilton, moved the motion to create the SNDC.¹⁸ Eighty years old, yet still a formidable and well-respected figure in local government,

¹⁶ A. Jackson, *The Two Unions: Ireland, Scotland and the Survival of the United Kingdom, 1707-2007* (Oxford: Oxford University Press, 2012), p279.

¹⁷ Kidd, *Union and Unionisms*, p262. At a meeting of businessmen in November 1932 to organise against the Home Rule movement, James Lithgow claimed he could see only three supporters of the SNDC amongst a large audience.

¹⁸ G. Donaldson and R.S. Morpeth, *A Dictionary of Scottish History* (Edinburgh: John Donald, 1992); T. Pagan, *The Convention of the Royal Burghs in Scotland* (Glasgow: Glasgow University Press, 1926) provides historical context.

Sir Henry was a lifelong Unionist, having stood for election in various seats, but he was also a supporter of Home Rule. Sir Henry highlighted the inclusive nature of the new organisation, and told the Convention that the new body would welcome 'any Chambers of Commerce, or any bodies of employers or workmen, or others desirous of Scottish national development in any direction calculated to increase employment, and to advance and widen the economic interests of the people'.¹⁹ The objects of the Development Council, as set out in the first Annual Report in 1932, gave an indication of the new organisation's ambition, describing 'a non-political body' which sought to influence the promotion and development of 'industry, agriculture, fisheries, mining, transport and the commercial and economic interests of Scotland generally'.²⁰ Throughout the following summer, newspapers recorded a stream of prominent Scots - actors, politicians, businessmen, trade unionists, academics and aristocrats - all willing to associate themselves with the new body. Nevertheless, only a few actually made a firm commitment by offering to sit on the organising committees. James Lithgow was an early supporter, and over the following years, until pressure of work forced him to withdraw, he remained the Development Council's most prominent member.

The general welcome afforded the SNDC reflected widespread unease after more than a decade of industrial dislocation. A series of events, sometimes minor in themselves but disturbing when viewed collectively, gave the impression that control over many aspects of Scottish industrial life was being removed to London and the South of England. The regrouping exercise on the railways in 1923 had left Scotland without any native rail companies - although it was conveniently forgotten that many Scots had, in fact, campaigned

¹⁹ *The Scotsman*, 9 April 1931.

²⁰ GUA, *Papers of Lord Weir*, Scottish National Development Council, 1st Annual Report, 1932, DC96/18/147.

against a Scottish rail company.²¹ Reduced military spending in the early 1920s led to the modern naval facility at Rosyth being mothballed, while previously independent Scottish banks developed ever closer relations with larger, London-based businesses. The high profile closure of the Beardmore ship repair yard at Dalmuir on the River Clyde in 1930, and the closure of the Stewart & Lloyd steel plant at Mossend in the following year, heightened tensions. In the case of Mossend in particular, the transfer of work to a modern integrated plant at Corby, Northamptonshire, fitted the ongoing narrative of national decline.

The 'drift southwards of industry' became a catch-all term, used to highlight not just the very real problem of unemployment and excess capacity but the perceived slight to national prestige that the sharp decline appeared to signal. The closure by the Calico Printers Association of all their Scottish factories in 1929, soon after agreeing a series of mergers in the industry, appeared to confirm a worrying trend, and this closure, together with similar reductions in the dairy industry, were used by the National Party of Scotland as proof of the damaging effects of rationalisation.²² Many businesses battled to stay afloat, yet it was suggested in more radical newspapers like *Forward* that some Scottish businessmen, exhausted by the strain of the War and apprehensive about the future, were willing to sell their businesses to southern competitors.²³ As late as 1932, Lithgow could still complain that, 'it was Scotsmen themselves who were selling out and clearing out of business,' adding that there were 'plenty of Scotsmen with capital who were frightened to invest in their own

²¹ Finlay, 'National identity in crisis: politicians, intellectuals and the "End of Scotland"', pp245-246.

²² C.L. Mowat, *Britain Between the Wars, 1918-1940* (London: Methuen, 1955), p468; Scott, *Triumph of the South*, p103; National Library of Scotland (NLS), Papers of the Scottish Secretariat and of Roland Eugene Muirhead, R.E. Muirhead to J. Polson, 9 November 1930, Box 12, File 236, Accn 3721.

²³ *Forward*, 12 May 1925.

country.²⁴ Earlier the same year, Lithgow had addressed the national mood during a speech to Scottish Retail Drapers' Federation, stating that 'much could be done to re-awaken, individually and collectively, the belief that Scotland could be developed for the Scottish people'.²⁵ The SNDC presented such an opportunity.

The idea of a national organisation to counter the effects of the depression was first suggested by the writer and nationalist William Power, who wrote well-received articles in the *Scots Observer* and *Daily Record* in early 1929, proposing the formation of an industrial development council.²⁶ In an article headed, 'The Duty of Scotland', Power called for the creation of 'a National Development Committee, widely representative in composition, and absolutely free from any political bias or aims'.²⁷ Mindful of the wider debate about Home Rule, Power stated pointedly that 'to discuss such matters in the political arena is hopeless'. The new ideas were later expanded in articles written by Power in the *Daily Record* and seized upon by the Nationalist newspaper, *The Scots Independent*.²⁸ Looking back in 1937, Power described how he had hoped that this new national body would deal 'with the whole of industry, including farming, forestry and fishing, and link up with the banking system in a way which would ensure that Scottish national credit was used in the first place for Scottish purposes'.²⁹ In his remarks to the Convention of Royal Burghs in April 1931, Sir Henry Keith acknowledged his debt to Power.³⁰

²⁴ *Daily Record*, 1 November 1932.

²⁵ *Glasgow Herald*, 4 May 1932.

²⁶ *Scots Observer*, 9 February 1929.

²⁷ *Scots Observer*, 12 January and February 9 1929.

²⁸ *Scots Independent*, May 1931.

²⁹ W. Power, *Should Auld Acquaintance* (London: Harrap, 1937), p157.

³⁰ *Glasgow Herald*, 9 April 1931.

William Power also suggested that the Convention of the Royal Burghs in Scotland would be the most appropriate body to oversee the formation of the new organisation. As one of Scotland's longest surviving institutions, the Convention had recent experience of involvement in national debate. Representing the small towns rather than the urban centres, the Convention had agitated in the early 1880s for a 'separate and subordinate' legislature, culminating in 1884 with the demand for the appointment of a Secretary of State for Scotland.³¹ While attempting to avoid any particular political stance, the Convention repeatedly stood firm against Westminster on Scottish affairs, fighting vigorously for rating reform and against the 1929 Local Government Act.³² Campaigns to secure funding for a Scottish Records Office and to boost tourism through a 'Come to Scotland' publicity drive led in turn to a call 'to consider a resolution in favour of the adoption of a Scottish National Trades Development Board' at the spring 1931 meeting of the Convention in Edinburgh.³³ Initial progress was painfully slow. Despite the enthusiastic welcome and supportive noises, delays in appointing a chair and ruling committees meant that it was September 1931 before the Council was formally convened. The first anniversary in 1932 was marked with optimistic speeches and a supportive message from the Prime Minister, but there were few tangible successes to record.³⁴

The attractive, eye-catching publicity material produced by the SNDC - the principal achievement in the early years - owed much to the work of the first development boards. During the first two years of the SNDC, these local organisations continued to operate in

³¹ Mitchell, *Governing Scotland: The Invention of Administrative Devolution*, p25.

³² *Ibid*, p186.

³³ *The Scotsman*, 18 March 1931.

³⁴ *Daily Record*, 14 April 1932.

parallel with the national body, with individual Boards, influenced in many cases by localism, preferring to remain independent. First formed in the late 1920s, local development boards not only provided the blueprint, in terms of aims, for the SNDC, they encouraged new talent, like the Glasgow banker Sir Steven Bilsland, which was exploited later by the national organisation. The Edinburgh Development Committee published a striking pamphlet, *Place Your Factory in Edinburgh*, which advised prospective employers that, 'generally speaking, Edinburgh workpeople are of a superior type and, on the average, of a high standard of education, intelligent, and adaptable to new methods and modern development.'³⁵ In the West of Scotland, the Development Board for Glasgow and District, formed in 1930, promoted the advantages of locating in Glasgow and the Clyde Valley, offering a central point of contact for any businesses wishing to relocate.³⁶ The Board was the product of the city's Chamber of Commerce and was chaired by the President, Hugh Cree, with additional members from the Town Council, the Clyde Navigation Trust, the Trades' House and the main railway companies. Similar development boards were established across Scotland, primarily in areas experiencing the greatest distress. Town or County Councils in Falkirk, Airdrie, Ardrossan, Kilmarnock, Dunbartonshire and West Lothian all formed their own committees.³⁷ Some of the schemes were in unlikely settings; Campbeltown, at the tip of the Kintyre peninsular, formed a committee in response to the collapse of the area's coal industry.³⁸

³⁵ Edinburgh Development Committee, *Place Your Factory in Edinburgh* (Edinburgh: Edinburgh Development Committee, 1932).

³⁶ Development Board for Glasgow and District, *Glasgow and the Clyde* (Glasgow: Development Board for Glasgow and District, 1932).

³⁷ National Records of Scotland (NRS), *Industrial Development*, Memo c1931, DD10/292.

³⁸ National Archives (NA), Board of Trade Papers, Proposed Scottish Industrial Survey, Sir James Lithgow to Sir Horace Wilson, 6 October 1931, BT56/40.

The creation of development boards recalls Morton's original Unionist Nationalist thesis and his suggestion that through participation in governance at the local level and engagement with a wide variety of activities, 'good and worthy' men would take control of their own affairs, developing a degree of autonomy from central government.³⁹ The self-governance implicit in Morton's description of nineteenth-century urban Scotland is one based on myriad voluntary organisations which, taken together, provide a framework for the day-to-day continuation of ordinary life. Although there are clear similarities with the strong associational culture which underpinned many of the economic interventions in inter-war Scotland, the nationalism expressed through self-governance that Morton describes in mid-nineteenth century Edinburgh, appears to be defined by the giving of middle-class subscribers and participation in voluntary organisations and societies.⁴⁰ The grave economic situation evident after 1920 provided a more pressing reason for collective action.

Development boards were also adopted in some of the unemployment blackspots in England and Wales. Lithgow and Bilsland both looked to Liverpool, a city with many similarities to Glasgow, for inspiration. A local board in the city raised £10,000 per annum in the late 1920s to publicise the economic benefits of locating on Merseyside, the bulk of the funding coming from the city's principal industries.⁴¹ Relatively prosperous areas like Bristol advertised for new industries, offering prospective investors *The Book of Bristol Industry*.⁴² Lancashire offered the closest similarities to the Scottish experience. Whereas Scotland suffered throughout the 1920s and 1930s from an unexpectedly severe decline in shipbuilding, steel

³⁹ Morton, *Unionist Nationalism*, p46.

⁴⁰ *Ibid*, p97.

⁴¹ *Glasgow Herald Trade Review*, 31 December 1932

⁴² *The Times*, 1 January 1930.

and the extractive trades, Lancashire was crippled by the collapse in cotton. Lazonick has described the Bank of England's involvement in rationalising large sections of the industry, but there was also a development body designed to help revive industry in the area.⁴³ In the autumn of 1931, while the SNDC was still finding its feet, Sir Horace Wilson, a Board of Trade advisor who was also a frequent confidant of both Lithgow and Lord Weir, wrote to Lithgow advising him that 'as you may have heard, a very live organisation has been started covering Lancashire, who are looking into several interesting possibilities'.⁴⁴ Wilson helped Lithgow come to the conclusion that a Scotland-wide development body was necessary. Passing on details of the Lancashire Industrial Development Corporation, Wilson suggested that for any new organisation to have a meaningful impact it had to cover a whole region; too many towns had their own development boards which were 'on too narrow a basis to be effective'.⁴⁵ The Lancashire connection was crucial. The Bank of England's involvement in a brutal round of rationalisation predated the Scottish schemes, and developments in the area received close attention in the West of Scotland.

As the Board tasked with addressing the slump in the most adversely affected part of Scotland, the Development Board for Glasgow and District, later renamed and expanded as the Glasgow and West of Scotland Development Board, was the most significant of the new bodies. Unemployment within Glasgow's boundaries rose from 88,059 in September 1931 to 100,060 in February 1932.⁴⁶ By the end of 1932 the figure was 129,890.⁴⁷ The parent body,

⁴³ W. Lazonick, 'The Cotton Industry' in B. Elbaum and W. Lazonick, eds, *The Decline of the British Economy* (Oxford: Calrendon Press, 1986), pp18-50.

⁴⁴ NA, *Board of Trade Papers*, Proposed Scottish Industrial Survey, Sir Horace Wilson to Sir James Lithgow, 13 October 1931, BT56/40.

⁴⁵ *Ibid.*

⁴⁶ *Parliamentary Debates*, 1930-31, Vol. 244, p1881; *Parliamentary Debates*, 1931-32, Vol. 262, p1952.

⁴⁷ Clydesdale Bank Ltd, *Sixth Annual Survey of Economic Conditions*, Glasgow, Clydesdale Bank Ltd, 1937, p7.

Glasgow Chamber of Commerce, was the most important business organisation in Scotland and commanded respect throughout the UK. Sir Steven Bilsland was the leading Chamber of Commerce representative on the Development Board. Having inherited his father's share of the family bakery business, Bilsland had taken on directorships with the Union Bank of Scotland and Scottish Amicable Insurance in the 1920s and was firmly established at the centre of the West of Scotland's commercial life. Nevertheless, from the beginning, the Development Board struggled financially; companies with dwindling order books had neither the funds nor the inclination to support sometimes ill-defined plans. While supportive, the government felt unable to offer concrete help, making it clear that the Board should 'remain a piece of local machinery created by local effort...and any finance required for running it must be found in the area itself'.⁴⁸ There was also a lack of ambition. Whereas later in the decade, new industries were wooed by the SNDC and SEC with the promise of purpose-built factory units in trading estates, the Development Board saw its purpose as merely 'befriending all those whether inside or outside the area who have new development in contemplation'.⁴⁹ Even in the late 1920s, there were, however, indications of fresh understanding. Concerned that 'depression is breeding depression', the Development Board called for new ideas and working practices to be adopted, to show the rest of the world that Clydeside 'was not trammelled by any narrow industrial specialism'.⁵⁰

Glasgow Chamber of Commerce had published the first serious evidence-based investigation into Clydeside's growing industrial malaise in October 1930. All of the agencies dedicated to

⁴⁸ NA, Board of Trade Papers, New Industries: West of Scotland Development Board, Briefing note about formation of Glasgow Development Board, 1930, BT56/39.

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

economic revival had highlighted a lack of research and authoritative data, and the Chamber's report had been conceived as early as 1927. Produced by political economists from Glasgow University, the *Report on the Position of Trade in Glasgow and the West of Scotland* offered a rigorous model that would be emulated by a variety of investigating bodies during the following years and used available government data on population, production and rating to establish a strong case for action.⁵¹ Initially concentrating on the district's dependence on heavy industries, the report also highlighted the failure 'to attract to any material effect the new and growing industries which have made their appearance in recent years'.⁵² Ominously, the report noted a decline in the previously robust chemical sector and lamented that since the collapse of the Argyll motor manufacturing firm, Scotland had been unable to take advantage of the surge in motoring. Looking for mitigating factors, the report conceded that preconceptions about high rateable values - a constant bugbear of Scottish business throughout the 1920s - may have played a part in discouraging inward investment, but in many respects the key argument remained the need for diversification. The report also broached another perceived threat to economic recovery: Clydeside's reputation for labour militancy. This fear recalls the defensiveness of aspects of Unionist Nationalism, suggesting that Red Clydeside remained a potent reminder of the political dangers in failing to resolve the economic dislocation. Although it claimed that concerns were overstated, the report worried that:

⁵¹ Glasgow Chamber of Commerce, *Report on the position of trade in Glasgow and the West of Scotland* (Glasgow: Glasgow Chambers of Commerce, 1930). The investigation was led by Professor W.R. Scott, a highly respected academic who contributed to various SNDC committees during the 1930s.

⁵² *Ibid*, p24.

It is true, nevertheless, that the bad reputation of the district in this respect, however undeserved, has almost certainly had a harmful influence in discouraging the establishment of new industries, and everything should be done that can be done to remove the present erroneous impression. Possibly a conference with Labour leaders to point out the injury done by Communistic propaganda might have some satisfactory results.⁵³

In a similar vein, Sir James Lithgow articulated a commonly-held belief within the business community when he wrote in late 1931 that 'few people, apart from the inhabitants, have any great sympathy with the West of Scotland district, holding, I believe rightly, that their own folly is very largely to blame'.⁵⁴ Writing to Thomas Cameron of Glasgow Chamber of Commerce, Lithgow expanded on his antipathy to the trade unions, complaining that their leaders sought to grab 'the limelight by twisting the tails and advertising the alleged shortcomings of the local employers of labour'.⁵⁵ At the end of 1932, Lithgow still complained of 'the agitator and the grievance-monger', worrying that the 'constant parading of our supposed ills', was creating instability.⁵⁶ The publicity material produced in the early 1930s was designed not only to lure new industry, there was a concerted effort to 'talk up' the area, which sought to banish the more unhelpful aspects of recent history.

⁵³ *Ibid*, p24.

⁵⁴ NA, Board of Trade Papers, Proposed Scottish Industrial Survey, Sir James Lithgow to Sir Horace Wilson, 28 October 1931, BT56/40.

⁵⁵ GUA, Papers of Lord Weir, Glasgow Development Board, Sir James Lithgow to Thomas Cameron, 14 March 1931, DC96/18/149.

⁵⁶ *Glasgow Herald Trade Review*, 31 December 1932.

All this notwithstanding, there were few discernible signs of progress; the general trade downturn forced further lay-offs. The Glasgow Board quickly extended its remit to cover the wider West of Scotland district, introducing representatives from the County Councils of Lanarkshire, Renfrewshire and Dunbartonshire. There were concerns about the lack of purpose; Harold Ford of the Clyde Navigation Trust worried that 'one is tempted to visualise [the Development Board] deteriorating into a mere Information Bureau doling out information'.⁵⁷ Ford also highlighted a more general fear that inexperience and unfocused meddling 'by many who have little or no knowledge of the subject, or conception of what is required may do more to frighten industry away as to attract it.'⁵⁸ Yet the Development Board enjoyed a number of successes, particularly confidence-boosting publicity drives like the high-profile Civic and Empire Week in June 1931 and the accompanying glossy *Book of Glasgow*. Designed to highlight the city's strengths, the book railed against complacency:

Loss of trade is teaching the industrialist that modesty of achievement is a waning virtue that is becoming a liability rather than an asset. Our business captains are confident that the flow of trade is at its lowest ebb and that the tide is beginning to turn. A revival in confidence in ourselves will do the rest.⁵⁹

The expanded Glasgow and West of Scotland Development Board continued after the formation of the SNDC and produced a second book, *Glasgow and the Clyde* in 1932.⁶⁰

⁵⁷ GUA, Papers of Lord Weir, Glasgow Development Board, Harold Ford to Lord Weir, 12 August 1931, DC96/18/149.

⁵⁸ *Ibid.*

⁵⁹ Corporation of the City of Glasgow Civic and Empire Week Committee, *The Book of Glasgow* (Glasgow: Publicity Club of Glasgow, 1931), p10.

⁶⁰ Development Board for Glasgow and District, *Glasgow and the Clyde*.

Anticipating the methods of the SNDC, this book was a glossy advert for Glasgow and the West of Scotland, aimed at attracting new business by publicising the availability of land, labour and transport while stressing the traditional strengths of the area. Nevertheless, despite support from the city's business elite, success was limited. Sir Steven Bilsland defended the body stating that 'more than half a dozen new enterprises have recently been undertaken in the Glasgow area, and a large number of new developments have been carried out by existing firms', but any new activity was a drop in the ocean compared with the closures and short-time working evident across Clydeside.⁶¹ In March 1933, Glasgow Corporation and the Chamber of Commerce joined the SNDC and in June 1935, the Glasgow and West of Scotland Development Board was formally wound up, having declined in influence in the intervening period.⁶²

Lithgow, having joined the SNDC in July 1931, resigned from the Glasgow Board in 1934.⁶³ Even as a member of the SNDC, Lithgow was unhappy with progress. In a letter to Weir, discussing the relative effectiveness of the Liverpool Development Board, Lithgow wrote that 'such a council, well run, might be of inestimable value to Scotland. Unfortunately, up to date it [the SNDC] has not cut any ice because its construction has been a trifle haphazard'.⁶⁴ Lithgow recognised, however, that 'a much more forceful way of awakening interest in Scottish industry is to make the nation-wide appeal'.⁶⁵ The STUC agreed. At their April 1931 conference, just days after the Convention of Royal Burghs debate, the STUC President, C.N.

⁶¹ *Glasgow Herald Trade Review*, December 1933.

⁶² *Glasgow Herald*, 12 March 1934.

⁶³ *Glasgow Herald*, 23 July 1935.

⁶⁴ GUA, Papers of Lord Weir, Glasgow Development Board, Sir James Lithgow to Lord Weir, 13 November 1931, DC96/18/149.

⁶⁵ NA, Board of Trade Papers, Proposed Scottish Industrial Survey, Sir James Lithgow to Sir Horace Wilson, 28 October 1931, BT56/40.

Gallie, voiced doubts about the effectiveness of the Development Boards, telling delegates that 'something more than an information bureau is required'. He went on to make the case for a body covering the entire country:

Local boards cannot meet our requirements. Their extension would only lead us into mess and muddle; their extension would necessarily be parochial. A National Development Board which would view the problem as a whole is imperative. The onus is on the chief citizens of our Municipalities to take a broad and generous view of the national problem and to take further steps with the minimum of delay.

66

3: The Work of the Development Board

With Sir James Lithgow confirmed as Chairman, the work of the SNDC started in the autumn of 1931 with the election of the Chairman's Committee and the creation of a large number of sub-committees designed to oversee a series of investigations.⁶⁷ Edward Bruce, Earl of Elgin and Kincardine, a landowner, director of the Royal Bank of Scotland, and Chairman of Fife County Council, was elected President.⁶⁸ In his acceptance speech, Elgin returned to the theme of Scottish business moving south, before going on to suggest that through the Development Council, industrial Scotland would finally have a voice.⁶⁹ Lithgow quickly became the public face and the most energetic champion of the SNDC, repeatedly suggesting

⁶⁶ Glasgow Caledonian University Research Centre (GCURC), Papers of the Scottish Trade Union Congress, Annual Report, 1931, p82.

⁶⁷ See Appendix 2.

⁶⁸ *Scottish Biographies 1938* (London: Thurston, 1938).

⁶⁹ *Glasgow Herald*, 19 September 1931.

that only a concerted policy of self-help would help to revive the struggling Scottish economy. From the outset, the Development Council purported to be non-political, operating quite independently of government and both Lithgow and Elgin welcomed the participation of trade union representatives. Opinionated, short-tempered and occasionally rude, Lithgow was an industrious and unfailingly enthusiastic advocate for the SNDC. During the difficult first year, when the new organisation could point to few, if any, concrete achievements, it was Lithgow, through a series of speeches and articles, who kept the SNDC in the limelight, maintaining the momentum of the launch. Considering the other demands on his time, Lithgow's commitment to the SNDC, which he served on until 1939, was the clearest manifestation of his concern for the general economic development of industrial Scotland.

Surprisingly, there was a noticeable absence of businessmen amongst the names of those who took a hands-on interest in the SNDC in 1931. Aside from Lithgow, within the first Chairman's Committee there were only three other business figures, with the remaining positions taken by a diverse mix of local government figures and members of the aristocracy.⁷⁰ Aware that the organisation would have to conduct extensive research before committing to definite plans, the SNDC created a wide-range of investigative sub-committees dedicated to both ailing industries and new opportunities. Lithgow approached Lord Weir for advice in conducting these investigations, aware that in the mid-1920s, Weir had been asked by the government to produce an influential report on the future shape of the electricity industry.⁷¹ Covering subjects as diverse as forestry, tourism, the rates burden, and oil from

⁷⁰ In addition to Sir James Lithgow, the representatives from business on the Chairman's Committee were Sir Alexander Walker of the distillers John Walker & Sons.; Sir Andrew Pettigrew of the Glasgow firm Campbell & Stewart & McDonald; Sam Mavor, Chairman, Mavor & Coulson, Ltd.

⁷¹ GUA, Papers of Lord Weir, Scottish National Development Council, Sir James Lithgow to Lord Weir, January 1932, DC96/18/147.

coal, there was much more business involvement in these sub-committees as well as participation from experts from the main universities and technical colleges. Yet Lithgow was aware that there was a coolness in the business community's attitude towards the SNDC. Against the background of growing calls for self-government, it would appear that the SNDC's resolutely pro-Scottish rhetoric was uncomfortably close to the language of the Home Rulers for a large section of the business community.⁷²

There was little outright hostility to the SNDC from the business community, but some were far from convinced. Writing to Lord Weir, the secretary of the Clyde Navigation Trust complained that 'unless the National Development Council can become sufficiently strong and virile as to succeed in arousing public opinion against Municipal and Local Government extravagance, then I fail to see what useful purpose such a body can serve'.⁷³ There were concerns that the new body had too much of a west-coast bias. Although the Aberdeen and Dundee Chambers of Commerce were amongst the first institutions to back the SNDC, the Edinburgh Development Board, largely controlled by the city's Chamber of Commerce, felt itself to be of sufficient importance to be treated as an equal of the new organisation. Relations deteriorated, with Board of Trade officials in London advising that representatives from Edinburgh rarely attended meetings having decided that 'the SNDC was developing on lines they did not at all like'.⁷⁴ At the same time, the Scottish banks were relentlessly cautious - with good reason considering the indebtedness of some of their industrial customers.

⁷² At an anti-Home Rule meeting of businessmen in Glasgow in December 1932, Lithgow spoke out about how few supporters of the SNDC he could see in the audience.

⁷³ GUA, Papers of Lord Weir, Glasgow Development Board, Harold Ford to Lord Weir, 12 August 1931, DC96/18/149.

⁷⁴ NA, Board of Trade Papers, Proposed Scottish Industrial Survey, Memo re: Edinburgh Development Board opposition to Scottish National Development Board, 24 June 1932, BT56/40.

Directors of the Royal Bank of Scotland and Union Bank of Scotland served on SNDC committees but Saville, quoting the minutes of the Committee of Scottish Clearing Bankers, records the grudging support of the general managers of the Scottish banks:

Having regard, however, to the very distressed condition of most of the industries of the Country, and that the scheme of the Scottish National Development Council is National in character, it was arranged that each Bank should make a non-recurring contribution on the footing it was not to be a precedent and that no further application would be made.⁷⁵

Although the launch of the SNDC brought warm words from politicians, in general, central government was slow to become involved in any efforts to attract new industries or revive older ones. The first serious sign of any willingness to intervene in industrial development came with the creation of a Special Areas Commissioner for Scotland in 1934. Mirroring a Board of Trade initiative in England and Wales, the Scottish Commissioner, the Edinburgh businessman Sir Arthur Rose, was appointed by the Secretary of State for Scotland, Sir Godfrey Collins. Unsurprisingly, Rose was part of Lithgow and Bilsland's extended network of contacts. A director of both the Glasgow-based Union Bank of Scotland and the LMS railway, Rose was familiar with the concerns of the business community.⁷⁶ Glasgow was specifically omitted from the Commissioner's remit, but the Special Areas encompassed much of the remainder of the industrial West of Scotland in addition to the coal mining areas of West

⁷⁵ R. Saville, *Bank of Scotland: A History 1695 – 1995* (Edinburgh: Edinburgh University Press, 1996), p547.

⁷⁶ *Glasgow Herald*, 16 August 1937 (Obituary).

Lothian. Sir Arthur, in his comments in his 1934 Annual Report, demonstrated the impossibility of separating Glasgow from its neighbouring districts:

It is impossible to escape the conclusion that Glasgow and West Lanark (with parts of Renfrew and Dumbarton) is an industrial unit rendered so compact by interdependence of the principal industries and modern transport that no part can be affected for good or bad without reaction to the whole.⁷⁷

The period after 1934, with the SNDC and the Commissioner for Special Areas working in tandem, marked a further stage in the development of 'middle opinion'. As first described by Marwick in the 1960s, there was a surprising degree of consensus about the need for planned economic development, in many respects a response to the seemingly catastrophic events of 1931 which resulted in the formation of the National Government.⁷⁸ That the interventions of 'middle opinion' took on such a distinctly Scottish hue can be explained in part by the surge in Home Rule activity which was in turn prompted by unease over Scotland's poor economic performance and a pervasive sense of decline. The dominant Unionist Party was also increasingly alive to a more local or regional agenda, as seen in Baldwin's deliberate appeal to Scottish sensibilities in the early 1930s.⁷⁹ The first eighteen months of the SNDC mirrored an upturn in support for Home Rule, encouraged in part by a newspaper circulation war. The need to address Scottish concerns explained the appointment of a separate Scottish Commissioner for Special Areas and the various concessions which facilitated the transfer of

⁷⁷ *Parliamentary Papers*, 1934 (Cmd. 4728), Reports of Investigations into the Industrial Conditions in Certain Distressed Areas, p232.

⁷⁸ Marwick, 'Middle Opinion in the Thirties', pp285-298.

⁷⁹ Ward-Smith, 'Baldwin and Scotland: More Than Englishness', pp61-82.

powers from Westminster to an enlarged and relocated Scottish Office in Edinburgh later in the 1930s.

It remains surprising that in his first few years the Commissioner was constrained from investing in industrial development; his early work, outside of planning and research, consisted of social interventions and public works like sewerage.⁸⁰ Gibson, writing with the experience of an ex-civil servant, has described how the initial legislation was drafted by the Treasury with the primary aim of limiting expenditure, suggesting that the Special Areas Commissioners were initially timid and 'cautious to the point of triviality'.⁸¹ As far as the SNDC was concerned the appointment of the Special Areas Commissioner brought two distinct benefits. Firstly, it represented an acknowledgement on the part of Government of the seriousness of the problem and offered the prospect of fresh thinking. More importantly, particularly in a period of austerity, the Commissioner had funds. Nevertheless, the initial bar on the Commissioner investing in new industries caused frustration, with Nationalist supporters becoming increasingly vocal. The *Scots Independent* complained shortly after the Convention of Royal Burghs meeting that, 'development plans without finance are like an engine without power'.⁸² In an era of constrained public spending, the limited resources that the Commissioner could push towards the SNDC were, nevertheless, gratefully received. Although operating with the tacit approval of government, the SNDC relied initially on private subscriptions and limited grants from local authorities. The Development Council never overcame this hand to mouth existence, giving the impression that, however good the reports its various research committees were producing, translating these plans into coherent

⁸⁰ Harvie, *No Gods and Precious Few Heroes*, p40.

⁸¹ J.S. Gibson, *The Thistle and the Crown* (Edinburgh: HMSO, 1985), p77.

⁸² *Scots Independent*, May 1931.

economic strategies was an altogether more difficult proposition. Rejecting a request for funding, a Board of Trade official noted sniffily that:

The notepaper of the Scottish National Development Council contains a most imposing list of supporters, and I should have thought it not impossible for the money to be forthcoming from private sources if real importance is attached to the project.⁸³

With like-minded personnel, there was, however, considerable overlap between the Commissioner and the SNDC. In the summer of 1935, the Commissioner awarded £22,000 to the SNDC, mainly for promotional work. In Parliament, James Maxton attacked the allocation of public money to a private organisation, noting that the most prominent members of the SNDC were better known for ‘that type of reorganisation of industry which is directed towards the closing down of industries rather than opening them up’.⁸⁴ In response, the National Liberal MP J. H. Stewart claimed that without ‘first class modern publicity methods’, the Development Council would be unable to promote Scotland properly, concluding that, it has failed to do so in the past because it has no funds’.⁸⁵ However, like the SNDC, the Commissioner’s best resource was boundless enthusiasm. The telegraphic address in his main office, “‘optimism”, Edinburgh,’ speaks volumes for the well-meaning, slightly amateurish, but essentially under-financed and ineffective early stages of the Special Areas project. In his second Report, issued in early 1936, Sir Arthur Rose praised the close links with the SNDC:

⁸³ NA, *Board of Trade Papers*, Proposed Scottish Industrial Survey, Memo, 3 November 1931, BT56/40.

⁸⁴ *Parliament Papers*, 1934-1935 (Vol. 303), pp2095-2096.

⁸⁵ *Ibid*, p2102.

Operations in connection with Industrial Development have continued in close collaboration with the Scottish National Development Council and I cannot emphasise too strongly the value of a representative body of this kind as a co-ordinating link and means of promoting and assisting schemes for the benefit of all industries for undertaking general industrial investigations and distributing information.⁸⁶

Before 1936, the most important work carried out by the SNDC and the Special Areas Commissioner was investigation and publicity. Following the lead set by the Glasgow Development Board's publications, the SNDC produced a quarterly glossy magazine, *Scotland*. Launched in March 1934, the magazine had a strikingly modern design, using large photographs both on the cover and inside to display a vision of Scotland that went beyond the sentimental or the traditional. An intelligent, even high-minded publication, the magazine avoided party politics but sought to promote Scotland as an attractive, cultured nation. The debate about Scotland's future permeated the pages. Lithgow contributed an article to the first edition which claimed that 'a greater sense of responsibility is awakening in our businessmen and public figures', while a few months later, the historian J.M. Bulloch, noted that 'in Scotland itself, a new sense of entity is arising...the feeling that Scotland must do something for herself.'⁸⁷ Amongst articles promoting Scotland as a suitably modern location for doing business, the magazine aimed to promote the tourist trade and, in a nod to the literary renaissance, give a voice to cultural matters. Playwright James Bridie and historian

⁸⁶ *Parliamentary Papers*, 1936 (Cmd. 5089), Commissioner for Special Areas in Scotland, Report for the period 1 July 1935 to 31 December 1935.

⁸⁷ *Scotland*, Issues 1 and 3, Spring and Autumn 1934.

J.D. Mackie graced the first issue. Reflecting the period there were also many articles about healthy outdoor activities like hiking, cycling and skiing. Moreover, while the circulation was relatively modest, it was self-supporting from the first issue. The SNDC President, Lord Elgin, explained the concept in a BBC broadcast when he criticised the constant flow of negative press coverage and speeches which ‘tended to the natural result that Scotsmen began to believe there was something wrong with Scotland, and the outside world thought it a place to be avoided’.⁸⁸

Scotland was a useful propaganda tool but the Development Council was determined to have premises in London to promote Scottish goods and services. As a consequence, the SNDC established the Scottish House in Central London - a dedicated exhibition space designed to act as a focus for the promotion of industry, trade and tourism. Located on the Strand, the premises were intended to provide a link between Scottish businessmen, government and overseas investors.⁸⁹ The initiative was funded by the Commissioner for Special Areas and the refurbished premises featured large window displays which were used to showcase a variety of Scottish products and features.⁹⁰ As with the other actions of the SNDC, the real prize was to secure new industries and factories for Scotland and the first annual report in 1932 had included the suggestion not only of the London venture but various centres abroad ‘to exhibit, advertise and distribute their productions and attractions’.⁹¹ In 1937, consideration was even given to opening a Scottish Propaganda Bureau in New York.⁹² These

⁸⁸ *Glasgow Herald*, 9 March 1934.

⁸⁹ *The Scotsman*, 16 February, 1933.

⁹⁰ The exhibition space was used in 1937 and 1938 to promote Scottish Industrial Estates Ltd and the 1938 Glasgow Empire Exhibition.

⁹¹ GUA, Papers of Lord Weir, Scottish National Development Council, First Annual Report, 1932, DC96/18/147.

⁹² GUA, Papers of Earl of Elgin and Kincardine, SNDC Minutes, March 1937, Accn. 2770/9/1.

developments highlight the Development Council's willingness to exploit positive perceptions of Scotland, yet the urgency behind the London 'mission' suggests that having a presence in the capital - the symbolic heart of Empire - was regarded as an essential element of Unionist Nationalism.

Some of the early projects were clearly inhibited by lack of resources. During late 1931 and early 1932, the SNDC backed a series of Shopping Weeks across Scotland designed to promote home-grown goods and attract tourists; the judicious placing of stories in newspapers provided the necessary propaganda with minimal expenditure.⁹³ In 1935, the SNDC took over the work of the Scottish Tourist Agency (STA). With both organisations undertaking propaganda work, there was a clear duplication of effort and the work of promoting Scotland to potential visitors in London was quickly transferred to the Scottish House. Yet, finance remained a concern, with Lord Elgin noting at the time of the amalgamation that the only funding available would be whatever could be found within the Special Areas budget. In a letter to Lithgow, Elgin voiced his hope that if Sir Godfrey Collins and Sir Arthur Rose 'would be more courageous and not always stand at the tail of England, we might be able to get a move on'.⁹⁴

The Scottish Office remained at one remove from the SNDC; the funding which came to the Council came through the Special Areas Commissioner. Clearly dissatisfied with economic progress, comments made in the wake of a SNDC delegation to the Secretary of State for Scotland, Sir Godfrey Collins, in late 1935 suggest that the Scottish Office was reconciled to a

⁹³ *Glasgow Herald*, 10 February, 18 March, 1932.

⁹⁴ UGA, Papers of Earl of Elgin and Kincardine, SNDC Correspondence, Lord Elgin to Sir James Lithgow, 20 May 1935, Accn 2270/6/10.

more emphatic intervention. Echoing the thoughts of Sir Arthur Rose, who had talked of the need for 'an authoritative Scottish body' in his July 1935 Report, the staff in Sir Godfrey Collins office acknowledged the limitations of the SNDC.⁹⁵ The civil servants noted:

The real question seems to be what view should be taken of the malady from which Scottish industry is suffering. If it is merely a passing illness, then recovery may be hastened by the proposed propaganda and publicity as a kind of tonic. But if the malady is a serious one due to the unhealthy conditions inside the patient or prejudicial conditions outside him, then this propaganda and publicity will have little effect unless accompanied by something directed to a real cure.⁹⁶

After several years it became clear that the SNDC could boast only a handful of successes. The promotional activities may have raised the country's profile but there was little in the way of direct investment to show for it. A short list of new factory openings in 1933 was made up of small manufacturing concerns: canning, confectionary and clothing.⁹⁷ There was nothing to absorb the thousands of workers who had been laid off in the staple industries. Tellingly, there were only 12 new factory openings in 1933 compared with 29 closures.⁹⁸ Figures for 1932, showing 21 factories opening against 36 closing, were eclipsed by those for the London area where 251 factories opened against only 50 closures.⁹⁹ It was not until 1935 that the number of factories opened in Scotland exceeded the number closed. Between 1932

⁹⁵ *Parliamentary Papers*, 1935 (Cmd. 4958), Commissioner for the Special Areas in Scotland, Report for the Period 21st December 1934 to 30th June 1935.

⁹⁶ NRS, Industrial Development, Notes on a deputation from the SNDC and STA to Sir Godfrey Collins, 24 July 1935, DD10/301.

⁹⁷ NRS, Industrial Development, Survey of Industrial Development, 1933, DD10/301.

⁹⁸ *Ibid.*

⁹⁹ NRS, Factories - Opening/Closing, 1932, DD10/297.

and 1934 only 53 opened against 89 closures.¹⁰⁰ In the late 1930s, the highly partisan London Scots Self Government Committee, a grouping of Labour Party supporters sympathetic to Home Rule, noted that unemployment in Scotland had risen from being 26% higher than in England during 1932 to 101% higher in 1937. The difference was, of course, the result of a far faster recovery in the south, but the Committee was damning in its criticism of the Development Council's work to date. Describing Lithgow and Bilsland's attempts to bring new light industries to Scotland as 'farcical if it were not so tragic', the Committee condemned the 'dazzling mirage...which for eight years has kept the Scottish public a nation of Micawbers waiting, ever hopefully, for those miraculous new industries to turn up'.¹⁰¹

Lithgow, Bilsland and other SNDC supporters clearly fully supported plans to promote diversification, but other industrialists preferred to wait for an upturn in trade which would restore heavy industries like steel and shipbuilding to their pre-eminent position. Shipbuilders and engineers were noticeable by their absence in the ranks of the SNDC, as was John Craig of Colvilles Ltd, the principal steel manufacturer. While all the evidence at the start of the decade pointed to a permanent decline in Scottish heavy industry, by 1934, it was becoming clear that growing tension in Europe and Asia would, in all likelihood, spark a surge in rearmament orders. The efficiencies of rationalisation meant that those firms which began to grow through rearmament orders required far fewer men than in the past. As a result, the SNDC had to contend with the disinterest of many West of Scotland industrialists who saw little point in becoming involved in light industries while their firms operated at near full capacity.

¹⁰⁰ Clydesdale Bank Ltd, *Sixth Annual Survey of Economic Conditions*, p7.

¹⁰¹ Burns, *The Real Rulers of Scotland*, pp20-21.

During the first few years of its existence, the SNDC struggled to make an impact. After the goodwill engendered by the launch, there was a long period when there were few tangible successes and indeed unemployment and factory closures continued to rise. Conscious that there was an alarming lack of information about Scottish industry, the Development Council used the expertise available to it and concentrated on accumulating data and quality research. Taking into account both the Council's financial limitations and the fragile economic conditions, there was little they could do beyond research. Through various investigative sub-committees, the SNDC sought to direct its limited resources to the most promising projects. The limited success in attracting new industry was, however, demonstrated by the growing gulf between Scotland and the South of England - a gap which widened as the southern economy shrugged off the worst of the depression. Growing frustration about the lack of progress ultimately led to the creation of the SEC in April 1936. Discussed in detail in the following chapter, the SEC, a sub-committee of the main SNDC, delivered some of the promise of the Development Council, but more importantly provided the strongest manifestation of both Unionist Nationalism and corporatist 'middle opinion'. With strong financial support from both the Scottish Office and the Special Areas Commissioner and more forceful powers of intervention, the SEC not only began to formulate meaningful industrial planning, it was able to deliver visible successes, albeit in a more favourable economic environment.

3: The Scottish National Development Council and Politics

As a voluntary body taking its membership from across a broad spectrum of Scottish life, the SNDC clearly enjoyed a degree of independence from the state, but financial constraints and a desire to work constructively with the Special Areas Commissioner inevitably brought the two sides closer. From its inception, the SNDC received strong support from the Secretary of State for Scotland and this was seen to best effect with the considered interventions of Sir Godfrey Collins between October 1932 and his untimely death in October 1936. The business community's reaction to the rise of Home Rule has been noted in an earlier chapter, but Collins played a significant role in developing a coherent response to nationalism by maintaining pressure for administrative devolution, and his supportive advocacy of the SNDC case was a key element of this strategy. Speaking about the SNDC in March 1934, Collins told his audience that, 'we want men and women talking and thinking about present day problems and pooling their ideas like enthusiasts unraveling difficult crossword puzzles'.¹⁰²

The diverse membership reflected the depth of concern about Scotland's position. The trade-unions struggled with the idea of sharing a platform with industrialists like Lithgow, yet they were sympathetic to the overall aim of reviving trade, and sought a means to express their belief that Scots deserved a greater say in their industrial future.¹⁰³ At the 1931 Scottish Trades Union Congress (STUC) conference in Elgin, the President, Charles Gallie, repeated a familiar complaint:

¹⁰² *Glasgow Herald*, 27 March 1934.

¹⁰³ William Elger, Secretary of the STUC and a Labour councillor on Glasgow Town Council was a member of both the Chairman's Committee of the SNDC and a full member of the SEC. See W. Knox, 'Elger, William (1891-1946)' in W. Knox (ed.) *Scottish Labour Leaders 1918-1939* (Edinburgh: Mainstream, 1984), pp107-110.

Whether this is a consequence of supineness or indifference of the Scottish industrialist I cannot say, but there is every indication that the fusion of Scottish banks with English concerns, and the gradual but certain centralisation of finance and business administration are definitely affecting Scottish interests.¹⁰⁴

Despite the hostility to the industrialists, William Elger of the STUC played a full part in the business of the SNDC, serving on many of the investigative committees. At a time when the Labour Party was recovering from the losses of the 1931 General Election, the SNDC at least provided them with an outlet for their concerns, and as the Council increasingly embraced a corporatist agenda as the decade progressed, the participation of the trade unions added further to the perception of a growing consensus. Nevertheless, unease at the continuing co-operation with Lithgow and Bilsland was never far from the surface. At the 1935 STUC conference, Mr Barron of the Woodworkers Union lamented that:

They had industrial planning now, and he had been rather amazed when he saw press reports of the activities of the General Council in association with the chief planner for Scotland, Sir James Lithgow, who had planned so well that he had made derelict many places in Scotland where industry used to flourish. If industries were brought back to Scotland on the industrial plan of Sir James Lithgow they ought to be left where they were.¹⁰⁵

¹⁰⁴ GCURC, Scottish Trade Union Congress, Annual Report – Presidential Address, 1931.

¹⁰⁵ GCURC, Scottish Trade Union Congress, Annual Report – Debate on Industrial Development, 1935, p119.

Perhaps more striking than the trade union participation was the large number of Home Rule supporters who allied themselves with the SNDC. There was considerable crossover with the moderate Home Rulers who successfully provoked much of the business community in the autumn of 1932.¹⁰⁶ The language and imagery employed by the Development Council, coupled with the optimism and hope implicit in its actions, ensured broad support. Sir Henry Keith, who had spoken in favour of the SNDC at the Convention of Royal Burghs in 1931, was a venerable figure in local government and a staunch Unionist, but he was also a supporter of a Scottish parliament in Edinburgh. At the first meeting of the new Council in May 1931, Keith told his audience that ‘they wanted to give emphasis to everything Scottish. They wanted the Scottish people to support Scottish industry in every conceivable way’.¹⁰⁷ One of the most eloquent supporters of the new organisation was Provost Alexander MacEwen of Inverness, a Highland Liberal whose nationalist sympathies came to the fore the following year in the short-lived Scottish Party.¹⁰⁸ Describing ‘Scotland’s ebbing trade’, MacEwen called for scientific investigation to counter a decline that threatened ‘social, moral and spiritual repercussions calculated to alarm the most optimistic’.¹⁰⁹ In fact, a good proportion of the SNDC’s most active members displayed some degree of support to the Home Rule campaign. Aside from MacEwen and Keith, representatives from the Scottish Cooperative Wholesale Society (SCWS) and the Scottish Trade Union Congress (STUC) supported Home Rule. Even the SNDC President, Lord Elgin, another committed Unionist, sent a letter of support to the Duke of Montrose at the founding of the Scottish Party.¹¹⁰ The majority of these Home Rulers

¹⁰⁶ Movement to Oppose Agitation for a Scottish National Parliament, *Statement to give expression to Public Opinion in Scotland in Opposition to agitation for a Scottish National Parliament*, (Edinburgh, 1932).

¹⁰⁷ *The Scotsman*, 28 May 1931.

¹⁰⁸ R.J. Finlay, *Independent and Free: Scottish Politics and the Origins of the Scottish National Party, 1918-1945* (Edinburgh: John Donald, 1994), pp130-131.; MacEwen’s thoughts on the future of Scotland were published in 1932, see A. MacEwen, *The Thistle and the Rose: Scotland’s Problem Today* (Edinburgh: Oliver & Boyd, 1932).

¹⁰⁹ *Glasgow Herald*, 13 May 1931.

¹¹⁰ *Glasgow Herald*, 15 September 1932.

rejected outright separation but they were comfortable with the Development Council's mix of patriotism and pragmatic engagement with the Scottish Office and the Special Areas Commissioner. Nevertheless, Lithgow still felt it necessary in 1933 to state that the SNDC was not 'in any sense a Scottish nationalistic body in its inception', and in 1935 the organisation dropped the word national from its title altogether in case of any misunderstanding.¹¹¹

A smaller band of more forthright nationalists was, however, disappointed by the SNDC. The *Scots Independent*, the journal of the National Party of Scotland, felt that 'a purely advisory body....cannot lead Scotland out of her distresses'.¹¹² Commenting on the April 1931 meeting of the Convention of Royal Burghs, the newspaper declared that 'only a fully self-governing Scotland can carry through a really effective policy of national trade revival'.¹¹³ Taking offence at Sir James Lithgow's prominent role in the new organisation, the paper later complained about his qualification to promote industry when he had 'actively assisted in rationalising away industries from Scotland...the Council with such a chairman has become a farce'.¹¹⁴ The nationalists' disdain was matched by voices from the left, particularly the polemical pamphlets of the London Scots Self-Government Committee. Looking back at the work of the SNDC in 1938, Thomas Burns, wrote that:

Recent years have seen an undemocratic and irresponsible substitute for self-government tried out (and found wanting!) in the shape of the Scottish Development Council, a group of powerful Scots industrialists who, having

¹¹¹ *Glasgow Herald*, 25 March 1933.

¹¹² *Scots Independent*, February 1931.

¹¹³ *Ibid*, May 1931.

¹¹⁴ *Ibid*, November 1931.

effectively ruined their country by their lack of foresight, then set themselves up as a Committee to save her.¹¹⁵

The tension between Unionist and Home Rule supporters can be overstated. Some of the most notable Home Rule supporters, men like Andrew Dewar Gibb, came from the intellectual wing of Unionism, while the moderate Home Rule wing of the Scottish Party was populated by refugees from the Unionist Party.¹¹⁶ Moreover, Scottish Unionists, enjoying considerable electoral success throughout much of the inter-war period, had become adept at blending a persuasive Scottish patriotism into their pro-Union and pro-Empire narrative. Hutchison has noted that Scottish Unionists shaped policy for a Scottish audience, allowing some divergence from their southern Conservative colleagues, and this became explicit in the transfer of powers and personnel to the enlarged Scottish Office in the mid-1930s.¹¹⁷ Walter Elliot was central to the Unionist position on Scotland. He was one of the most active Scottish Unionist politicians throughout the 1920s and 1930s, serving as an under-secretary in the Scottish Office (1924-29), Minister for Agriculture (1932-1936) and Secretary of State for Scotland (1936-1938).¹¹⁸ Elliot's accommodation with state intervention had been demonstrated in the 1920s when he supported both the Empire Marketing Board and the provision of free milk in schools, and he was a member of a group of Scottish Unionists - others included Noel Skelton and Robert Boothby - who became vocal in their support of economic planning.¹¹⁹

¹¹⁵ Burns, *Plan for Scotland*, p18.

¹¹⁶ Mitchell, *Conservatives and the Union*, pp45-48

¹¹⁷ Hutchison, *Scottish Politics in the Twentieth Century*, p50.

¹¹⁸ Pottinger, *The Secretaries of State for Scotland, 1926-1976*, pp63-72.

¹¹⁹ G.F. Millar, 'Elliot, Walter Elliot (1888-1958)' in *Oxford Dictionary of National Biography*.

His was a pragmatic Unionism, and Ward has suggested that, for Elliot, 'Unionism had to demonstrate that it could respond to the Scottish sense of national distinctiveness'.¹²⁰

The urge to take control of events - a central theme of this thesis - can be detected again in the active involvement of Lithgow and Bilsland at the heart of the SNDC. In attempting to create circumstances conducive to an economic revival, or by attracting new industries, the industrialists sought to bring decision-making back to Scotland in a manner which preserved the Union relationship. This nod to Scottish sensibilities, together with the constant mantra of self-help, provides a link with the Unionist Nationalism discussed throughout the thesis. The sense of taking responsibility evident in the various rationalisation schemes, and a key element in the development of 'middle opinion', is summed up in comments made by James Lithgow in Glasgow in March 1933, when he told his audience that 'our difficulties, in so far as they are capable of being overcome, are our own difficulties, and we will overcome them by our own efforts and not by appealing to others for help'.¹²¹

4: Conclusion

The SNDC was a response to the deep-rooted unease which permeated all levels of Scottish society in the early 1930s. As a voluntary self-help organisation, it saw its role as 'stimulating psychological influence', restoring some of the self-confidence which had been lost as traditional industries floundered in the extended trade slump.¹²² With its voluntary structure and web of sub-committees, it provides an obvious echo to Morton's Unionist Nationalism,

¹²⁰ Ward, *Unionism in the United Kingdom*, 1918-1974, p28.

¹²¹ *Glasgow Herald*, 25 March 1933.

¹²² GUA, Papers of Earl of Elgin and Kincardine, SNDC Annual Report, 1935, Accn 2270/9/1.

adding to the evidence of a pervasive associational culture linking the commercial and political interests of Scotland's inter-war industrialists. This blend of local and national interest is part of the connection between the associational culture and the corporatism which became more explicit as the 1930s progressed. It is possible to see the creation of the SNDC as a further example of the defensiveness which influenced so many of the industrialists' actions. Economically, they sought to reconfigure Scottish industry. There was an urgency to their diversification plans as they considered a strong economic revival the most effective route back to stability and the best option for maintaining their influence. The political danger posed by socialism may have receded by the early 1930s, but Home Rule threatened the Union relationship and a revival in economic activity would have been the most obvious riposte to nationalist rhetoric. The Unionist Nationalism represented by the SNDC is, however, more nuanced than the examples of rationalisation or the associational culture. Finlay has argued that 'Unionism had to tread a fine line of acknowledging Scottish national sentiment and its grievances without promoting political nationalism' and in many respects the SNDC was an exemplar of this.¹²³ The SNDC found favour with the leading figures in the moderate Home Rule movement, with Sir Alexander MacEwen, for example, proving to be an articulate, charismatic and popular spokesman. But Lithgow's complaint at the lack of Development Council supporters at an anti-Home Rule rally exposed suspicions within a large section of the Unionist business community about the motives of the new body.

Although the SNDC, under Lithgow's leadership, displayed clear signs that it wished to become a more muscular and interventionist organisation, in practical terms it had few

¹²³ Finlay, *A Partnership For Good?*, p110.

tangible successes. Despite innovative propaganda methods and boundless enthusiasm, global trading conditions and the continuing effects of the past over-reliance on a few staple industries ensured that there were few significant advances. During a period when the south of England was powering ahead, recovering quickly from the effects of depression, it became increasingly clear to a broad array of Scottish businessmen, politicians, trade unionists and interested individuals that improvement in Scotland would require more forceful intervention. In many respects, the SNDC can be viewed as a transitional body. The real significance of the SNDC lies in the pivotal role it played in developing a new appetite for centralised planning control and the fact that it was through a sub-committee of the Council that Scotland gained a strikingly interventionist body, the SEC, which set the course for the corporatist consensus which prevailed until the mid-1970s. In both the SNDC and the SEC, we see the most striking manifestations of Unionist Nationalism in the inter-war period, examples which take the concept away from the minutiae of civic administration and locate it firmly at the centre of Scottish economic development.

Chapter Five: Scottish Economic Committee

1: Introduction

In early 1936, continuing disquiet within both the business community and the Scottish Office about the slow pace of recovery led to the creation of the Scottish Economic Committee (SEC). Described as ‘an authoritative Scottish body to assist economic planned development and research’, the new Committee co-existed with the parent SDC for the remainder of the 1930s, with Lithgow, Bilsland and Elgin, again providing the leadership.¹ In comparison with launch of the SNDC in 1931, the Economic Committee was a more purposeful outfit, reflecting an economic environment dominated by rearmament and the shadow of war. Membership of the SEC was dominated by an impressive list of names from Scottish banking, the main railway companies and the larger industries, with the three representatives from the STUC providing the only real link with the broad coalition which had backed the SNDC.² The corporatism which was already apparent in many aspects of the Development Council’s work assumed greater significance as the SEC embraced interventionism and planning, actively seeking to emulate the successful trading estates of the south while lobbying hard to gain a larger share of rearmament orders for Scottish firms. This acknowledgement of Scottish sensibilities coincided with the increasing autonomy of the newly devolved Scottish Office machine, creating a degree of independence from Whitehall which helped underpin Unionist Nationalism. Between them, the SEC and SDC had, by the late 1930s, become forceful advocates of a new form of regional development.

¹ National Archives (NA), Board of Trade Papers, Scottish Economic Committee, Notes on the Scottish Economic Committee, November 1936, BT104/84. The SNDC had dropped the ‘national’ from its name in 1935, and was henceforth known as the Scottish Development Council (SDC).

² See Appendix 2.

This chapter examines the actions of the SEC and the SDC between 1936 and 1939, considering how their activities demonstrated a willingness on the part of Scottish business to accept heightened cooperation with the state. The most explicit examples of this developing corporatism - the creation of Scottish Industrial Estates, the financial incentives and attempts to capitalise on rearmament - built upon the work of the SNDC, but they were also informed by the wider experience of the distinctive problems facing the Scottish economy. The chapter also describes those cases where the Committee promoted bold schemes which directly addressed Scotland's sense of national identity and the country's place in the world. The Empire Exhibition in Glasgow in the summer of 1938 borrowed patriotic imagery to emphatically restate Scotland's recent history as a central part of the Imperial adventure and stressed the continuing importance of the exporting trades through a range of industrial exhibits. The SEC report on economic and social conditions in the Highlands and Islands, published in 1938, was a reminder that the Committee's interests extended beyond the industrial counties of central Scotland and demonstrated again an acceptance of the need for intervention.

As stepping stones to post-war regional policy, the various SEC projects provided a striking example of inter-war 'middle opinion'.³ Walter Elliot, Secretary of State for Scotland after the death of Sir Godfrey Collins in late 1936, provided a compelling explanation for the heightened interest in economic revival when he wrote in 1937 of 'the dissatisfaction and

³ Harvie, *No Gods and Precious Few Heroes*, p51; Marwick, 'Middle Opinion in the Thirties', pp285-298; Paterson, *The Autonomy of Modern Scotland*, p105-119.

uneasiness amongst moderate and reasonable people of every view or rank'.⁴ The culture of duty and responsibility which was a characteristic of the many strands of inter-war Unionist Nationalism was, in many respects, a legacy of nineteenth century paternalism, yet, as Fry notes, there was also a self-confidence and certainty evident in the actions of the leading industrialists which explains their determination to shape events.⁵ The revived interest in imperial trade, the reconnection with Empire and the continued appropriation of all things Scottish as a means of emphasising the Union relationship stemmed from a fear of the consequences of unchallenged nationalism, a continued suspicion of socialism and an appreciation of the detrimental effects of an increasingly globalised economy. The common ground between moderate Unionism and moderate Nationalism has been discussed in previous chapters, and it is notable that the consensual 'middle opinion' which emerged in the 1930s was expressed in language which identified the distinctly Scottish nature of the problems and potential solutions. Yet it was suggested by the leading figures in the SEC that while economic planning must be responsive to Scotland's needs, it could only succeed through continued participation in the wider Union.

The SEC aimed to refocus attention on the Scottish economy and bring a new element of cooperation between business and the state. Describing efforts to convince the STUC of the effectiveness of the new body, a Scottish Office official explained that they were told by John Colville, Under Secretary for Scotland, that the plans 'were a definite step in the direction of Government co-operation and assistance'.⁶ They needed reassurance: despite good

⁴ NRS, Special Areas: Committees, Memo: 'The State of Scotland', 1937, DD10/175; G.F. Millar, 'Elliot, Walter Elliot (1888-1958)' in *Oxford Dictionary of National Biography*.

⁵ Fry, *Patronage and Principle*, p182.

⁶ GUA, Papers of Earl of Elgin and Kincardine, David Milne to James Lithgow, 11 March 1936, Accn 2270/6/10. John Colville, a member of the Colville steel family, was Under Secretary for Scotland November 1935 -

intentions and considerable support from many sections of business and civic Scotland, the SNDC had failed to deliver any meaningful transformation. The few examples of diversification in the early 1930s - which tended to be in low-skill areas like the canning industry or mechanised factory work - paled into insignificance compared with progress in the south of England. Troublingly, although rearmament boosted Clyde shipyards and the surviving steel firms, specialised engineering and assembly work in the air and motor vehicle sectors tended to stay close to the Midlands and South of England.⁷

The creation of the SEC adds a further element to the overall Unionist Nationalist thesis. Growing signs of Scottish Office independence from Whitehall in the 1930s suggested a new confidence that these issues could be best addressed within Scotland itself.⁸ Lindsay Patterson's observation that 'the Scottish Office led the way in promoting the notion of a Scottish national interest' was as accurate in the late 1930s as it was in the 1960s.⁹ In associating themselves with the increased powers of administrative devolution, the business community was not simply trying to defuse the brief burst of Home Rule activity in the early 1930s. There was a more considered belief that by transferring a degree of economic oversight to Scotland, albeit in a manner of their choosing, they could continue their work in reshaping the economy, reviving traditional industries while actively seeking to diversify. It is notable too that where Morton described a fear and suspicion of centralisation, by the 1930s, the local sphere had been exchanged for the national through bodies like the SNDC or the Scottish Office. Yet these bodies demonstrate a new independence from Whitehall or from

October 1936; Financial Secretary to the Treasury November 1936 - May 1938; Secretary of State for Scotland May 1938 - May 1940.

⁷ Peebles, *Warshipbuilding on the Clyde*.

⁸ Campbell, 'The Scottish Office and the Special Areas in the 1930s', p182.

⁹ Paterson, *The Autonomy of Modern Scotland*, p118.

UK trade bodies – centralisation, where it occurs in the late 1930s, was focused on the new administrative hub in Edinburgh. Nevertheless, local government remained a key element of this process – as witnessed by the controversial expansion of direct labour in Glasgow in late 1930s – but the primacy of local governance as described by Morton had, by the inter-war period, been eclipsed by the enlarged and emboldened Scottish Office.

2: The Scottish Economic Committee

The creation of the SEC in 1936 reflected the extensive collaboration between the SDC, the Commissioner for the Special Areas in Scotland and the Scottish Office. The concerns about the limited scope of the SNDC reflected a sense that as the initial momentum of the launch in 1931 had diminished, a palpable sense of drift had emerged. 1935 was the first year since 1929 where the number of factories opening in Scotland exceeded the number closing, but even here, the credit balance of just seven factories was pitiful.¹⁰ Unemployment rates had improved since the low-point of 1931-32, but they remained stubbornly high in the industrial counties surrounding Glasgow. 100,001 insured workers were unemployed in Glasgow alone in December 1935, a fall of just 30,000 since 1932, and a significant proportion of the overall Scottish total of 303,329.¹¹ Rearmament presented new opportunities for some elements of the heavy industries, but even here, there were concerns that the lessons from 1920s were being ignored. In late 1936, with many Clydeside yards and steelworks at near full production, Steven Bilsland warned in the *Glasgow Herald Trade Review* that ‘the depression brought out in bold relief the too narrow basis of our economic structure’.¹² Just over a year later, he had

¹⁰ Clydesdale Bank Ltd, *Fourth Annual Survey of Economic Conditions in Scotland*, p7.

¹¹ *Ibid.*

¹² *Glasgow Herald Trade Review*, 28 December 1936.

grown more anxious, warning the Scottish Office that when the rearmament boom subsided, 'there will inevitably be a recurrence of the recent extreme depression unless something is done to broaden the basis of employment, and done quickly'.¹³ Diversification had been one of the Development Council's key ambitions since 1931, yet the threat of companies moving production south to more buoyant markets remained as potent as ever. The Nationalist writer George Malcolm Thomson complained in 1935 that 'Scotland *is* in decline. Scotland *is* suffering from a wasting economic ailment...Her power to make goods and to support her population *does* dwindle while that of her neighbours grows greater.'¹⁴ The SEC was an acknowledgement that, despite the energy and enthusiasm of the SNDC, a more focused organisation was necessary if the stated aim of reshaping the Scottish economy was to become reality.

The idea of an Economic Committee first came to prominence in remarks by the Commissioner for Special Areas for Scotland, Sir Arthur Rose, in his 1935 Report.¹⁵ He was inspired and encouraged by Dr James Alexander Bowie, Director of Dundee School of Economics and Commerce, who had called for 'extensive scientific efforts' to accelerate the pace of economic development, citing the inadequacy of the existing work of the Commissioner and the SNDC.¹⁶ Bowie published his own manifesto for planned economic development, *The Future of Scotland*, in 1939, arguing for 'co-operative action' which would 'allow Scotland to find her soul again'.¹⁷ The First Report of the Commissioner for Special

¹³ NRS, Scottish Economic Committee, Memo: Future of the Scottish Economic Committee, 3 September 1937, HH36/117.

¹⁴ Thomson, *Scotland, That Distressed Area*, p62.

¹⁵ *Parliamentary Papers*, 1934 (Cmd. 4958), First Report of the Commissioner for the Special Areas (Scotland) (Special Areas).

¹⁶ National Archives (NA), Board of Trade Papers, Scottish Economic Committee, Notes on the Scottish Economic Committee, November 1936, BT104/84.

¹⁷ J.A. Bowie, *The Future of Scotland* (Edinburgh: Chambers, 1939), pp99-100.

Areas in Scotland (1935), with its call for an 'authoritative Scottish body' to consider economic planning, suggested a degree of frustration on the part of Rose as he worked under Treasury imposed financial restrictions.¹⁸ Neville Chamberlain, Chancellor of the Exchequer (1931-1937), had told the Commissioner 'not to be afraid to experiment', but in the first few years, Rose operated under such severe financial constraints that he became convinced of the need for more muscular intervention if he was to make any impact.¹⁹ The Secretary of State for Scotland, Sir Godfrey Collins (1932-1936), proposed that a strengthened Development Council offered the best means of carrying through the Commissioner's plan.²⁰

When he announced the creation of the SEC in Parliament in April 1936, Sir Godfrey Collins stressed that a major part of the new body's work would be to understand fully the decline of the previous two decades. He suggested that the much lower rate of emigration – largely due to the lack of opportunities overseas – had swollen the unemployment figures, but he questioned why so many young Scots had felt it necessary to leave in the years after the Great War. When asking why so few new industries had come to Scotland, he mentioned his belief that a lack of credit facilities was to blame - yet the Special Areas Commissioner had been specifically barred from financial intervention in private industry. Collins also queried why Scotland had not shared in the rapid expansion of motor vehicle manufacturing. Linked to this was the urgent need for trading estates like those in Park Royal and Slough which Collins offered as a blueprint for Scottish industrial revival. The boom in consumer goods had passed Scotland by, in part because industry remained focused on the traditional sectors, but also

¹⁸ G.C. Peden, 'The Managed Economy: Scotland, 1919-2000' in T.M. Devine, C.H. Lee and G.C. Peden, eds., *The Transformation of Scotland: The Economy Since 1700* (Edinburgh: Edinburgh University Press, 2005), p243.

¹⁹ Scott, *The Triumph of the South*, p259.

²⁰ GUA, Papers of Earl of Elgin and Kincardine, Sir Godfrey Collins to Lord Elgin, 10 December 1935, Accn 2270/9/1.

because the main markets for these new products lay elsewhere. As he considered the Commissioner's proposal, Collins appeared to take cognisance of the limitations of the Development Council. His officials noted:

The real question seems to be what view should be taken of the malady from which Scottish industry is suffering. If it is merely a passing illness, then recovery may be hastened by the proposed propaganda and publicity as a kind of tonic. But if the malady is a serious one due to the unhealthy conditions inside the patient or prejudicial conditions outside him, then this propaganda and publicity will have little effect unless accompanied by something directed to a real cure.²¹

Despite being set up as a sub-committee of the SDC, the co-operation and financial support of the Scottish Office and the Commissioner for Special Areas ensured that the SEC assumed a quasi-official status, blurring the lines between business and the state. Welcoming signs of 'a revival in the old Scottish spirit of self-help', the *Glasgow Herald* noted that the SEC signalled a move from 'the necessary task of survey to brisk and aggressive action.'²² This may have been over optimistic, but it suggests the relief, even amongst the conservatively-minded leader writers of the *Glasgow Herald*, that something was being done. Collins was keen to stress the independence of the SEC, stating that it 'would not be subject to government control'.²³ His Unionist successor, Walter Elliot, continued to make the case for a distinctly Scottish approach to economic revival, Hutchison noting that the 'adoption of an

²¹ NRS, Industrial Development, Notes on a deputation from the SNDC and STA to Sir Godfrey Collins, 24 July 1935, DD10/301.

²² *Glasgow Herald*, 18 April 1936.

²³ NRS, Special Areas, Sir Godfrey Collins, Memo: 12 February 1936, DD10/170.

interventionist approach was central to the Unionist appeal in Scotland'.²⁴ The constant dialogue between the SEC leadership, Scottish Office ministers and their senior civil servants, brought a strong degree of consensus and, as Harvie has noted, Elliot was adept at sounding out opinion as he created 'a kind of one-party state ethos bridging businessmen, professionals, even collectivists'.²⁵ Autonomy on this scale created tensions between the Scottish Office and the Treasury and it became apparent as early as 1936 when Neville Chamberlain claimed that any new body [the SEC] which supplanted the Special Areas Board would be tantamount to an admission of government failure.²⁶ Chamberlain felt that rearmament would provide the necessary stimulus for Lanarkshire and the Clyde, with smaller suppliers benefitting from a trickle-down effect. Over the period 1936-1938, Treasury interest in the Special Areas appeared to cool, partly because of the need to impose spending restraints across government, but primarily because, in parts of England, there was growing evidence that conditions were indeed improving.²⁷ The failure of the Treasury to show any real understanding of the nuances of the Scottish economy helped build consensus in favour of intervention and provides one of the key building blocks of the economic Unionist Nationalism which found its voice in the SEC.

The apparent schism between London and Edinburgh which emerged in the late 1930s was indicative, on the Scottish side, of an appreciation that even after administrative reform in the Scottish Office, the ingrained nature of the country's economic problems demanded a

²⁴ Hutchison, *Scottish Politics in the Twentieth Century*, p50.

²⁵ C. Harvie, 'Scottish Politics' in A. Dickson and J. H. Treble, eds, *People and Society in Scotland Volume III 1914-1990* (Edinburgh: John Donald, 1992), p247.

²⁶ NRS, Special Areas, Neville Chamberlain to Sir Godfrey Collins, May 1936, DD10/170.

²⁷ Campbell, 'The Scottish Office and the Special Areas in the 1930s', p179.

specific Scottish response.²⁸ In this context, the close ties between the Scottish Office and the SEC became crucial. The creation of the Economic Committee coincided with the appointment of Sir John Gilmour, a respected former Secretary of State for Scotland (1924-1929), to chair a review of the Scottish Office in light of proposals to devolve a significant proportion of the administrative functions from London to Edinburgh.²⁹ Aside from the physical move, the subsequent report of the Committee on Scottish Administration contained a series of recommendations which, taken together, represented a significant modernisation of the governance of Scotland.³⁰ The debate within Scotland over the reconfiguration of the Scottish Office in 1936-37 was surprisingly muted, but the outcome empowered officials in Edinburgh, added authority to the role of Secretary of State for Scotland and sat comfortably with the economic interventions of Scotland's industrialists.³¹

The status of the SEC - at one remove from the state - highlights the distinct space the new body occupied in Scottish civil society. Having emerged from the associational culture of old and emerging elites, it was to become a significant element of the developing autonomy in the governance of Scotland. As a sign of the new ambition, it was proposed to address dislocation across Scotland, rather than simply within the designated Special Areas in the industrial west. Explaining his belief in the plans for the Committee, Collins explained to Chamberlain that:

²⁸ *Ibid*, pp182-183.

²⁹ J. Ramsden, 'Gilmour, Sir John, of Lundin and Montrave, second baronet (1876-1940)' in *Oxford Dictionary of National Biography*.

³⁰ *Parliamentary Papers*, 1937 (Cmd. 5563), Committee on Scottish Administration: Report.

³¹ Mitchell, *Governing Scotland: The Invention of Administrative Devolution*, pp146-148.

It is, I deem, a step in advance of what the Government has hitherto done. But the industrial situation in Scotland outside the Special Areas appears to me to call for remedial action and I think it is sound policy to give some financial support to a voluntary body such as the combined Scottish Development Association which is prepared to apply itself to the problem of industrial revival and development in a very large area.³²

Although the SDC had enjoyed warm relations with the Government, there had always been an understanding that it operated quite independently, funded by private subscriptions and the modest sums received from the Special Areas Commissioner. While the SDC was felt to have fulfilled its remit to the best of its abilities, Sir Godfrey Collins advised parliament of the particular funding arrangements for the SEC:

The Committee will receive grant-in-aid from the Commissioner in respect of its work for the Special Areas and arrangements have been made to maintain contact between it and the Government Departments primarily interested in industry.³³

In formalising the funding arrangements, however, the Scottish Office created further problems. The monies provided by the Special Areas Commissioner could only be spent within the designated districts. Much of Scotland, including all the main cities and the most depressed rural areas, were outwith the Commissioner's sphere of interest. With the SDC engaged in a constant round of financial appeals, and with many businesses and local

³² NRS, Industrial Development, Sir Godfrey Collins to Neville Chamberlain, July 1935, DD10/301.

³³ *Parliamentary Debates*, 1936, Vol. 310, pp2000-2002.

authorities weakened by years of hardship and unable to contribute, the new body faced an immediate cash crisis. Within weeks of being formally launched, the SEC set up a Fund Invitation Committee to raise £50,000 to be spent primarily on activities outwith the Special Areas.³⁴ The appeal raised less than half the original target, but the new funds allowed the Economic Committee to continue to be a national organisation, and were a significant factor in setting up the inquiry into conditions in the Highlands and Islands.³⁵ In the initial press announcements, the SEC was confidently described as a 'Committee of all interests', with members being 'outstanding figures', yet it was the assuredness of Lithgow, Bilsland and Elgin which was most striking and which helped give the new body its authority.³⁶ As with the SDC, there was a stress on its patriotic appeal and a continuing dependence on Scottish imagery, while the Development Council's quarterly journal, *Scotland*, continued to provide a broad mix of cultural fare with a dash of propaganda. In contrast to the SDC's diverse membership (which included a number of significant figures from local government, including a few with a distinct nationalist bent), the SEC membership was drawn primarily from the banks and industry. Heavy industry was particularly well represented – there were three directors of Colvilles on the SEC – and the Committee as a whole, despite the presence of three trade union members, demonstrated the extensive reach of the main industrialists.³⁷ At the STUC Annual Conference in May 1936, various members attacked the leadership's willingness to deal with Lithgow, one member stating forcefully that Lithgow would only be collaborating

³⁴ GUA, Papers of Earl of Elgin and Kincardine, SNDC Executive Committee, 1937 Annual Report, Accn 2270/9/1.

³⁵ Scottish Economic Committee, Committee on the Highlands and Islands, *The Highlands and Islands of Scotland, a review of the economic conditions with recommendations for improvement*; Levitt, 'The Creation of the Highlands and Islands Development Board, 1935-1965', pp85-106.

³⁶ *Glasgow Herald*, 2 April 1936.

³⁷ The three trade union representatives on the SEC were: William Elger, Secretary, STUC; C.N. Gallie, Treasurer, STUC; Andrew, General Secretary, Mid and East Lothian Miners' Association and President of the National Union of Scottish Mineworkers.

with the unions if he had an ulterior motive.³⁸ A common refrain was the charge that those men who had caused the worst of the inter-war unemployment and poverty were now in charge of the recovery. Or, as a delegate to the 1937 STUC Annual Conference memorably stated, ‘the captains of the wreckers are the coxswains of the life-boat crews’.³⁹ For all its corporate claims, with many of the larger firms focused on rearmament orders, there was a fear that the SEC was merely a new form of employers’ organisation, dedicated to mobilising industry in preparation for war.

3: Industrial intervention – financial inducements & industrial estates

As the traditional industries declined in the 1920s, it appeared to more thoughtful observers that, such were the new pressures (in terms of overseas competition and changing markets), that there was little chance of a return to pre-war levels of output or employment.⁴⁰ As Peter Scott has described, the gulf between the south east of England and the peripheral regions in England, Wales and Scotland was not simply the result of the collapse in the staple trades, it represented the fact that London and the south east were now the economic, political and cultural hub of the UK, in a manner which had simply not been true in the nineteenth century.⁴¹ The development of Unionist Nationalism in Scotland during the inter-war period was in part a reaction to the political and economic hegemony of London and the south east, yet it also reflected the durability of the bonds of Union for an industrial elite which still sought to influence national (UK) policy through bodies like the FBI and NCEO. It was no

³⁸ Glasgow Caledonian University Research Collection (GCURC), Scottish Trade Union Congress, Annual Report 1936, p105.

³⁹ GCURC, Scottish Trade Union Congress, Annual Report, 1937, p151.

⁴⁰ Campbell, *The Rise and Fall of Scottish Industry*, p185.

⁴¹ Scott, *Triumph of the South*, pp121-134.

coincidence that the SEC interest in regional policy coincided with the reconfiguration of the Scottish Office, and the net result was a shift towards a more collaborative relationship which acknowledged the Scottish dimension of economic renewal.

For the leading figures like Lithgow and Bilsland, the real prize was to emulate southern England's rapid return to prosperity after the depression.⁴² Nevertheless, in their determination to encourage light industries, they were guilty of missing some of the factors which had made growth possible in the south. The south had benefitted from a growing population, higher wages and a sustained increase in home ownership; Scotland, with its low wage economy and persistently high levels of unemployment, simply could not hope to match these indicators and as a consequence hopes of a consumer-led recovery were optimistic at best. Resolve, however, was one thing the SNDC and SEC possessed in abundance, and from 1931 onwards they sought to attract new industries to Scotland, becoming increasingly aware as the decade progressed that modern businesses expected the most up to date facilities, well-connected to their main markets.⁴³ Sir Steven Bilsland was particularly aware of the pressing need for suitable industrial infrastructure. In his role as President of Glasgow Chamber of Commerce, he noted in 1933 that the West of Scotland had no shortage of vacant factories, but they were life expired - generally built to the wrong design and in the wrong location.⁴⁴ There was a glaring difference between the outdated facilities in Central Scotland and a new generation of purpose-built trading estates which had been established in

⁴² T.J. Hatton, 'Structural aspects of unemployment in Britain between the World Wars' in *Research in Economic History*, 10 (1986), pp55-92.

⁴³ Development Board for Glasgow and District, *Glasgow and the Clyde* (Glasgow: Development Board for Glasgow and District, 1932); Edinburgh Chamber of Commerce, *Place Your Factory in Edinburgh* (Edinburgh: Edinburgh Development Committee, 1932).

⁴⁴ *Glasgow Herald*, 25 May 1933.

England.⁴⁵ These new estates had excellent transport links, being built close to arterial roads or main railway lines. They offered smaller units of production and tended to cluster together, forming areas of technical expertise. Crucially, they allowed finished goods to get to market quickly and cheaply. Despite a long track record of engineering achievement, by the 1930s, there were no manufacturers of either motor cars or aircraft in Scotland and the Economic Committee sought to attract both industries.⁴⁶ While there was interest from the car-maker Salmson, and the suggestion from Sir James Lithgow that he might be interested in turning a derelict shipyard in Port Glasgow into an aircraft assembly factory, little came of these plans.⁴⁷ The Spanish designed Cierva autogiro, produced and assembled at G. & J. Weir in Cathcart, was as close as Scotland got to an aircraft industry.⁴⁸

Given that the SEC remained largely dependent on the financial support of the Commissioner for Special Areas, the real turning point was the enhanced powers granted in 1936 and 1937 as part of the Special Areas (Amendment) Act, 1937. The 1937 Act gave the Commissioner greater freedom and created new financial inducements. It was the final part of a series of changes which, taken together, transformed the effectiveness of industrial intervention. Already, in late 1934, the SNDC had negotiated the founding of a Scottish Advisory Board of Credit for Industry Ltd, designed as a means of securing capital for small scale ventures.⁴⁹ Credit for Industry, partly owned by the Bank of England, was part of the response to the MacMillan Report which had highlighted the difficulties experienced by smaller concerns in

⁴⁵ Scott, 'Industrial Estates and British Industrial Development, 1897-1939'.

⁴⁶ Argyll Ltd in Alexandria closed in the late 1920s. Albion Motors in Scotstoun, Glasgow remained a successful manufacturer of lorries and buses throughout the 1930s.

⁴⁷ GUA, Papers of Earl of Elgin and Kincardine, Salmson Motor Cars, Memo: 23 June 1936; *Glasgow Herald*, 12 August 1936, Accn 2270/6/10.

⁴⁸ Reader, *The Weir Group: A Centenary History*, p210.

⁴⁹ *Scotland*, Vol.1, No. 4, Winter 1934.

raising capital.⁵⁰ Having been successful in England, the extension of the scheme to Scotland, adapted to local economic requirements, was a crucial first stage in encouraging fresh thinking about growth. By January 1935, the Scottish Advisory Board had made grants totaling £35,000, with a further £5,000 authorised and ready to be paid.⁵¹ All of the members of the Scottish Advisory Board were drawn from the ranks of the SNDC including Lithgow, Bilsland and Lord Elgin.⁵² Bilsland drew upon his experience with Credit for Industry later in the decade when he established the Scottish Development Financial Trust in 1938 and while both schemes only funded smaller enterprises, this was backing which was unavailable from any alternative source.

The first year of the SEC witnessed a series of developments designed to encourage enterprise. Having been one of the initial backers of the SEC, Sir Arthur Rose was forced to retire through illness and it was his successor, Sir David Allan Hay, appointed in the summer of 1936, who oversaw the most active stage of the Special Areas project in Scotland. Continuing the West of Scotland connection, Hay was a Chartered Accountant based in Glasgow who had worked with many of the largest industrial concerns in the district. Welcoming his appointment, *The Scotsman* noted that Hay faced a 'task that might daunt the most indomitable...he has to endeavor to restore a measure of industrial activity to areas where industry is dead or dying, and where psychological as well as economic depression prevails'.⁵³ Providing financial assistance to new industries and enterprises was the primary

⁵⁰ *Parliamentary Papers*, 1931 (Cmd. 3897), Committee on Finance and Industry, Report; D.M. Ross, 'The "MacMillan Gap" and the British credit market in the 1930s' in P.L. Cottrell, A. Teichova and T. Yuzawa, eds., *Finance in the Age of the Corporate Economy* (Ashgate: Aldershot, 1997), pp209-223; P. Scott and L. Newton, 'Jealous Monopolists? British banks and their response to the MacMillan Gap' in *Enterprise & Society*, Vol. 8, No.4 (December 2007), pp908-913.

⁵¹ Scott and Newton, 'Jealous Monopolists? British banks and their response to the MacMillan Gap', p910.

⁵² *Glasgow Herald*, 10 October 1934.

⁵³ *The Scotsman*, 8 July 1936.

aim of the new Commissioner and the first manifestation was the Special Areas Reconstruction Association (SARA). SARA was a government-backed company established under the auspices of the Bank of England in 1937 and designed to make loans towards new or expanding business within the Special Areas where these enterprises were unable to raise capital through the traditional banking mechanisms.⁵⁴ Heim stresses that although there were political pressures to address the embarrassing lack of progress in the distressed areas, the Bank sought, as much as possible, to operate the scheme along traditional banking lines, emphasising Montagu Norman's desire to maintain control of the Bank of England's liabilities. Again, there were territorial limitations - the loans were only available to businesses or potential investors locating within the Special Areas. There was only limited capital and assistance available for a relatively short period and, more importantly, the scheme had to contend with the fact that there were too few companies seeking to open or expand businesses in central Scotland. Lack of credit was a problem, but the failure to persuade more businesses to locate in Scotland was symptomatic of a deeper malaise, as was the continuing lack of demand for the goods being produced.

The industrialist and philanthropist Lord Nuffield had also donated two million pounds to encourage developments in the Special Areas and a combination of the SEC, SARA and the Nuffield Trust offered attractive incentives to prospective new ventures in Scotland.⁵⁵ Heim notes that because it operated to less stringent lending criteria, the Nuffield Trust was in many respects the most efficient and effective of the funding bodies, and both the Special

⁵⁴ C.E. Heim, 'Limits to Intervention: The Bank of England and Industrial Diversification in the Depressed Areas' in *Economic History Review*, XXXVII, 4 (1984), pp533-550.

⁵⁵ UGA, Papers of Earl of Elgin and Kincardine, Scottish Development Financial Trust, October 1938, Accn 2270/10/1.

Areas Commissioner and the SEC were fulsome in their praise for the Trust. Together, these financial aid packages represented a significant steps towards a planned economy, although any benefits were diluted through their lack of co-ordination and the fact they were all being administered by different bodies.

In late 1937 the SEC formed a limited company, The Scottish Development Financial Trust Ltd to provide capital for new industries locating anywhere in Scotland, not just within the Special Areas. The Trust was justified in the 1938 SDC annual report by the fact that 'without exception, the Government will only make advances where there is a reasonable background of capital.'⁵⁶ The Trust issued bonds to secure almost £20,000 of working capital and in its first few years it gave grants of several thousand pounds, usually for capital equipment, taking shares in many cases as collateral. Bilsland, stressing that the Scottish Development Financial Trust was to aid business across the whole country, explained that the Trust would 'help those businesses which have exhausted their bank credit but are capable of recovery if a little additional finance were made available to them on a long term basis'.⁵⁷ Presumably, with Bilsland serving as Chairman of the Union Bank of Scotland and Lord Elgin holding a directorship with the Royal Bank of Scotland, they were familiar with the banking industry's reticence when it came to industrial lending. The thinking behind these projects, the sense that 'something should be done' and the suggestion that these were the people to take responsibility for Scotland's future, can be determined in the comments surrounding the creation of the Trust in 1938:

⁵⁶ UGA, Papers of Lord Weir, Scottish National Development Council Annual Report, 1938, DC96/28/4.

⁵⁷ Lloyds Banking Group Archive, Acc. 2004/062/9, Union Bank of Scotland Collection.

This problem should not be left 'in the air'; it is known that many people regard it as a matter of conscience - that something requires to be done and can be done, to infuse new life into Scottish industry, and that public-spirited men cannot stand by and do nothing.⁵⁸

The SEC had an ambivalent approach to state aid. While industrialists like Lithgow and Weir had an instinctive antipathy to government involvement, at times a sense of enlightened self-interest allowed them to overcome their scruples. The rearmament orders which made up the defence programme caused the SEC to tie itself in knots when it came to putting the case for Scottish suppliers. Stating that they did not wish to see recovery become dependent on government orders, the SEC went on to say that it would be 'impossible...to disregard the value of a judicious allocation to Scottish firms'.⁵⁹ In November 1936, a SEC delegation pressed the case for bringing rearmament orders to Scotland to the Secretary of State for Scotland, stressing that it was 'as much a social as an economic problem'.⁶⁰ It warned that many young men in Glasgow had never had a job and it now 'constituted a very serious social problem indeed'.⁶¹ The violent gang culture in Glasgow between the wars had been widely publicised and the corrosive effects of youth unemployment provoked widespread concern.⁶² Yet the SEC was well aware that the rearmament orders would be transitory and could prove

⁵⁸ GUA, Papers of Earl of Elgin and Kincardine, Scottish Development Financial Trust, October 1938, Accn 2270/10/1.

⁵⁹ Scottish Economic Committee, *The Case for Planned Development*.

⁶⁰ NA, Board of Trade Papers, Scottish Economic Committee, Notes of Deputation from the Scottish Economic Committee on the subject of defence contracts, November 1936, BT104/84.

⁶¹ *Ibid.*

⁶² A. Davies, 'Glasgow's "Reign of Terror": Street Gangs, Racketeering and Intimidation in the 1920s and 1930s' in *Contemporary British History*, 21:4 (2007), pp405-427; A. McArthur and H. Kingsley Long, *No Mean City* (London: Longman, Green & Co, 1935); P. Sillitoe, *Cloak Without Dagger* (London: Pan, 1956).

damaging for the long-term health of the Scottish economy. The 1937 Annual Report had described the upturn in heavy industry as being 'traceable to the artificial and it may be evanescent stimulus of the government's rearmament programme'.⁶³ The following year, Bilisland noted that these orders could 'only be regarded as palliatives, pending the time when economic appeasement may, as all must desire, follow political appeasement in the international sphere'.⁶⁴ New industries producing consumer goods or servicing the motor car or aircraft sectors were to be attracted to specially designed out of town trading estates where skilled surplus labour would be available to incoming firms. The SEC felt it essential that a Scottish site be developed before similar facilities could be authorised by the Special Areas Commissioner in the North East of England or in South Wales.⁶⁵ Under Sir Steven Bilisland, Scottish Industrial Estates Ltd (SIE) was created in 1936 as a non-profit-making company. Repeating the familiar mantra on the need for diversification, Bilisland wrote how:

The heavy industries have been our industrial backbone, and so should remain.
They are our job, in which masters and men have a long inherited tradition of skill.
But no conceivable expansion of these industries is likely to absorb all the surplus labour that remains.⁶⁶

Bilisland had worked to attract new industries to Glasgow as part of the city's Development Board since the beginning of the decade and had been well aware of the futility of trying to

⁶³ GUA, Papers of Earl of Elgin and Kincardine, SEC, Report of the Executive Committee, March 1937, Accn 2270/9/1.

⁶⁴ GUA, Accn 2270/8/1, Papers of Earl of Elgin and Kincardine, SEC, General Report, Dec 1938, Accn 2270/8/1.

⁶⁵ NA, Board of Trade Papers, Scottish Economic Committee, Scottish Trading Estates, July 1936, BT104/84; H. Loebel, *Government Factories and the Origins of British Regional Policy* (Aldershot: Avebury, 1988).

⁶⁶ *Glasgow Herald Trade Review*, December 1937.

bring new businesses to the redundant, dilapidated factories in the city.⁶⁷ Plans for a site on the edge of Glasgow centred on some land owned by the Clyde Navigation Trust at Shieldhall, but nearby land at North Hillington was found to be cheaper and offered railway access to both the mainline and the new King George V docks. Publicity stressed the modernity of the venture and the new facilities planned for workers – recreation areas, canteens, even a bus station - and favourable comparisons with successful southern trading estates intensified the suggestion that Hillington represented a vital step forward. Advertising for Scottish Industrial Estates emphasised that the organisation was non-profit making and reassured potential entrepreneurs that rents were very reasonable. The sources of direct funding now available allowed Bilisland to write with confidence about the impact on small business:

It will be seen therefore, that the small industrialist is able to begin business without any capital expenditure for his factory; he can conserve his money for his plant and working capital. If he has insufficient resources for these purposes he can apply for a long term loan from the Special Areas Reconstruction Association and from the fund so generously provided by Lord Nuffield.⁶⁸

With well-designed, low-rise buildings, Hillington Industrial Estate offered aspiring tenants light, airy units bordering on undeveloped countryside. Intensive publicity about the excellent communications and availability of skilled labour combined with generous incentives made the site appear highly attractive. Plans were formed to expand the concept by establishing smaller estates in Lanarkshire at Carfin, Chapelhall and Larkhall, areas within the Special Areas

⁶⁷ C. Oakley, *Our Illustrious Forebears* (Glasgow: Blackie, 1980), p274.

⁶⁸ *Glasgow Herald Trade Review*, 31 December 1937.

zone which had suffered grievously from the contraction of the Lanarkshire coal industry. However, there were fears that these new estates were attracting employers and employment at the expense of established industrial areas which could not offer the incentives or facilities offered by Bilsland. Dundee businessmen, for example, complained of 'the difficulty of competing for new industry against the facilities offered at the trading estate at North Hillington'.⁶⁹ Even in the immediate vicinity it was claimed that companies preferred to locate in the new estate than in older, vacant factories which were available at cheaper rates.⁷⁰ Given the pressing need for new industries in Scotland, expectations for Hillington were unsustainably high. Nevertheless, the SEC could report that 59 units had been leased in March 1938, rising to 86 a year later.⁷¹ The development was funded through grants from the Commissioner for Special Areas in Scotland and the total cost between 1937 and 1939, £648,682, represented a significant proportion of the Commissioner's budget during the period.⁷² As the leading advocate of the estates, attention was focused on Sir Steven Bilsland. In the Commons, J.J. Davidson, Labour MP for Maryhill, asked Walter Elliot if he was aware of Union Bank of Scotland's hostility to trade unionism (Bilsland was Chairman), asking him to confirm that 'this anti-trade unionism will not extend to Scottish Industrial Estates'.⁷³ Reassurances were offered, but the well-documented hostility of the principal industrialists to trade unionism in general coloured relations until the outbreak of war.

Struggling with the prospect of running out of funds, Lithgow suggested to Lord Elgin in early 1939 that perhaps the best course of action was to close the entire SEC and 'rely upon its

⁶⁹ *The Scotsman*, 16 March 1938.

⁷⁰ *Glasgow Herald Trade Review*, 30 December 1938.

⁷¹ GUA, Papers of Earl of Elgin and Kincardine, Scottish Industrial Estates Ltd, Accn 2270/22/6.

⁷² *Ibid.*

⁷³ *Parliamentary Debates*, 1937, Vol. 329, pp180-181.

memory and children to continue the good work'.⁷⁴ Never the most accommodating person, Lithgow had found it hard working in tandem with members of the trade union movement; his understanding of the central premise of the Economic Committee clearly differed from the STUC representatives. Lithgow complained that William Elger of the STUC and William Gallacher of the SCWS had their own agenda, stating that 'their attitude is not one of self-help, but one of public assistance'.⁷⁵ His words suggest that any consensus was fragile at best, but they reflect Lithgow's long-held views on the trade union movement rather than any rejection of corporatism. Yet they highlight the fact that for all the interventions and co-operation during the late 1930s, the principal industrialists retained a dogmatic streak which was resistant to compromise, placing limitations on just how far corporatism could extend.

The creation of Scotland's first industrial estates, the concerted attempts to diversify and the funding which helped support these developments marked a significant shift in approach by the main industrialists. The central role of the state-funded Special Areas Commissioner and the support of the Bank of England was another indication that business accepted – and increasingly expected – outside intervention in what had previously been their own private domain. The rationalisation projects of the late 1920s had brought Scottish industry into much closer contact with national institutions like the Bank of England and demonstrated the possible benefits of outside assistance. The prolonged economic slump in Scotland demanded new solutions and planning offered a means of addressing seemingly intractable problems without losing control. For supporters of the SEC, there was a genuine sense of excitement about the possibilities of a coherent, planned approach, and the Clydesdale Bank

⁷⁴ GUA, Papers of Earl of Elgin and Kincardine, Sir James Lithgow to Lord Elgin, 27 February 1939, Acc. 2270/6/10.

⁷⁵ *Ibid.*

concluded its survey of the Scottish economy in 1938 with a ringing endorsement: 'Never was there a time when administrative ingenuity and the spirit of business enterprise, combined in a forceful partnership, could confer greater, more lasting benefits on the community at large'.⁷⁶ The organisations which administered these new developments remained independent of the state, owing their structure to the associational culture of trade bodies and Chambers of Commerce, and the fact that leading figures like Bilsland and Elgin were an essential presence on all the main committees and boards allowed a degree of continuity to run through the entire process. Scottish Industrial Estates and the various attempts to offer credit to aid diversification represented a new approach from Scottish industry, but it was in no sense a sign of weakness or a signal that the key figures in business were willing to loosen their grip or cede control.

The most important aspect of the SEC's work in the late 1930s was the extent to which it embraced the planning agenda. Neville Chamberlain's announcement, in July 1937, of a Royal Commission on the Distribution of the Industrial Population to be chaired by the barrister and former Conservative MP, Sir Anderson Montagu-Barlow, was a significant turning point.⁷⁷ The Commission was a belated response to the disparity between the economies of the south of England and the regions (which, for the purposes of the report, included Wales and Scotland), and reflected the desire of the Conservative-dominated National Government to be seen to be addressing stubbornly high rates of unemployment. It was also amongst the clearest indications to date of the corporatist trend. In early 1939 the SEC published its own

⁷⁶ Clydesdale Bank Ltd, *Sixth Annual Survey of Economic Conditions in Scotland*, p5.

⁷⁷ *Parliamentary Papers*, 1940 (Cmd. 6153), Royal Commission on the Industrial Distribution of the Population: Report; *The Times*, 8 July 1937.

submission to the Barlow Commission, *The Case for Planned Development*.⁷⁸ The SEC report was a carefully considered response to the particular problems facing the Scottish economy, and the overall tenor of the report - which firmly embraced planning and further state intervention - was all the more startling for the distance that the authors had travelled in a comparatively short period. At the heart of *The Case for Planned Development* was a call for a national planning authority with responsibility for the whole of Scotland which would aim to direct new industries to areas with the greatest need. The SEC report also suggested offering further inducements to attract new industries and suggested that a programme of public works and new house-building should be instituted with state assistance. Overall, *The Case for Planned Development* was a pragmatic attempt to come to terms with underlying economic problems, and represented a conscious attempt by Scotland's industrial leaders to take ownership of the solution. With a more autonomous and self-confident Scottish Office, and a new generation of progressive Unionists more open to corporatism in general, the leading figures in the SEC were able to capitalise on their extensive network of contacts to push forward their own Unionist Nationalism.

4: The Economic Committee and the Highlands

Beyond the depressed areas of Central Scotland, high unemployment, depopulation and poor housing in the Highlands remained a cause for concern. Although the Development Council had always consciously viewed itself as a national body, in part an acknowledgement of notable Highland supporters like Sir Alexander MacEwen, the sheer scale of the problems in

⁷⁸ Scottish Economic Committee, *Scotland's Industrial Future: The Case for Planned Development* (Glasgow: Scottish Economic Committee, 1939).

central Scotland was such that peripheral areas tended to be overlooked. This oversight was, of course, compounded by the strict geographical limitations on the Commissioner for Special Areas which precluded expenditure in areas outwith the traditional industrial counties of central Scotland. In 1936, the SEC commissioned an investigative report into the state of the Scottish Highlands.⁷⁹ An impressively wide ranging document, the final report, issued in early 1938, stressed the importance of tourism, forestry and fishing and enthusiastically backed investment in hydro-electric schemes and improved communications. The investigative work was financed by the Development Council, using some of the money raised through the 1936 Fund Appeal, and involved a series of hearings at various Highland locations chaired by an Invernesshire councillor (and landowner), Major Edward Hilleary.⁸⁰ There was an urgency to the problem. In late 1935, the Highland Development League, launched by Dr Lachlan Grant of Ballachulish, started to agitate for a 'New Deal for Highlands'.⁸¹ The Special Areas Commissioner could boast of few tangible successes in central Scotland at this stage, but there was a definite sense of purpose to his work - a point 'not lost on Highland opinion', who felt increasingly marginalised.⁸² Stressing that the 'urgent social and economic problems in the Highlands could be remedied only by urgent and immediate action', Dr Grant told a packed meeting in Glasgow that the League 'must be militant and relentless, keeping its aims - the social and economic reconstruction of the Highlands and Islands - strictly before it'.⁸³ In addition to reviving the land issue, the League called for an acceleration of plans for further hydro schemes. The SEC's investigation was a response to the League's popular campaigning

⁷⁹ Scottish Economic Committee, *The Highlands and Islands of Scotland: A Review of the Economic Conditions with Recommendations for Improvement*.

⁸⁰ *Scotsman*, 9 September 1936.

⁸¹ *The Scotsman*, 10 December 1935; E.A. Cameron, *Land for the People?: The British Government and the Scottish Highlands c1880-1925* (East Linton: Tuckwell Press, 1996), p202; Cameron, *Impaled Upon a Thistle*, p163.

⁸² Levitt, 'The Creation of the Highlands and Islands Development Board, 1935-65', p87.

⁸³ *The Scotsman*, 10 December 1935.

and belated recognition of the particular economic hardships experienced in the region and the damaging social consequences of poverty and depopulation. The SEC initiative was vigorously supported by both Sir Godfrey Collins and Walter Elliot in Scottish Office.

In many parts of the Highlands and Islands lack of opportunity had forced the most promising young talent to migrate south, adding to the problem of de-population. The SEC Report highlighted appalling housing conditions and poor general sanitation, recommending grants to counter 'the very real need for water and drainage services in districts both on the Mainland and in the Islands'.⁸⁴ In proposing a Highland Development Commissioner the report acknowledged the unique problems of the north, stressing that merely extending the scope of the existing Special Areas would not address the specific difficulties of unemployment and migration – in particular the loss of young adults.⁸⁵ The Commissioner was to be given wide-ranging powers, free from existing local authority influence and the ability to submit funding requests directly to the Secretary of State. Following a brief tour of the Highlands, Walter Elliot concluded that 'Government as such can scarcely be said to exist', adding that, 'I have long thought we wanted a Lord of the Isles (Part II)...like the Special Areas man'.⁸⁶ Critics suggested that since such a Commissioner would doubtless be recruited from amongst the Highland landowners, crofters would inevitably feel 'more at the mercy of business and landed interest than ever'.⁸⁷

⁸⁴ Scottish Economic Committee, *The Highlands and Islands of Scotland*, p66.

⁸⁵ *Ibid*, p30.

⁸⁶ NRS, Scottish Economic Committee, Memo: Future of the Scottish Economic Committee, 3 September 1937, HH36/117.

⁸⁷ National Library of Scotland (NLS), Scottish Secretariat, London Scots Self-Government Committee, Accn. 3721, Box 608.

Speaking in London at the time of the report's publication, Robert Boothby, the Conservative MP for East Aberdeenshire, spoke of the 'deplorable condition of the Highlands....not only a distressed but a derelict area'.⁸⁸ The SEC Report displayed an awareness of the region's unique difficulties, showing a compassion and understanding of the complexities of the problems that was lacking in other investigations. At over two hundred pages, the scale and scope of the 1938 report was an ambitious attempt to redress decades of drift on the Highland question and offered a riposte to accusations of central belt bias. The Labour jibe, that the authors of the Report represented a 'roll call of Highland Socialites', may have had added resonance given that the press had recently reported Bilisland's purchase of a Highland estate on Speyside and his subsequent involvement in the Northern Meeting - the highlight of the Highland social 'season'.⁸⁹ Nevertheless, the focused attention on Highland problems represented a significant step towards addressing deep-rooted issues. Explicitly linking the Highlands with the Special Areas in the public mind also appeared to indicate that action would be forthcoming. With the outbreak of war however, meaningful change was postponed. That said, the SEC report, in bringing corporatist planning to the Highlands, was a significant step towards the creation of the North of Scotland Hydro Board (1943) and the Highlands and Islands Development Board (1965) and demonstrated the commitment of the SDC to be a truly national body. The Economic Committee's Highland Report had a more immediate effect in Lewis where the Lewis Association (formed in 1943) used the SEC investigation as a template for a series of detailed reports about the economic future of the islands.⁹⁰ The commitment to thoughtful, evidence-based research however, gave the SEC

⁸⁸ *The Scotsman*, 17 February, 1938.

⁸⁹ NLS, Scottish Secretariat, London Scots Self-Government Committee, Accn. 3721, Box 608; Bilisland had bought the Kinrara Estate in Badenoch in the summer of 1937.

⁹⁰ The Lewis Association, *Lewis Association Reports, No. 1* (Stornoway; Lewis Association, 1944).

report credibility within the Scottish Office, where it was welcomed as another element in the development of regional economic policy, and a number of the recommendations were subsequently adopted by the wartime Secretary of State for Scotland, Thomas Johnston, and his post-war successors.⁹¹

5: Rearmament

Rearmament was a mixed blessing for the Scottish economy. After a long period of uncertainty, the orders which started to flow into the shipyards and steelworks of the West of Scotland from the mid-1930s represented steady work and brought a degree of prosperity. The rearmament orders placed by Whitehall and the Admiralty reaffirmed the Union relationship more forcibly than any other development in the inter-war period. Yet the surge in orders reminded many of the impact of armaments orders in the Great War and the devastating effect of their sudden termination in 1918 and gave rise to concerns that the end of the rearmament boom was a 'peril' which might presage a new, deeper slump.⁹² Lithgow and Lord Weir had been amongst the earliest industrialists to voice concern about German rearmament and the possible consequences for Britain.⁹³ Together with the Sheffield steel magnate Sir Arthur Balfour they had served as industrial advisors to the Imperial Defence Committee.⁹⁴ Although stating that 'we are at one in desiring to make clear the personal distaste with which we regard this work', the extent of their shared expertise produced a series of ideas which introduced a new element of industrial planning into arms

⁹¹ I. Levitt, 'The Creation of the Highlands and Islands Development Board, 1935-65', pp91-95.

⁹² Clydesdale Bank Ltd, *Sixth Annual Survey of Economic Conditions in Scotland*.

⁹³ GUA, Papers of Lord Weir, Imperial Defence Committee, Notes on War Preparation, 1934, DC96/21/9.

⁹⁴ G.C. Peden, *British Rearmament and the Treasury: 1932-1939* (Edinburgh: Scottish Academic Press, 1979).

procurement.⁹⁵ Described as a special committee to 'plan for industrial mobilisation', the three men challenged existing orthodoxy which predicted any future war would be similar to the Great War. Reader notes how Weir, with his extensive links to Government and easy relationship with both Baldwin and Chamberlain, became the spokesman for the trio.⁹⁶ Their key recommendation was the establishment of a system of shadow factories, able to step up production at short notice or, if necessary, to replace facilities which had been damaged by the much feared air attacks. They also questioned the logic in the country's dependence on 'one private organisation, Vickers, and one state organisation, Woolwich.'⁹⁷ The industrialists recommended a phased closure of Woolwich, removing such a vital national resource from the vulnerable Thames-side area, urging that the government 'give special attention to the claims of Scotland, in the event of a decision being taken to transfer all or any of the work to another centre'.⁹⁸ The SEC expressed dismay, however, that so many of the shadow factories were to be placed near existing units. The result, the SEC complained, was a tendency 'to concentrate a congested mass of industry, particularly around Birmingham and Coventry'.⁹⁹ A notable exception was the transfer north of Rolls-Royce aircraft engine production, which opened on a purpose-built site within Hillington Industrial Estate in June 1939.¹⁰⁰ The increasingly explicit economic nationalism of the SEC was expressed by N. W. Duthie, a Glasgow accountant and Committee member, who contended that favouring the Midlands merely accentuated their competitive advantage by allowing a network of ancillary suppliers

⁹⁵ GUA, Papers of Lord Weir, Imperial Defence Committee, Notes on War Preparation, 1934, DC96/21/9.

⁹⁶ Reader, *Architect of Air Power*, p180.

⁹⁷ GUA, Papers of Lord Weir, Imperial Defence Committee, Notes on War Preparation, 1934, DC96/21/9.

⁹⁸ GUA, Papers of Earl of Elgin and Kincardine, SNDC, October 1934, Accn 2270/9/1.

⁹⁹ GUA, Papers of Earl of Elgin and Kincardine, SEC, Minutes, 2 November 1936, Accn 2270/6/9.

¹⁰⁰ Royle, *A Time of Tyrants*, p193.

to follow in their wake, while William Gallacher of the S.C.W.S., stated that 'some form of co-ordination by the government was essential'.¹⁰¹

Concern that Scotland was not receiving a fair share of rearmament spending led to the SEC preparing a Memorandum on Allocation of Rearmament Orders in November 1936 for the new Secretary of State for Scotland, Walter Elliot, with the request that the matter be raised in Cabinet.¹⁰² Repeating the joint causes of the crisis, the dependence on exports, the reduction in emigration and the collapse in international trade and the post-war reductions in armaments spending, the SEC stressed that the need for rapid rearmament provided a unique opportunity to stimulate diversity within Scottish industry. The report highlighted the fear that if work was not specifically directed to Scotland, the concentration of new industries in the Midlands would continue to draw skilled labour southwards and ensure that modernisation of equipment and factories would be focused in the south.¹⁰³ The continued failure to develop any meaningful aircraft production facility in Scotland at the expense of established factories in the Midlands was noted together with a fear that demands on skilled labour in the area would make any further expansion very difficult. The continuing focus on rearmament worried trade unionists and the Labour Party. In their entertaining polemic, *Plan for Scotland*, the London Scots Self-Government Committee, a pro-Home Rule group composed primarily of Scottish Labour MPs, attacked the failure of attempts to attract new light industries, suggesting that, 'the industrialists are now playing their last desperate card –

¹⁰¹ NA, Board of Trade Papers, Scottish Economic Committee, Notes of Deputation from the Scottish Economic Committee on the subject of defence contracts, November 1936, BT104/84.

¹⁰² Scottish Economic Committee, *Scotland's Industrial Future: The Case for Planned Development*, pp136-145.

¹⁰³ *Ibid*, p138.

rearmament – in its terrible consequences the most reckless of all their misdeeds to Scotland'.¹⁰⁴

The continuing importance of shipbuilding to the Scottish economy was underlined by the sections of the Memorandum on Allocation of Rearmament Orders decrying the share of work allocated to the Clyde yards. Estimating that about 27% of naval tonnage under construction was to be Clyde built, the report highlighted that in September 1936, Vickers-Armstrong on the Tyne and Cammell Laird at Birkenhead had more on order than the Clyde yards combined. Looking at total military orders, the SEC highlighted the continuing dominance of established firms in the Midlands and in the counties surrounding London, noting that of the total orders placed over the previous six months, only 23% went to the Distressed Areas while 'the more prosperous part of the country has received the balance of 77%'.¹⁰⁵ The Winter 1935 edition of *Scotland* had set the agenda for the Council with an article about rearmament demanding a fair share of contracts on offer and underlining the fact that they were 'anxious to take all possible steps to secure some aircraft factories'.¹⁰⁶ Taking advantage of concerns about a new war, the first adverts for factory units at Hillington Industrial Estate reassured potential customers that the West of Scotland was free from the threat of air-raids and stressed the easy access to trans-Atlantic sea routes.

Rearmament provided an immediate stimulus to the heavy industries of west central Scotland – and it was no coincidence that Lithgow and Weir were at the heart of government plans to mobilise industry for war. Through their work as industrial advisers to the Imperial Defence

¹⁰⁴ T. Burns, *Plan for Scotland* (London: London Scots Self-Government Committee, 1937), p20.

¹⁰⁵ Scottish Economic Committee, *Scotland's Industrial Future...*, p139.

¹⁰⁶ *Scotland*, Winter 1935.

Committee, the two men had a unique insight into national armaments requirement in the short to medium term.¹⁰⁷ Lithgow in particular, as Chairman of both the Fairfield shipyard in Govan (1935) and William Beardmore & Co. Ltd (1936), was in the fortunate position of being both an advisor and the beneficiary of lucrative contracts which transformed the fortunes of the two firms. As Peebles notes, Lithgow would have been privy to information which was denied to his peers, yet he was also alive to the economic benefits of the wider distribution of rearmament orders.¹⁰⁸ The relentless campaign by the SEC to secure a greater share of these orders for Scottish firms was founded on the belief that they might help establish the modern, diverse economic mix of new industries which had to date proved elusive. The 1936 SDC Annual Report celebrated the 'psychological consequence' and 'spirit of measured optimism' that had resulted from the launch of the Queen Mary in September 1934 and despite the gnawing suspicion that rearmament could only be a temporary panacea, by 1938, the Clydesdale Bank was welcoming 'the multiplier' effect of 'the call for materials and the spending of wages'.¹⁰⁹ Scotland continued to underperform in comparison with much of England, but rearmament orders provided vital employment in the industrial areas of Scotland and gave firms the confidence to invest and diversify after a long period of uncertainty.

¹⁰⁷ James Lithgow, Lord Weir and the Sheffield industrialist, Sir Arthur Balfour, served as industrial experts for the Imperial Defence Committee from 1934.

¹⁰⁸ Peebles, *Warshipbuilding on the Clyde*, p143.

¹⁰⁹ University of Glasgow Archives (GUA), Papers of Earl of Elgin and Kincardine, Scottish Development Council, Annual Report, 1936, Accn 2270/9/1; Clydesdale Bank Ltd, *Sixth Annual Survey of Economic Conditions in Scotland*, p4.

6: The 1938 Empire Exhibition

As far as the wider public was concerned, the work of the SDC and SEC only really began to impinge on their consciousness when it was announced that an international exhibition would be held in Glasgow during the summer of 1938. A large-scale exhibition was first mooted in the SNDC Annual Report for 1931-2, however, the Empire Exhibition in its final form was conceived in late summer 1936 by Cecil Weir, Chairman of the SDC Finance and General Purposes Committee.¹¹⁰ It had a long gestation period, but in many ways the event was the embodiment of the propaganda methods espoused by the Development Council throughout the 1930s. An exuberant event which took over Bellahouston Park in the south-west of the city, the Exhibition had two distinct aims. It was designed to promote a recovering Scotland as a modern industrial nation and it was also an attempt to restate faltering links with Empire.¹¹¹ The Development Council's own magazine enthused that the Exhibition demonstrated the 'spirit of renewed optimism and determination' now visible in Scotland, ignoring the uncomfortable truth that the renewed activity which could be seen just a mile away in the Govan shipyards was the result of rearmament and was, in all likelihood, unsustainable.¹¹² Aside from confirming the West of Scotland's extensive trade links with Empire, the various pavilions reminded visitors of the extensive social ties with the Scottish diaspora. The sheer number of industrial exhibitions gave the event the appearance of a trade show, yet the Exhibition was as much about boosting the self-confidence of the Scottish

¹¹⁰ GUA, Papers of Lord Weir, Scottish National Development Council Annual Report 1932, DC96/18/147; *Glasgow Herald*, October 6, 1936.

¹¹¹ S. Britton, 'Representing Scotland in the 1938 Empire Exhibition' in *Cultural and Social History*, Vol. 8 (2) (2011), pp213-232; J.M. MacKenzie, *Propaganda and Empire* (Manchester: Manchester University Press, 1984), p101; J.M. MacKenzie, 'The Second City of Empire' in F. Driver and D. Gilbert, eds., *Imperial Cities* (Manchester: Manchester University Press, 1999), pp215-237.

¹¹² *Scotland*, Summer 1938.

people as it was a shop window for industry and tourism. Britton observes that despite the vast expanses of modernist white concrete, the attempts to portray a modern nation were hampered by the popularity of traditional exhibits, including the recreation of a Highland clachan, loch and mountain backdrop.¹¹³ Whereas the Development Council's own pavilion carried the strapline 'planning for the people', the more popular clachan featured Gaelic song, weaving demonstrations and an inn serving Highland fare. This romanticised version of Scotland may not have suited the SDC's modernising agenda, but it fitted the traditionalism apparent in the harking back to the heyday of Empire.

In his opening remarks, the King admitted that 'Scotsmen's faith in their own capacities still needs to be fortified'.¹¹⁴ As events in Europe became more threatening, Lord Elgin told a BBC audience in early 1938 that the special importance of the Exhibition was 'its steadying influence in these anxious times'.¹¹⁵ With self-confidence at home still fragile and with war becoming a distinct possibility in both Europe and Asia, the Exhibition organisers made great play of its role as a beacon of hope. The *Official Guide* stressed that the event would 'emphasis to the world the peaceful aspirations of the peoples of the British Empire'.¹¹⁶ From its inception, the Exhibition clearly struck a chord with people across Scotland. The initial appeal for a guarantee fund was over-subscribed, raising £750,000 within six months, with Scottish industry and the banks committing a large proportion.¹¹⁷ The slogan adopted for much of the publicity, 'Scotland Calling', appeared to suggest a country engaging

¹¹³ S. Britton, 'Representing Scotland in the 1938 Empire Exhibition', p215.

¹¹⁴ *Glasgow Herald*, 4 May 1938.

¹¹⁵ GUA, Papers of Earl of Elgin and Kincardine, Accn 2270/23/6.

¹¹⁶ Glasgow Empire Exhibition, *Official Guide* (Glasgow: Empire Exhibition, 1938).

¹¹⁷ P. Kinchin and J. Kinchin, *Glasgow's Great Exhibitions 1888 1901 1911 1938 1988* (Bicester: White Cockade, 1988), p130.

with the world, and the overall tone sat comfortably with the business community's desire to reconnect economically with Empire. James Lithgow's declaration in 1931 that the 'British Empire is the greatest force for good and moral advancement that the world has ever known' remained a commonly held view, shared by the various Chambers of Commerce and much of unionism, and explained the shared sense of hope and optimism on the eve of the Exhibition.¹¹⁸

Both traditional heavy engineering and the newer light industries were promoted heavily with elaborate displays, working models and a barrage of positive publicity.¹¹⁹ The other principal Development Council project at the time, Scottish Industrial Estates, had its own pavilion with models of the nearby Hillington Estate. A series of exotic pavilions hosted the various Commonwealth countries with the Exhibition aiming to boost trade between the Mother Country and the Empire at a time when economic nationalism still disrupted traditional markets. The Exhibition captured the public imagination; architect Thomas S. Tait created a stunning centrepiece with his Tower of Empire and the dazzling Modernist architecture accentuated the positive, forward-looking atmosphere of the event.¹²⁰ After the drab years of depression, the floodlit Tower, cascading water features and brightly coloured fairy-lights gave the Exhibition a magical appeal – Bellahouston became a favourite destination for promenading couples. For the SDC, the task of promoting Scotland was undoubtedly helped by the economic recovery engendered by rearmament. The Exhibition took place against a backdrop of Clydeside shipyards and steelworks working at full capacity.¹²¹ Mechanisation

¹¹⁸ GUA, Papers of James Lithgow, Speech to Canadian Club, Toronto, 11 May 1931, DC35/74/19.

¹¹⁹ Glasgow Empire Exhibition, *Official Guide*, (Glasgow: Empire Exhibition, 1938).

¹²⁰ C. McKean, *The Scottish Thirties: An Architectural Introduction* (Edinburgh: Scottish Academic Press, 1987), pp183-188.

¹²¹ *Glasgow Herald Trade Review*, December 1938.

may have resulted in smaller workforces and unemployment remained a concern, but there was renewed optimism – and significantly, a degree of prosperity - despite the increasing likelihood of war.

By its very nature, the 1938 Exhibition was the strongest assertion of Scotland's continuing position at the heart of Empire since the end of the Great War. The export-orientated West of Scotland business community had long been 'Empire-conscious' but the disruption of the extended trade slump had forced them to revisit Imperial trade in the 1930s, looking to replace lost markets with more formal relationships with the Dominions.¹²² Lithgow and Weir had been at the forefront of FBI and NCEO attempts to develop Imperial Preference at the 1932 Ottawa Conference and Finlay notes that Lithgow's efforts to boost Clyde shipbuilding included the suggestion that in future, the Dominions should be required to direct all their new shipbuilding orders to the Mother Country.¹²³ In addition to the trading links, memories of the Great War and continuing respect for Scotland's military history, helped fuse a distinctly positive view of Empire, one which consolidated the Union relationship. By the time of the Empire Exhibition unionism was unassailable in Scotland, the nationalist 'threat' of the early 1930s having been proved to be of no electoral consequence. By showcasing the achievements of Empire in an exhibition which was in other respects devoted to promoting Scotland, the organisers reminded Scots of the benefits of Union, allowing a blurring of multiple identities - Scottish, British and Imperial – which resonated with audiences.

¹²² J. Tomlinson, 'The Empire/Commonwealth in British Economic Thinking and Policy' in A. Thompson, ed, *Britain's Experience of Empire in the Twentieth Century* (Oxford: Oxford University Press, 2012), pp211-250.

¹²³ Finlay, 'National Identity, Union and Empire, c1850-1970', pp280-316.

While the architecture of the Exhibition spoke of modernity, older industries featured strongly; William Beardmore & Co., Colvilles Ltd. and the Lithgow and Fairfield shipbuilding businesses (all of course linked to Sir James Lithgow) figured prominently in the displays as did other shipbuilders, locomotive builders and the coal producers. The SDC influence was clear in the Scottish Industrial Estates stand, the promotion of tourism and in a series of critically acclaimed documentary films produced through a new sub-committee, Films of Scotland.¹²⁴ In financial terms however, the exhibition was a failure. Appalling weather, even by West of Scotland standards, meant that attendances did not match predictions – although just under twelve million visitors passed through the turnstiles. Numbers were also held back by the decision, in the face of Sabbatarian demands, to remain closed on Sundays. Sensing that Sunday opening would be popular, Lithgow had initially offered to guarantee losses of up to £1000 but opposition from a powerful Church of Scotland lobby of eleven ex-Moderators forced a rapid reverse.¹²⁵ Skillfully changing tack, Lithgow went on to declare that the Exhibition's decision to remain closed on Sundays 'might provide a suitable opportunity to make the people of Scotland more Church minded'.¹²⁶ By the end of the Exhibition, it was clear that it would be necessary to make a call on the guarantors – it was eventually announced that they would be required to pay 3s 5d in the pound.¹²⁷ Most of the site was hastily dismantled, despite a slightly incongruous attempt by Lithgow to preserve the iconic Tower of Empire as a tourist attraction in Dunoon.¹²⁸ It is hard to analyse the wider impact of the Exhibition given that the summer of 1938 was dominated by rearmament and

¹²⁴ J. Sherington, *"To speak its pride": The Work of the Films of Scotland Committee, 1938-1982*, (Glasgow: Scottish Film Council, 1996)

¹²⁵ *Glasgow Herald*, 5 May 1938.

¹²⁶ UGA, Papers of Earl of Elgin and Kincardine, Empire Exhibition Administration Committee Minutes, 7 May 1938, Accn 2270/22/7.

¹²⁷ Kinchin and Kinchin, *Glasgow's Great Exhibitions 1888 1901 1911 1938 1988*, p166.

¹²⁸ *Glasgow Herald*, 25 January 1939.

increasing fears over imminent war. Nevertheless, Glaswegians embraced the event, the vibrancy and modernity of the buildings and displays creating a sense of optimism which allowed them to reflect on the advances made since the depths of the depression.

7: Conclusion

Announcing the creation of the SEC in April 1936, Sir Godfrey Collins told his audience of businessmen that ‘your Committee is not a Committee imposed on industry by the Government. It is a Committee created by industry itself, with whose objects His Majesty’s Government is in the most complete sympathy’.¹²⁹ In a similar vein, the authoritative Clydesdale Bank’s annual economic survey in 1937 welcomed the ‘closer and increasingly fruitful co-operation of public effort and private enterprise’.¹³⁰ The SEC was very much a continuation and expansion of the work the SNDC had been carrying out since 1931, but during the intervening period, the evolving role of the Scottish Office transformed the Development Council’s influence. Administrative devolution gave the Scottish Office a new sense of autonomy which was used by civil servants in Edinburgh to subtly shift economic policy by adapting to the special circumstances in Scotland. The consensus between industry and the Scottish Office about the virtues of increased planning created an influential body of opinion which viewed the interventions of the SEC as a necessary step towards emulating some of the achievements of southern England. This ‘middle opinion’ can be linked to the defensiveness which has been mentioned in previous chapters. The ‘threats’ to the established order within Scottish industry during the inter-war period were myriad: a collapse

¹²⁹ *Glasgow Herald*, 7 April 1936.

¹³⁰ Clydesdale Bank Ltd, *Fourth Annual Survey of Economic Conditions in Scotland* (Glasgow: Clydesdale Bank, 1937).

in exports, the global crisis, socialism and nationalism all presented some danger to the interests of Scotland's industrialists. The determined attempts to rebalance the economy through diversification highlighted the urgency of the problem and while there remained an inherent caution in much of the Economic Committee's work, the adoption of a broadly corporatist approach signaled a dramatic change in direction compared with the recent past.

Concerns about the SEC tended to reflect uncertainty about the pace of change, the ambitions of the Committee or the new body's financial weakness. J.A. Bowie spoke regularly on industrial development, adding academic authority to the planning agenda.¹³¹ In a balanced critique of the Development Council and the SEC, Bowie focused on the lack of resources. He described the bodies as 'miserably supported and niggardly financed', and he complained that they had been 'presented with a spoon to remove a mountain'.¹³² Bowie appeared particularly incensed by the need to appeal for funds to carry out the Council's work, demanding that both the SEC and SDC 'must be free from the necessity for cadging around for funds on a hand to mouth basis'.¹³³ Revealing his nationalist tendencies at the time of the SEC launch, Bowie had concluded a speech on Scotland's economic prospects by declaring that 'Scotland is the little boat towed behind the English yacht' – a view which might have been viewed sympathetically by some members of the Economic Committee.¹³⁴

Much of the criticism from the trade union movement and the Labour Party focused on Sir James Lithgow. With many of the larger firms focused on rearmament orders, there was a

¹³¹ J.M. Alec Gee, 'Bowie, James Alexander (1888-1949)', *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, 2004).

¹³² Bowie, *The Future of Scotland*, p181.

¹³³ *Ibid*, p137.

¹³⁴ *The Scotsman*, 7 April, 1936

fear that the SEC was merely a new form of employers' organisation, dedicated to mobilising industry in preparation for war. The London Scots Self-Government Committee wrote in 1937 of the idiocy of 'setting the maggot to cure the apple', and complained that 'the Scots industrialists, having successfully ruined their country, formed themselves into a Development Council to save her'.¹³⁵ The STUC remained divided about the wisdom of three of its leading figures participating in the SEC, Thomas Scollan, President of the Glasgow Trades Council complaining in early 1939 that 'they wanted free and independent economic development, not to be made the tools of a handful of cute and up-to-date capitalists'.¹³⁶ Clearly, the SDC and SEC were not the cohesive bodies that the leading protagonists imagined, and there were significant sections of Scottish society who felt excluded or marginalised by the SEC's planning agenda.

Despite the strong support of the Scottish Office, the SEC proved to be a disappointment. The various activities detailed in this chapter demonstrate a vigour that was missing from much of the Development Council's work earlier in the decade, but the continuing reliance on the staple trades - now recovering thanks to rearmament orders - made any significant rebalancing impossible. Lithgow withdrew from most of his official roles in the SEC after 1938 due to his extensive industrial commitments, but there remained a preponderance of men whose experience in shipbuilding, steel or engineering made them slow to appreciate diversification and the specific needs of light industries. The unemployment rate in Glasgow in December 1938 stood at 17.4% of the insured workforce and at 25.4% in those parts of Lanarkshire outwith the city.¹³⁷ Scotland persistently failed to attract new industries to any

¹³⁵ Burns, *Plan for Scotland*, p18.

¹³⁶ GCURC, Scottish Trade Union Congress, Annual Report, 1939, p158.

¹³⁷ Clydesdale Bank Ltd, *Seventh Annual Survey*, p7.

significant extent, the market for consumer goods remaining focused in the more prosperous south east of England. The paradox of a great engineering nation without any mass-production vehicle or aircraft manufacturing did not escape the attention of critics, but by the late 1930s, it was rearmament, and the glut of new orders pouring into the shipyards and the iron and steel works which provided employment and lifted the worst of the gloom.

Yet despite doubts and suspicion, the SEC represented a significant stage in the journey towards the post-Second World War corporatist consensus. Notable for being the first body to walk the line between policy development and implementation, the growing importance of rearmament skewed both the Committee's vision and the delivery of any far-reaching reforms. The tentative steps towards economic planning which emerged in the late 1920s in local development boards may have taken inspiration from the centralised economic planning of the Great War, but the steady progress of the Development Council during the 1930s created a new environment where Scottish business became increasingly comfortable with a new interventionism. John Colville, speaking in Glasgow in October 1938 on the theme of 'the development movement', was careful to place recent events in context, reminding his audience that the SDC and SEC were self-help bodies which, like similar movements in the eighteenth or nineteenth centuries 'could help to bring us out of the slough of despond and help put Scottish industry on firm ground'.¹³⁸ The economic dislocation experienced in industrial Scotland undoubtedly pushed otherwise conservatively-minded industrialists towards intervention and diversification, yet they embraced these ideas and expanded their sphere of interest well beyond their Clydeside heartlands. The Unionist Nationalism evident

¹³⁸ *Glasgow Herald*, 25 October 1938.

in the initial creation and subsequent actions of the SEC reflects what has been described by Patterson as the ‘amalgam of British resources and Scottish agencies’ and the confident assertion of a patriotic Scottish identity whilst maintaining the bonds of Union - as seen in the Empire Exhibition – supports this view.¹³⁹ The increasing autonomy of the Scottish Office and the blurring of the line between private industry and the state were fundamental to the development of this economic Unionist Nationalism, but attention must also be paid to the personalities at the heart of the process and the energy they expended in attempting to address the effects of the depression.

¹³⁹ Patterson, *Autonomy of Modern Scotland*, p117.

Chapter Six: Paternalism and Religious Intervention

1: Introduction

At the heart of the industrialists' efforts to revitalise the Scottish economy, there had always been a fundamental awareness of the social imperative and an assumption that economic development could not happen in isolation. Economic concerns did not prevent members of the business community from taking a keen interest in the religious life of the nation during the inter-war period, with notable contributions to the continuing debate over the future direction of the Church of Scotland. Sir James Lithgow's generous donations to the Church itself and to the fledgling Iona Community tend to overshadow other developments, but faith remained a vital element in the life of many industrialists. Paternalism had evolved in response to the changing role of the State, but it remained a significant force in West of Scotland communities, with some of the district's leading employers continuing to fund improved housing, welfare or leisure provision. Twentieth-century paternalism differed in many respects from the behaviour of the late-nineteenth century, but the actions of Scottish employers suggest a degree of continuity as they used their financial resources to preserve their status and authority. In many respects, the actions of the leading industrialists can be interpreted as localism - for example, James Lithgow's interventions in Port Glasgow - but this was not at the expense of their national concerns as discussed in the preceding chapters. Throughout this final chapter, it is the intention to demonstrate how the local and national spheres converged.

Faith, society and business were not exclusive domains, each informing the other, and there was considerable overlap between the three. The desire to shape events extended to the

national church. Lithgow turned to a relative outsider - George Macleod of Govan Old Parish Church in Glasgow - as he sought to influence the Church of Scotland. This reflected both his dissatisfaction with the existing Church leadership and his hope that fresh thinking would help it connect with a younger generation. Lithgow's interest extended beyond any perceived shortcomings with the leadership of the Church. Amongst his largest financial contributions was his funding of the Iona Community's Youth Trust, and he appeared to be particularly interested in instilling a sense of moral fibre into future generations. Lithgow's advice to the young in 1935 that it was 'hard work, porridge and pease brose which made their fathers the pioneers they were' may have been slightly crass at a time of widespread unemployment, but it captured his concern that shifting values posed a threat to the Scotland he recognised.¹ This chapter draws together these apparently disparate strands and offers an alternative method of examining the inter-war industrialists' vision of Scotland's future.

As in the economic sphere, the deep malaise in Scottish society after the Great War - in particular the sense of inevitable decline - coloured religious life. In his short history of the Church of Scotland, *The Kirk in Scotland*, John Buchan observed that in the wake of the Great War 'the problems of reconstruction were so vast that the Church of Christ could not face them unless it possessed a united front and a unified command'.² Church Union in 1929 was hailed by supporters as a transformative moment in the history of the Church of Scotland, one which would reaffirm the Church's place at the heart of the nation, yet with the same personnel in charge, little of substance changed.³ This chapter examines the reaction of

¹ *The Scotsman*, 19 March 1935.

² J. Buchan, *The Kirk in Scotland* (London: Hodder & Stoughton, 1930), p108.

³ D.M. Murray, *Rebuilding the Kirk: Presbyterian Reunion 1909-1929* (Edinburgh: Scottish Academic Press, 2000), pp63-114. Church union in 1929 marked the union of the Church of Scotland and the United Free Church, reuniting the majority of Presbyterians for the first time since the schisms of the 1840s. It followed

industrialists like Sir James Lithgow to the Church of Scotland's subdued response to the post-war slump, and the strategies the Church adopted in the 1930s to recapture the 'churchless million'. The chapter starts with a discussion on paternalism in the post-war period and examines the behaviour of the Colville and G. & J. Weir businesses in Motherwell and Glasgow and the extensive involvement of the Lithgow brothers in various projects in their home town of Port Glasgow. With the state taking a more active role in welfare provision, some of the earlier motivation for paternalism began to wane. Patrick Joyce has observed how the increasing size of businesses from the Edwardian period onwards - and the consequent decline of the traditional family concern - led to a decline in paternalism in England.⁴ Yet in the West of Scotland, the largest family businesses continued to expand in the early twentieth century, allowing a recognisable form of paternalism to continue as long as the inter-war generation of industrialists remained *in situ*.⁵ Robert Duncan has written of the evangelicalism which underpinned the Colville family in Motherwell in the late-Victorian period, and the firm's Chairman throughout much of the early twentieth century, John Craig, was himself a devout Christian who committed to maintaining such activities as organised holidays, outings and competitive sports.⁶

The chapter also reflects on the Church of Scotland's position as a national institution within the dominant Union relationship, stressing the link to the overall theme of Unionist Nationalism. The fact that the Church was struggling to adapt to economic and social change

confirmation of the Church of Scotland's independence from the state in the Church of Scotland Act (1921) and a further Parliamentary Act in 1925 which resolved many of the financial and administrative obstacles to union.

⁴ P. Joyce, *Work, Society and Politics* (Aldershot: Gregg Revival, 1991), pp134-155.

⁵ G. Walker, 'Varieties of Scottish Protestant Identity' in T.M. Devine and R.J. Finlay, eds, *Scotland in the Twentieth Century* (Edinburgh: University of Edinburgh Press, 1996), p262.

⁶ R. Duncan, *Steelopolis* (Motherwell: Motherwell District Council Leisure Services, 1991), pp131-132.

is evident in the two attempts at fostering a mass revival in Presbyterianism during the inter-war period - the Forward Movement (1931-32) and Church Extension (from 1934) - neither of which gained mass appeal. Yet the urge to be at the heart of efforts to revive the nation after 1929 was strong, and echoed the work of the industrialists in bodies like the SNDC. The renewal implicit in the Forward Movement and Church Extension was recognition that the Church had lost touch with large sections of the industrial population of Scotland. Brown quotes Colley and Bebbington in stating that Protestantism in Scotland had long been British in its outlook, and the shared values of militarism, trade and Empire continued to act as a bond well into the twentieth century.⁷ Yet despite the Church leadership - traditional, conservatively-minded and Unionist - continuing to tread warily, there were the first signs of a more overtly Scottish approach to ongoing national concerns, one which sat comfortably with the economic Unionist Nationalism of the country's industrialists and the devolved administration which was emerging in the Scottish Office in Edinburgh. Kidd has stressed the significance of the Church of Scotland Act in 1921 to the final outcome of the church union negotiations and, to some extent, the confirmation of the independence of the Church which emerged from the Act was of greater importance than union itself.⁸ Yet as Murray has described, the 1921 Act produced an ambivalent outcome: while the Church was no longer established, neither could it be said to be completely disestablished.⁹ Murray uses the phrase 'national and free' to describe this new position and it is a term which carries resonance when considered in connection with the economic and political debates of the period.¹⁰

⁷ C.G. Brown, *Religion and Society in Scotland Since 1707* (Edinburgh: Edinburgh University Press, 1997), pp189-190.

⁸ Kidd, *Union and Unionisms*, pp242-254.

⁹ Murray, *Rebuilding the Kirk: Presbyterian Reunion 1909-1929*, p280.

¹⁰ *Ibid.*

This chapter concludes by discussing the circumstances surrounding the creation of the Iona Community in 1938, and the relationship which developed between the Community's founder, George MacLeod, and Sir James Lithgow. MacLeod and Lithgow were unlikely allies, one a committed pacifist and socialist and the other the pre-eminent figure in Scottish business, but mutual respect and a shared vision for a more dynamic Church of Scotland allowed a close working relationship to develop. Lithgow had used his financial resources on various projects over the previous forty years, but the sheer scale of his contributions after 1938 ensured that he was uniquely able to influence how the Church adapted to a shifting population. His financial contributions in the 1940s coincided with a more interventionist approach by the Church itself, something which emerged as John White's dominance waned. MacLeod's Iona experiment built upon Church Extension by supporting teams of newly qualified ministers – who first engaged in a retreat on Iona itself - as they developed ministries in newly-built suburban housing schemes and in some of the surviving inner-city slum districts. The scheme was controversial within the Church, and Lithgow's support suggested dissatisfaction on his part with the existing Church of Scotland leadership and his support for MacLeod's more forthright, if unorthodox, approach to maintaining the position of the Church within Scotland. Having provided the initial funding which allowed MacLeod to launch the Community, Lithgow focused his later donations (£20,000 a year for much of the 1940s) on youth projects, and appeared to be part of a wider vision to shape the future of the country by instilling the moral fibre he felt was lacking in modern Scotland. Although Lithgow was a traditionalist in many aspects of his faith, the drive and impatience which he had displayed in pushing through industrial reorganisation in Scotland since the 1920s was evident in the manner in which he chose to intervene directly to prevent the Church from ossifying. In doing

so, he presaged the direct link between economic and social policy which became more explicit in the policies of post-war governments.

2: Paternalism

In many respects the paternalism which was evident amongst the principal West of Scotland businessmen provides continuity with the associational life of urban Scotland as described by Morton.¹¹ Whereas previous chapters have highlighted the extent to which the Unionist Nationalism of the inter-war years was more expansive than in the nineteenth century - extending far into the political and economic spheres - the examples described within this section highlight how various Clydeside industrialists maintained a tradition of paternalism which had its roots in the Victorian era. Those businessmen who came to prominence during the inter-war period had been educated in the closing years of the previous century and in most cases joined established (often family) firms which embraced some form of paternalism. As Jeremy has noted, the shift from smaller, family-owned businesses to larger publicly-listed firms in the early twentieth century began to break the direct link between employer and employee, but in the examples in this section, companies like G & J Weir Ltd and Colvilles continued a slow, incremental series of reforms which improved working conditions within their businesses.¹² In many ways these concessions were a response to the perceived strengths of the trade union movement. The rapid increase in union membership, together with the gradual development of state welfare, provides the most compelling explanations for the declining power of paternalism. Yet the presence of strong leadership figures within

¹¹ Morton, *Unionist Nationalism*; Morton, 'Scottish rights and "centralisation" in the mid-nineteenth century'.

¹² D. Jeremy, *Capitalists and Christians* (Oxford: Oxford University Press, 1990), p161.

certain companies - men like Lithgow, Weir or John Craig at Colvilles - accounts for the survival of a more nuanced form of paternalism into the 1930s.¹³ In a company like G. & J. Weir for example, the provision of recreational facilities and a modern canteen occurred in the wake of the enthusiastic adoption of Taylorism by management, with an associated increase in the control and surveillance of employees.¹⁴ Paternalism had traditionally been an expression of authority and deference, but these were less important factors in the post-Great War era, with a Labour government and effective trade unions shifting the balance of power.

The relationship between capital and labour remained frosty, each side mistrusting the other, and the various improvements introduced by firms like Colvilles, Lithgows Ltd and G & J Weir - canteens, social space, recreation facilities and organised activities - can be conceived as an attempt to minimise the role of the unions. For employers there was a sense of enlightened self-interest about their interventions. Requiring only modest outlay, they could support activities which benefitted the health of their workforce, expenditure which could, in turn, potentially increase productivity. Given that employers spent a large part of the inter-war period resisting calls to reduce the working week while simultaneously attempting to drive down wages, such improvements were a means of lowering some of the underlying tensions in workplace relations. In her survey of Paisley politics in the early years of the twentieth century, Catriona Macdonald has stressed that the examples of paternalism visible in the town were a means by which employers expressed authority in the local sphere.¹⁵ It is notable that Lithgow in Port Glasgow, Colville in Motherwell and even, at a stretch, Weir in

¹³ W.H. Fraser, *A History of British Trade Unionism, 1700-1998* (Basingstoke: MacMillan, 1999).

¹⁴ McKinlay, 'Philosophers in Overalls? Craft and Class on Clydeside c1900-1914' in *Roots of Red Clydeside*, p98-101.

¹⁵ C.M.M. Macdonald, *The Radical Thread: Political Change in Scotland. Paisley Politics, 1885-1924* (East Linton: Tuckwell Press, 2000), pp52-53.

Cathcart, operated in relatively compact, easily defined localities. The authority relationship underpinning paternalism as described by Newby was at its most effective within the parameters of localism.¹⁶ Writing about rural England, Newby's observation that localism lines up employers and workers on the same side and that workers' interests become those of the employer, carries relevance for the West of Scotland amidst the economic maelstrom of the inter-war period where individual communities were dependent on the survival of specific industries. Knox has observed that Glasgow itself, 'lacked the community stability needed to cement paternalistic relations', primarily because of the mobility of the workforce.¹⁷ However, it would be wrong to ascribe cynical motivations to all employers. As McIvor states, there was a strong element of 'the carrot and the stick'.¹⁸ Indeed, for many, a sense of paternal concern was consistent with wider philanthropic activities. In carrying forward elements of Victorian paternalism, the business leaders of the 1920s and 30s were attempting to reconcile the behaviour of their predecessors with the realities of inter-war trading conditions.

Of the large West of Scotland firms, it was Colvilles which demonstrated the strongest commitment to staff welfare. The purchase of an estate on the edge of Motherwell and its transformation into Colville Park signalled that the firm recognized that the health and wellbeing of the workforce could only be promoted by getting them away from the dirt and overcrowding of the town itself. Formerly the home of John Colville MP, the Jerviston Estate was gifted to the town, and specifically the employees of David Colville & Son Ltd. The park

¹⁶ H. Newby, *Property, Paternalism and Power: Class Control in Rural England* (London: Hutchinson, 1978), p195.

¹⁷ W.W. Knox, *Industrial Nation: Work, Culture and Society in Scotland, 1800 to present* (Edinburgh: Edinburgh University Press, 1999), p108.

¹⁸ McIvor, *A History of Work in Britain, 1880-1950*, p84.

contained a nine hole golf course and two putting greens, tennis courts and, most importantly, extensive grounds for walking. John Craig spoke at the opening of Colville Park in May 1923, telling the assembled workforce that 'on such occasions one felt the world was progressing'.¹⁹ Colville Park was hailed as 'an important extension to welfare works in the West of Scotland', and through the remainder of the inter-war period, the park was used for various community and company gala events, becoming a focal point within Motherwell.²⁰ Nevertheless, while staff welfare was obviously seen as an integral part of the management process at Colvilles, there was never any attempt to address the endemic poverty or the clamant need for new homes in a district crippled by overcrowding and slum housing.

Much of Colville's paternalism had its roots in the founders' evangelical and temperance beliefs. Robert Duncan describes 'fear of the destruction of property, of civil commotion, and of serious threats to the value system which underpinned the framework of capitalism' as motivating factors for the Liberal capitalists who controlled the main businesses in the late-Victorian and Edwardian periods.²¹ Although John Craig was firmly in charge throughout the inter-war years, the Colville family retained a close interest in the firm. In 1929, John Colville, the son of the former Liberal MP, also named John Colville, and about to launch his own political career, was said to have 'long taken an active and practical interest in every movement for the well-being and self-improvement and clean and healthy recreation of the employees'.²² In the 1920s, John Craig continued to advocate temperance, supporting the work of the YMCA in providing alternative forms of entertainment for young men. As part of

¹⁹ *Colville's Magazine*, July 1923.

²⁰ *Scotsman*, 21 May 1923.

²¹ Duncan, *Steelopolis*, p130.

²² *Colville's Magazine*, July 1929.

this, Colvilles supported a boys club for the youngest members of staff which ran an annual summer camp, usually to Gailes in Ayrshire.

Other aspects of paternalism appeared to be filling a gap created by the churches' gradual withdrawal from the extensive interventions connected with late-nineteenth century evangelicalism. In the case of all the employers discussed in this chapter, there were modest reforms designed to advance the health and wellbeing of their employees, but the unspoken threat remained socialism and the potential disruption that could be wrecked by a strong trade union movement. Both Lithgows Ltd and Bilsland Brothers made extensive alterations to their premises to accommodate canteen facilities in the 1920s, G. & J. Weir built new staff accommodation and an extensive recreation area and Colvilles introduced modern shower facilities in their coal mining operations.²³ Bilsland Brothers boasted that the 'different schemes for the benefit of the employees include a Saving Deposit scheme, a Life Insurance scheme, and a Sick Benefit scheme and a Funeral Benefit scheme'.²⁴ Describing the firm's hostility to trade unionism, Johnston writes of Bilsland Brothers' 'stifling paternalist labour management policy' and their determination to halt attempts to unionise resulted in management persisting with welfarism longer than many of their competitors.²⁵ The electoral gains made by Labour in the West of Scotland during the 1920s undoubtedly galvanised employers into offering concessions which might hold back the tide. Yet they were following an established pattern of behaviour which, although rooted firmly in their faith, owed much to the practices of a previous generation.

²³ *Weir Bulletin*, January 1920; *Colville's Magazine*, June 1931.

²⁴ Bilsland Brothers, *Fifty Years in the Baking Trade* (Glasgow: Bilsland Brothers Ltd, 1923).

²⁵ Johnston, *Clydeside Capital*, p61.

Just as Colvilles came to be associated with paternalism in Motherwell, James and Henry Lithgow became known for a series of gifts and gestures in Port Glasgow. The powerful ties that bound James and Henry Lithgow to Port Glasgow extended well beyond mere affection for a hometown or workplace. Through a series of interventions the brothers became generous benefactors, improving housing and attempting to alleviate the distress caused by the collapse in shipbuilding. Amidst the optimism surrounding the end of the Great War, the collapse in the market for new vessels had a profound impact on all the Clyde shipyards. The resulting distress placed enormous strains on the creaking system of poor relief with only the physically unfit qualifying for aid. On the lower Clyde, the Charity Organisation Society sought to provide financial support to the most needy; the scheme collected £10,000 through the summer and autumn of 1921.²⁶ Aware of the deteriorating situation, James Lithgow sought to create work. Merely offering some form of 'hand outs' to the unemployed was anathema to Lithgow, instead he bought a number of redundant steamers which were towed to Port Glasgow for breaking-up.²⁷ The ship-breaking scheme was typical of Lithgow. He bought the vessels, agreed to cover the costs of the work, and promised that any profit over and above his own outlay would pass to the Charity Organisation Society. Agreeing to take all the risk he asked that the 'men should be selected from the most deserving cases of hardship among people belonging to the district'.²⁸ The Lithgow brothers also kept men in employment by reverting to their father's policy of building ships 'on-spec' when new orders were scarce. Quite apart from ensuring that they held onto their most skilled workers, by continuing to employ a significant proportion of their workforce, they were ensuring that the wages worked their way into the local economy.

²⁶ W.F. MacArthur, *A History of Port Glasgow* (Glasgow: Jackson, Wylie & Co., 1932), p194.

²⁷ *Greenock Telegraph*, 23 November 1921.

²⁸ *Ibid.*

The paternalism on display in Port Glasgow (and in Motherwell and Cathcart) was in many respects a small-scale version of the Unionist Nationalism visible on the national stage throughout the inter-war period. The economic Unionist Nationalism of the 1930s had evolved from the associational culture of Clydeside business as a response to the prolonged post-war slump. Similarly, the paternalism evident in the industrial towns gradually formed part of the wider effort to address national decline, with the localism of individual projects being co-opted to a grander vision. By the end of the 1930s, Lithgow was funding the work of the Iona Community and its Youth Trust, schemes which were national in scope, yet a recognisable extension of the paternalism which had been displayed since he inherited the family business. The title of George MacLeod's 1945 retrospective of the first few years of the Iona Community, *We Shall Rebuild*, captured the mood. Lithgow's money was directed to efforts which had the potential to shape future generations of Scots and while there is always a suspicion that some of the stress on developing moral fibre was a means to counter socialism, there was a very real effort to build a sense of citizenship which was otherwise felt to be lacking.

The paternalism and philanthropy displayed by West of Scotland industrialists in the inter-war period remained rooted in their local environment. The correlation between employer and place gave them considerable authority within their own locale, and while this diminished during the inter-war period as trade unionism, economic dislocation and a more fluid workforce combined to disrupt and intensify labour relations, it remained a defining feature in the West of Scotland examples. The extensive range of interventions suggests that employers in the inter-war period still identified good reasons to invest in facilities for their

workforce, but as Knox has observed, the enhanced role of the state and of local authorities, providing pensions, benefits and housing, forced paternalism to adapt and evolve.²⁹ It is possible, looking at paternalism through a Unionist Nationalist lens, that whereas the inter-war industrialists looked at the Scottish economy in national terms and government in UK terms, society was still viewed in intensely local terms. Faith remained vitally important for many of the inter-war industrialists and the paternalism discussed in this section cannot be examined in isolation. The following sections discuss the industrialists' relationship with the Church of Scotland and the significance of James Lithgow's support for George MacLeod and the Iona Community.

3: The Forward Movement and Church Extension

The Church of Scotland's hesitant response to the economic crisis and its reluctance to intervene in social or political debate reflected a degree of confusion about its role. Yet the Church remained one of the key institutions which cemented the union relationship - and a vivid example of Unionist Nationalism. John Buchan wrote in 1930 that it was 'recognised by the State as the national representative of the faith of the Scottish people - the Church of Scotland, and not merely the Church in Scotland'.³⁰ In many respects, Church Union in 1929 had been a striking achievement, bringing together the vast majority of Presbyterians under the auspices of the national Church and allowing the reunited Church an opportunity to reaffirm its position in national life. Nevertheless, it did little to make the Church more relevant to those who, for whatever reason, fell beyond its reach. The Church had disengaged

²⁹ Knox, *Industrial Nation*, p214.

³⁰ Buchan, *The Kirk in Scotland*, p132.

from the social reform of the pre-war period, despite the Church of Scotland Commission on the War acknowledging in 1917 that ‘problems of poverty, of industrial conditions, of housing have become acute, and produced a universal ferment in society’.³¹ Cameron describes a detachment between the working classes and the Church, stressing that in the inter-war period Presbyterianism was overwhelmingly middle class ‘in pulpit and pew’.³² The exigencies of the new economic conditions, coupled with the spectre of socialism at home and Bolshevism in Russia, resulted in the General Assembly declaring that ‘it is not for the Church to advocate particular schemes of industrial organisation, still less to identify itself with any party.’³³ The General Strike in 1926 provided further evidence that the Church of Scotland had grown remote from much of the industrial working classes, and the hostility expressed towards the strikers at the annual General Assembly (held during the strike itself) by various members of the Church leadership, although couched in the language of non-intervention, demonstrated a highly problematic gulf.³⁴ The anti-socialism of the Church was, of course, shared by the industrial elite, providing further common ground and explaining to some extent the manner in which the Church articulated its attempts to build a sense of revivalism in the 1930s.

The Moderator of the General Assembly in 1926 was the Glasgow minister, Rev John White.³⁵ White’s reputation rested largely on his successful stewardship of the lengthy church union negotiations (1909-1929) and his convenorship of important Church of Scotland committees,

³¹ Church of Scotland, *Reports on the Schemes of the Church of Scotland* (Edinburgh: Church of Scotland, 1917), p752.

³² Cameron, *Impaled Upon A Thistle*, p137.

³³ Church of Scotland, *Reports on the Schemes of the Church of Scotland* (Edinburgh: Church of Scotland, 1920), p525.

³⁴ Brown, “‘A Victory for God’: The Scottish Presbyterian Churches and the General Strike of 1926’ in *The Journal of Ecclesiastical History*, Vol. 42 (1991), pp596-617.

³⁵ S.J. Brown, ‘John White (1867-1951)’ in *Oxford Dictionary of National Biography*.

most notably the Church and Nation committee (formed in 1919). S J Brown has described White as ‘a Tory paternalist, who looked back to the pre-industrial society, with a hierarchical social order bound together by a shared sense of communal responsibility’ and White’s patrician outlook was signalled by his membership of the New Club in Edinburgh, his Unionist politics, and his deep suspicion of trade unionism and socialism.³⁶

There was, however, a darker side to his interventions. White was one of the leading figures in the inter-war campaign instigated by West of Scotland churchmen designed to limit further immigration of Irish Catholics - a racial argument which rested on the assumption that the inferior Catholic immigrants posed a threat to the future racial purity of Scotland.³⁷ The campaign was approved by the General Assembly of the Church of Scotland in May 1922 and was popular amongst the middle-class, property-owning congregations which linked the perceived increase in the Irish Catholic population with the rise of Labour and post-war unrest on Clydeside.³⁸ In 1930 White told a Glasgow audience that ‘Rome now menaced Scotland as at no time since the Reformation’, before going on to state emphatically that, ‘it was only a matter of time until the Roman Catholic element would predominate in the West of Scotland.’³⁹ This argument fed Unionist fears about the continuing threat from the Labour Party (which enjoyed considerable support amongst the Catholic population) but was also adopted by the nationalist (an ex-Unionist), Andrew Dewar Gibb in his 1930 book, *Scotland in Eclipse*, where he memorably imagined the Scotland of the 1980s as it might be if immigration

³⁶ S.J. Brown, ‘The Social Vision of Scottish Presbyterianism and the Union of 1929,’ in *Records of Scottish Church History Society*, Vol XXIV, 1990, p89.

³⁷ S.J. Brown, “‘Outside the Covenant’”: The Scottish Presbyterian Churches and Irish Immigration, 1922-1938’ in *The Innes Review*, Vol. XLII, No. 1 (1991), pp19-45; T. Gallagher, *Glasgow: The Uneasy Peace* (Manchester: Manchester University Press, 1987), pp136-137; G. Rosie, *Curious Scotland* (London: Granta, 2004), pp196-207.

³⁸ Church of Scotland, *Reports on the Schemes of the Church of Scotland* (Edinburgh: Church of Scotland, 1923), pp749-762.

³⁹ *Glasgow Herald*, 13 December 1930.

continued unchecked.⁴⁰ The common theme which emerged was that the Catholic community (particularly the concentrated population in the West of Scotland), was a problem. The majority of Clydeside industrialists did not give overt support to White's anti-Catholicism, yet it remained ingrained in the labour relations in the district, influencing hiring and firing and contributing to the sectarian divisions.⁴¹ Harry Whitley, minister of Newark Parish Church in Port Glasgow in the late 1930s, recalled Lithgow's displeasure when he discovered that the young minister had developed cordial relations with the local priest. Whitley suggested that this was the extent of his wrath, but Lithgow's comments reflect the reality of religious differences and the probability that, in fact, Lithgow had little contact with the Catholic community.⁴²

The Church of Scotland's obsession with Irish Catholic immigration obscured more pressing social concerns. With church union completed, White belatedly turned his attention to conditions in Scotland in the early 1930s, focusing on the effects of large-scale population movements as a result of slum clearance and new housing developments. The economic crisis, however, cast a long shadow. Speaking in September 1930, White described the 'close and obvious connection between economic sufficiency and spiritual vitality'.⁴³ Six months later, in his address to the 1931 General Assembly in Edinburgh, White reflected that 'the outlook in Scotland was dismal. We love our country, we are intensely concerned about it and we wish to see it restored to its place of power and influence'.⁴⁴ White explicitly linked

⁴⁰ Gibb, *Scotland in Eclipse*.

⁴¹ J.F. McCaffrey, 'Roman Catholics in Scotland in the 19th and 20th century' in *Records of the Scottish Church History Society*, Vol. 21 (1983), pp275-300; I. Maver, 'The Catholic Community' in Devine and Finlay, eds., *Scotland in the 20th Century*, pp269-279.

⁴² H.C. Whitley, *Laughter in Heaven* (London, Hutchinson, 1962), p57.

⁴³ *Glasgow Herald*, 9 September 1930.

⁴⁴ *Glasgow Herald*, 18 May 1931.

the SNDC with his plan to revive interest in the Church by reaching out to the million Protestant Scots who had no connection to organised religion. His General Assembly speech came just weeks after the launch of the SNDC at the annual meeting of the Convention of Royal Burghs and White was keen to stress the need for economic as well as spiritual revival:

On all sides men were realising this: they were striving after a revival of trade and industry; they were asking for a revival of spiritual power and life throughout the land. Was it mere coincidence that, at one and the same time, the cry of the two historic national institutions of Scotland should be 'Revival!', their one endeavor a forward movement?⁴⁵

White's language illustrates a further strand of Unionist Nationalism. Describing the eighteenth century, Patterson notes that 'the Britishness of Protestantism was not an alternative to Scottishness, rather a reinforcement of it'.⁴⁶ This still held true in the early twentieth century and despite the Church of Scotland remaining one of the most distinctive Scottish institutions, its dominant figures tended to be staunch supporters of Unionist politics and defenders of the merits of the Union relationship. The common ground between Scotland's industrialists and the hierarchy of its national church ensured that their shared vision was expressed through entities which stressed Scottish characteristics while preserving the established order. James Lithgow's declaration in early 1933 that the SNDC was 'the embodiment of the spirit that inspired optimism' could easily have been taken from one of

⁴⁵ *Ibid.*

⁴⁶ Patterson, *The Autonomy of Modern Scotland*, p30.

John White's speeches during the period and the language of revival and rejuvenation permeated statements from both industrialists and churchmen.⁴⁷

In late 1930, the Church of Scotland launched a campaign to re-engage with what became known as the Churchless Million. The stated aim was to 'evangelise Scotland' with the campaign seeking to establish a connection with the Home Mission work of the nineteenth century.⁴⁸ The Forward Movement was a bold attempt to take the best elements of overseas missionary work and apply them to Scotland itself. As with the later Church Extension schemes, the overriding concern was the pace of depopulation in the traditional urban centres and the realisation that the Church had neither the resources nor the personnel to provide suitable accommodation in the newly built housing schemes which were emerging on the edge of towns and cities. White declared at the launch of the Forward Movement in late 1930 that "Churching the people" is a task commensurate in importance and magnitude with that of housing the people'.⁴⁹ Given the economic whirlwind which was adding to already high levels of unemployment at the time, the Forward Movement had little prospect of success amongst those who had already lost touch with the Church, and after a high-profile launch the scheme appeared to wither. The admission in the 1931 Report to the General Assembly that 'the Forward Movement does not lay down new policies or initiate new activities' revealed much about the conservatism of the Church and its unwillingness to adapt

⁴⁷ *Glasgow Herald*, 25 March 1933.

⁴⁸ *Glasgow Herald*, 17 October 1930.

⁴⁹ Church of Scotland, *The Call to the Church: The Book of the Forward Movement of the Church of Scotland*, (Edinburgh: Church of Scotland, 1930), p12.

to changes within Scotland, and despite the good intentions of its leading figures, it remained apparent that the Church had little to say to those suffering the effects of the depression.⁵⁰

White's next project, a revival of the successful nineteenth-century Church Extension schemes, was a more focused attempt to address changing demographics across urban Scotland. Church Extension had its origins in the 1830s when Rev Thomas Chalmers, the Fife-born minister and social reformer, had campaigned for funds to build new churches throughout the country in response to rapid population increases, particularly the spectacular growth in the industrialised areas.⁵¹ His application for state assistance was rejected, having run into opposition from dissenters. A powerful evangelical preacher, Chalmers used his talent for organisation to attract considerable funds which ultimately allowed for the construction of over two hundred new buildings. White was all too aware of the pressing need to review the Church estate and pledged himself to raise £180,000 to create between thirty and forty new parishes with modern church buildings and halls suitable for community events.⁵² White invested huge energies in Church Extension and made many bold claims. Describing the new housing areas as 'nurseries of the coming citizenship,' he told his congregation in The Barony, that:

In the new Scotland which is springing up, the Church is awake to all its responsibilities and opportunities....Build us churches which beckon us to enter and worship; give us

⁵⁰ Church of Scotland, *Reports to the General Assembly of the Church of Scotland* (Edinburgh: Church of Scotland, 1931), p149.

⁵¹ Brown, *Thomas Chalmers*, pp236-281.

⁵² C. McLean and K. Veitch, *Scottish Life and Society, A Compendium of Scottish Ethnology (Vol. 12): Religion*, (Edinburgh: John Donald in association with the European Ethnological Research Centre, 2006), p505-6.

leaders who know what worship is both in word and deed. This is the birthright of our people.⁵³

White's Church Extension scheme allowed the Church of Scotland to develop a planned approach to new parishes. Whereas in the nineteenth century local congregations had taken much of the responsibility for fund-raising and overseeing construction, in the 1930s, there was a large degree of centralisation with power moving back towards Edinburgh – in essence an embryonic form of corporatist planning. This reflected the growing professionalisation of Church welfare provision, the progressive decline in voluntary visiting since the late-nineteenth century and the growing reluctance of middle-class congregations to engage in voluntary Home Mission work. The gulf between the Church and those sections of the community who found themselves removed to new housing developments was highlighted in the 1931 Report to the General Assembly when it was noted that 'it may be admitted that there are housing schemes promoted by private enterprise where the new population is of such a character as to be able to help itself'.⁵⁴ The clear implication was that the Church had to intervene to help working-class tenants - a point made explicitly in the observation that 'it is next to impossible for him unaided to transfer from the overcrowded tenement of the city into the joy of sunlit and open spaces.'⁵⁵ Under the terms of the Town and Country Planning Act (1932), space was reserved in new housing areas for the construction of a church, but the funding of such developments was the responsibility of the Church of Scotland.⁵⁶ This required extensive fundraising and many of the speeches and sermons which White delivered

⁵³ *Glasgow Herald*, 11 December 1933.

⁵⁴ Church of Scotland, *Reports on the Schemes of the Church of Scotland* (Edinburgh: Church of Scotland, 1931), p375.

⁵⁵ *Ibid.*

⁵⁶ A. Muir, *John White*, (London: Hodder and Stoughton, 1958), p321.

all over Scotland during the 1930s were thinly veiled attempts to cajole congregations into contributing ever larger amounts towards the £180,000 total. The initial appeal was well subscribed with donations of £10,000 from the Clyde ship-owner and philanthropist Lord Maclay and £5,000 from Sir James MacFarlane, a surgeon at Glasgow Royal Infirmary.⁵⁷

By late 1935 White was still £50,000 short of his target and an appeal by the convener of the appeal was rewarded with a donation of £35,000 from Sir James Lithgow.⁵⁸ He chose to remain anonymous at the time, refusing permission for his name to be connected with the donation. In a letter accompanying a later donation, Lithgow explained to White how 'neither my wife nor I like individual names to be associated with matters of public service'.⁵⁹ Lithgow had a simple motive in acting the way he did, explaining that 'it might encourage others to take an interest'.⁶⁰ With a number of his financial interventions, Lithgow saw his role as one of planting the seeds for a venture; as soon as the venture appeared to be flourishing, he would cease his support and move onto another project. Writing to John White, Lithgow explained his reasons for supporting Church Extension in typically combative style:

It was based upon my belief that the reason why the Church was losing its grip upon our modern population was the pig-headed, unimaginative and jealous attitude of worthy churchmen who make up Kirk Sessions and Presbyteries.⁶¹

⁵⁷ *Glasgow Herald*, 9 May 1934.

⁵⁸ Reid, *James Lithgow: Master of Work*, pp177-178.

⁵⁹ Glasgow University Archives (GUA), Papers of James Lithgow, Letter from Sir James Lithgow to Rev John White, 15 January 1947, DC35/8.

⁶⁰ GUA, Papers of James Lithgow, Sir James Lithgow to Rev John White, 28 November, 1947, DC35/8.

⁶¹ National Library of Scotland (NLS), Papers of George MacLeod, Baron MacLeod of Fuinary (hereafter MacLeod Papers), Accn 9084/292, James Lithgow to John White, 20 January 1940.

Lithgow was keen to use his wealth to push forward his own vision of the Church's future and to shape the moral values of future generations, something which became more apparent in the late 1930s when he funded the work of George MacLeod. His faith was rooted in his upbringing in Langbank. Throughout his life he resisted modern embellishments to worship, preferring a more traditional approach, perhaps a reflection of the fact that the Lithgow family came from the Covenanting tradition and had been part of the Reformed Presbyterian Church.⁶² As a child, Lithgow had worshipped in the Free Church, and he had in turn witnessed union with the United Presbyterian Church in 1900 and further union in 1929.

Lithgow's impatience with the failings of the Church leadership in Edinburgh and his realisation that he would have to intervene financially to secure the more active Church he envisioned marked the beginning of a remarkable period of involvement, much of it channelled through individuals whose ideas sat uneasily with the more traditional views of men like John White. There were similarities to Lithgow's leading role in efforts to revive industry in Scotland in the 1930s, a process which attempted to galvanise an often dispirited business class in the face of sustained poor trading. Yet Church Extension, despite its struggles and the financial constraints, was moderately successful. McFarland has recently described it as 'one of the few examples of dynamism' within the Church of Scotland during the 1930s, a counterweight to the continuing perception in many quarters that the Church remained over-identified with 'force of privilege and political conformity'.⁶³ Lithgow's biographer wrote in the 1960s that his contributions were a response to the belief that after Union in 1929, there was a sense of the Church contracting just as so many other aspects of Scottish life were

⁶² Reid, *James Lithgow: Master of Work*, p33.

⁶³ E.W. McFarland, 'Building the Promised Land: The Church of Scotland's Church Extension Movement, 1944-61' in *Twentieth Century British History*, Vol. 23, No. 2 (2012), p198.

contracting and that his gifts were designed to help the Church grow.⁶⁴ Yet it was clear that Lithgow was still dissatisfied with the overall direction of the Church and his subsequent support for the radical ideas of George MacLeod after 1938, proposals which offered a partial return to the evangelicalism of the past, was notable for the way it by-passed the Church in Edinburgh. The extent of Lithgow's interests – in industry as well as in religious affairs – suggests that he sought to address issues of citizenship as well as the state of the Church in Scotland, and his generosity in funding the youth work of the Iona Community in the 1940s indicates that he had a clear vision of how he wished to influence the future of his country. The Church of Scotland remained a vital symbol of national identity, and by helping it to regain its relevance at the heart of the nation, Lithgow was reaffirming traditional values and restating the importance of Unionism.

4: George MacLeod & The Iona Community

In 1938, Rev Dr George MacLeod left Govan Old Parish Church to take the first steps that would lead to the founding of the Iona Community. An ambitious, seemingly revolutionary, plan, MacLeod's scheme was designed as a form of retreat for probationary ministers fresh from training colleges but it also sought to focus efforts on the rebuilding of the abbey on the spiritually significant island of Iona. Having spent the summer on Iona, the ministers were then sent in teams to newly-built suburban areas with few, if any, church buildings, or to struggling inner-city parishes. The project was an acknowledgement that however rigorous the academic aspects of their courses in the training colleges of Glasgow or Edinburgh, there was a need to develop their pastoral skills and to prepare them for the challenges of 'the

⁶⁴ Reid, *James Lithgow: Master of Work*, p177.

churchless million'. An eager applicant described how he had heard that 'one of the main aims of your 'friars' would be to emerge from spiritual retreat at various times and conduct a spiritual raid on the Glasgow heathen'.⁶⁵ Launching the Community in 1938, MacLeod stressed how adherents would arrive in new districts asking, 'But where is the Church?' He threatened that unless this call was answered by direct interventions in these new communities, 'half of Scotland will go Pagan by 1960'.⁶⁶ Although few would have agreed at the time, in many ways the Iona Community was the logical next stage of Church Extension. In notes prepared before the formal announcement advocating the use of missionary teams, MacLeod wrote:

When Churches have been built, the Ministry, in the new housing schemes, face a problem not of indifference to the Church but of the inadequacy of the single ministry to cope with the demands that immediately devolve upon them, let alone to evangelise to those who have drifted.⁶⁷

MacLeod fought to have the idea of teams of ministers working in communities accepted by the Church of Scotland. He first raised the idea in a motion at the 1936 General Assembly, describing how he 'had not met any minister working in depressed or populous areas during the last ten years who had not deplored the inevitable inadequacies of single ministries'.⁶⁸ The Church disagreed, with the Home Mission Committee withholding support as it felt the 'practical operation of team work is so hedged with difficulties that it is not in the interests of

⁶⁵ NLS, MacLeod Papers, Accn. 9084/291, David Osbourne to George MacLeod, 1 May 1938.

⁶⁶ *Scotsman*, 26 April 1938.

⁶⁷ NLS, MacLeod Papers, Accn. 9084/289, Proposals for Iona Community, Spring 1938.

⁶⁸ *Glasgow Herald*, 23 May 1936.

the Church to continue this idea'.⁶⁹ An immediate concern was finance and one of the more unlikely aspects of the founding of the Community was the ready involvement of Sir James Lithgow. Lithgow's financial backing eventually ran into six figures and ensured that the Community could be properly established and be in a position to carry out its work on mainland Scotland.

The most intriguing aspect of Sir James Lithgow's intervention in Church affairs is the fact that he identified the Edinburgh leadership as the primary problem and threw his weight behind a charismatic renegade who had embraced socialism and pacifism - concepts which were anathema to Lithgow. Dissatisfied by the prospects for Church Extension, Lithgow looked for another method of influencing the direction of the Church. Ron Ferguson, himself a former leader of the Community, has written extensively about George MacLeod and the origins of the Iona Community, touching on Lithgow's role and highlighting the seemingly incongruous friendship between the builder of battleships and the pacifist.⁷⁰ Lithgow's hostility to socialism is well-documented, yet the urge to cut through the inertia of the existing church hierarchy and to reshape, even reclaim, a national institution, clearly trumped any foreboding about MacLeod's politics. Reviving and modernising one of the most distinctive symbols of Scottish national identity sat comfortably with the Unionist Nationalism of the Unionists under Baldwin and the economic interventions of the SNDC. During a period where the enhanced powers of the newly devolved Scottish Office brought fresh thinking to the political and administrative spheres, the continuing strength of the Church of Scotland reflected a further expression of national identity. James Lithgow's interventions after 1930 - in business,

⁶⁹ The Church of Scotland, *Reports to the General Assembly with the Legislative Acts 1936* (Edinburgh: Church of Scotland, 1936), p252.

⁷⁰ Ferguson, *George MacLeod*, p156.

the wider economy and in religious affairs - were truly ambitious, embracing Scotland as a whole. The same sense of taking responsibility which was apparent in the reshaping of Scottish industry is evident in the determined attempts to bring some semblance of institutional change to the Church of Scotland. Lithgow was a demanding taskmaster, short-tempered and impatient, and he was clearly impressed with the dynamism of George MacLeod's regime at Govan Old Church. The Lithgow brothers had assumed control of the near-bankrupt Fairfield shipbuilding business in Govan in 1935, bringing James Lithgow into direct contact with MacLeod and affording him first-hand experience of the manner in which MacLeod had immersed himself in the concerns of his congregation.

The first exchanges between MacLeod and Lithgow were characteristically exuberant. Responding to MacLeod's early proposals for the Community in early 1938, Lithgow replied:

I think your logic is illogical, your parallel askew...in mundane affairs I am afraid I must regard you as a false prophet and an unreliable pilot...In spiritual matters I think you are on safer ground which, as a practical man, seems to me quite natural, as it is your own job at which you have been so conspicuously successful.⁷¹

Lithgow went on to state that 'I whole-heartedly agree with your diagnosis and am happy to back you in your proposed remedy,' before offering £5,000 to allow work to start immediately on Iona.⁷² This initial funding was to cover the cost of transporting and then accommodating

⁷¹ NLS, MacLeod Papers, Accn. 9084/292, Sir James Lithgow to George MacLeod, 11 March 1938.

⁷² *Ibid.*

the first group of trainees and craftsmen to enable reconstruction work to start on the Abbey. In correspondence, Lithgow clearly regarded the scheme as revivalist and was acutely aware that some of the strongest reservations would come from within the Church itself.⁷³ As with many of his donations to various causes, Lithgow was keen to stress that he demanded complete anonymity. He expanded on his reasoning a few months later, explaining that his reticence was engendered by 'a wish to stand behind you sufficiently in the background to avoid sterilising other aspirations to help, but sufficiently near you to give you a feeling that you would not be left stranded'.⁷⁴ This wish to stand in the background, indeed the apparent unwillingness to take any credit for his efforts, was typical of both Lithgow brothers; a similar tactic was adopted with various smaller philanthropic projects around Port Glasgow. Responding to the promise of £5000 to the Iona project, MacLeod thanked him for the gift before going on to reassure that 'the prosecution of any particular "-ism" - especially the one on which we disagree - was never in my head in concocting the scheme'.⁷⁵ Given his own forthright views, frequently expressed, it is to Lithgow's credit that, despite occasional clashes, he did not rein in any of MacLeod's more controversial views - even when MacLeod persisted in advocating pacifism throughout the Second World War.

The Iona Community made an immediate impact on Scottish church life, with MacLeod admitting to receiving over one thousand letters after the initial flurry of newspaper articles in the spring of 1938.⁷⁶ His initial declaration that the Community should be a 'laboratory of co-operative living' suggests a boldness which would have upset the conservative majority

⁷³ NLS, MacLeod Papers, Accn. 9084/292, Sir James Lithgow to George MacLeod, 23 June 1938.

⁷⁴ *Ibid.*

⁷⁵ NLS, MacLeod Papers, Accn. 9084/292, George MacLeod to Sir James Lithgow, 12 March 1938.

⁷⁶ *Coracle*, Issue 1, Autumn 1938.

within the Church.⁷⁷ Founded at a time of international tension, when Scotland itself was only slowly starting to recover from the worst of the inter-war slump, MacLeod's scheme was defiantly optimistic. The scheme attracted a broad mix of the devout and the curious, suggesting it spoke to an active group out of step with the conservative Church hierarchy which had failed to enthuse and inspire the young. In 1945, MacLeod wrote that in the years since 1938, missions conducted by the Community in factories and universities alike had revealed 'a really serious state of indifference to the Church, which seems to them to be wholly preoccupied with other-worldly concerns'.⁷⁸ There was a mixed response from within the Church of Scotland. The widespread publicity and subsequent press coverage led to considerable suspicion from sections of the clergy. Inaccurate and sometimes fanciful reporting led to misunderstandings and a degree of hostility. MacLeod's obvious skills as a communicator left some of his fellow clergymen jealous while others were wary of his alleged Anglican tendencies or his socialism and pacifism.⁷⁹ However, MacLeod could rely on a number of crucial allies. One such, Rev Dr Charles Raven of Cambridge University wrote to MacLeod within weeks of the announcement:

You are doing a work which will have influence far outside the Church of Scotland – a work that will catch the imagination of our bewildered youngsters by its romance and grasp them by its realism.⁸⁰

⁷⁷ *Ibid.*

⁷⁸ G. Macleod, *We Shall Rebuild: The Work of the Iona Community on Mainland and on Island* (Glasgow: Iona Community, 1945), p15.

⁷⁹ Ferguson, *George MacLeod*, p154.

⁸⁰ NLS, MacLeod Papers, Accn. 9084/291, Rev Dr Charles Raven to George MacLeod, 29 April 1938.

The Community proved to be controversial within the Church in Edinburgh. Concerns had been raised early in MacLeod's tenure in Govan when there was the suggestion that he was borrowing too many aspects of the Anglican tradition. When these 'facts' were added to the rumours that abounded in the wake of the initial announcement of the Community, it became clear that the suspicion spread beyond the Edinburgh elite to individual parish ministers and their congregations. In the early months of the war, one of the first Iona Community teams of ministers was offered to the growing suburban parish of Knightswood on the western edge of Glasgow. When the offer was rejected by the minister and Kirk Session, John White wrote to Lithgow that the 'chief objection is the connection of the team with the Iona Community'.⁸¹ In typically rumbustious fashion, Lithgow countered by immediately withdrawing the offer of £4000 'to complete their Church and to finance their Ministry'.⁸² The brusqueness that characterised his business affairs could come to the fore in his criticisms of what he saw as a remote leadership in Edinburgh:

I am sorry to appear so querulous, but you know I am conscious of the lack of contact between the Church and the people, which in my view arises from the lack of 'drive and management' from our Church Governors.⁸³

Building on the work of the Iona Community, Lithgow sought to address the perceived problem of a disaffected youth who no longer identified with the mainstream Church. Although the Church had shied away from too close an involvement with the chronic problems of poverty and unemployment, the campaign to reconnect with the 'churchless

⁸¹ NLS, MacLeod Papers, Accn. 9084/292, John White to Sir James Lithgow, 18 January 1940.

⁸² NLS, MacLeod Papers, Accn. 9084/292, Sir James Lithgow to John White, 21 January 1940.

⁸³ NLS, MacLeod Papers, Accn. 9084/292, Sir James Lithgow to George MacLeod, 7 July 1941.

million' in the early 1930s had exposed the inadequate facilities in many parts of the country. In 1939, Sir James and Lady Lithgow jointly gifted £20,000 per annum to the Iona Youth Trust, guaranteed for ten years, to fund youth projects.⁸⁴ Once more, the gift was anonymous. Announcing the donation, the convener of the Church of Scotland Youth Committee explained that under the terms of the gift the money was to be spent on 'the training of youth leaders – both lay and clerical – the establishment of youth centres and the development of youth work generally'.⁸⁵ Lithgow clearly intended the various schemes to mirror the energy of the Iona Community and he expressly stated that the youth work should be integrated with the work in individual parish churches. Both Sir James and Lady Lithgow sat on the board of the Youth Trust, taking a hands-on approach to their investment. They had already helped sustain the Port Glasgow Boys' Club, underwriting the conversion of the Old Custom House in the town for use by the district's youth.⁸⁶ Aside from the funding, the time and effort expended on the Youth Trust demonstrated the importance of its work to Lithgow. More importantly, it illustrates the breadth of his interests. The Youth Trust provides evidence that Lithgow was not simply interested in renewing the Church of Scotland. His aim was to develop a moral vision for Scotland and to develop a sense of citizenry amongst a new generation of Scots.

The relationship between Lithgow and MacLeod was central to the success of their shared vision. Despite clear differences their relationship was built on a shared love of the Church of Scotland, a fear that it had lost its way through poor leadership and a fundamental belief in the Church's importance as a national institution. In 1938, after a decade rationalising and

⁸⁴ Ferguson, *George MacLeod*, p197-98; *The Scotsman*, 28 May 1945.

⁸⁵ *Glasgow Herald*, 22 April 1943.

⁸⁶ Whitley, *Laughter in Heaven*, p127.

restructuring Scottish industry, Lithgow compared the management of the Church with the steel industry. He told MacLeod that 'there is much that the Church could learn, both locally and nationally, from the plight and recovery of the Steel Trade in recent years. Spiritual bodies are not immune from the evils of jealousy and competition'.⁸⁷ Less than two years later, Lithgow wrote to John White complaining that history was full of talented churchmen driven out by the 'self-satisfied and oppositious attitude of their less gifted colleagues.' He added that it would be 'a thousand pities if Dr MacLeod is forced [from his work on Iona] by the "big wee men" [in Edinburgh]'.⁸⁸ In 1939, White wrote to Lithgow to thank him specifically for his various contributions, telling him that he was 'impressed and encouraged by your deep personal interest in this business side of the affairs of the Church'.⁸⁹ For Lithgow, a growing frustration with the inadequacies of the Church hierarchy in Edinburgh found a release in the drive and energy of George MacLeod. Lithgow may have identified with his maverick tendencies, but he certainly identified an opportunity to inculcate some of his own moral values on the wider population. In attempting to comprehend Lithgow's prodigious financial contributions, the recurring theme is one of action; whether it was Iona or Church extension, the money was designed to force change.

Lithgow was well aware that MacLeod was taking a great risk with his venture and was keen to shield him from some of the criticism. He recognised that such a bold new venture would jar with some members of the Kirk and would be misunderstood by many outwith the Church. He counselled against an immediate appeal for funds, suggesting that 'the general body has

⁸⁷ NLS, MacLeod Papers, Accn. 9084/292, James Lithgow to George MacLeod, 11 March 1938.

⁸⁸ NLS, MacLeod Papers, Accn. 9084/292, James Lithgow to Rev Dr John White, 20 January 1940

⁸⁹ NLS, MacLeod Papers, Accn. 9084/292, John White to James Lithgow, 3 December 1939.

not yet had time to appreciate quite all that is behind your scheme.'⁹⁰ Instead, he proposed a more cautious approach which almost amounted to infiltration. He told MacLeod, that in his view, the Community should be 'nursed quietly into existence in such a way as to make the maximum appeal to the greatest body within the Church, so that ultimately it will be, as it were, welcomed to the bosom of the Church'.⁹¹ Lithgow's extensive experience in business translated to his involvement in the Iona Community. As someone who had been director or chairman of a number of large concerns, he was accustomed to being in control, and while he was prepared to remain in the background while MacLeod outlined his new scheme, Lithgow's over-riding concern, that the Church of Scotland (and Scotland itself) needed to be revived, compelled him to act. Having explained to MacLeod that he had acted in industry to 'eliminate suicidal competition and to consolidate and strengthen our national industry', Lithgow now sought to use his resources to reshape the national church.⁹² His funding for the Iona Community Youth Trust demonstrated where his interests lay. Spurred on by the decline in the 1930s, Lithgow looked to the future. He may have had an eye on his legacy, but nevertheless he demonstrated a willingness to invest in developing a sense of citizenry in a new generation. Writing in 1952, a senior Churchman, having described Lithgow as 'one of the most generous benefactors of the Church of Scotland in modern times', went on to quote Lithgow's own deeply held belief that 'the future welfare of the people of Scotland is bound with and dependant upon a reassertion of Christian conviction among the young'.⁹³

⁹⁰ NLS, MacLeod Papers, Accn. 9084/292, James Lithgow to George MacLeod, 23 June 1938.

⁹¹ *Ibid.*

⁹² NLS, MacLeod Papers, Accn. 9084/292, James Lithgow to George MacLeod, 11 March 1938.

⁹³ *Glasgow Herald*, 26 February 1952.

Conclusion

The paternalist and philanthropic behaviour which produced tangible improvements in urban Clydeside over the half-century before the Great War was exceptional and could not be replicated amidst the economic crisis of the inter-war period. The growing role of the state accelerated with the Great War while the continuing expansion of the trade union movement placed new barriers between capital and labour, disrupting existing relationships. With the state taking responsibility for welfare and housing, the nature of paternalism had evolved since the late-nineteenth century. Building on the example of Paisley, it is possible to present the paternalism of Lithgow, Weir and the Colville iron and steel company as part of a pattern of localism. In turn, this adds to the Unionist Nationalism which is evident in the economic sphere during the period. Where Morton describes the charitable and philanthropic work of the subscription societies of mid-nineteenth century Edinburgh as an expression of nationalism within the Union, the same sense of localism permeates the inter-war interventions.⁹⁴ The defensiveness of inter-war Unionist Nationalism has been mentioned throughout the thesis and again, the urge to act to preserve a way of life and resist the perceived dangers of socialism and radical trade unionism, informed the paternalism of Lithgow, Weir *et al.* The Church of Scotland was a potent symbol of national identity and the particular circumstances of the 1930s presented an opportunity for men like Lithgow to influence the future direction of a national institution. As had been seen in the early 1930s with rationalisation and the diversification of industry, the most striking aspect of the intervention in religious affairs was the self-confidence with which Lithgow acted and the

⁹⁴ Morton, *Unionist Nationalism*, pp130-132.

certainty that he should be taking responsibility for shaping events, and shaping them in his vision.

Lithgow's involvement with George MacLeod's Iona Community tends to overshadow other religious developments of the period. The Forward Movement was largely unsuccessful but it is noteworthy for the explicit connection John White made between the new enterprise and the SNDC. In the context of the extended trade depression, the calls for a revival in both the spiritual and economic spheres was a powerful argument, but the social conservatism of the Church of Scotland in the 1920s meant that in many cases the intended audience was simply not listening. George MacLeod came to prominence as an active parish minister in Govan in Glasgow, willing to challenge the endemic poverty he found in the worst years of the depression. MacLeod was an outsider within the Church of Scotland, a pacifist and a socialist in a resolutely conservative organisation. Lithgow, no stranger to contrariness, could overlook this, seeing instead a man who shared his own misgivings about the direction of the Kirk. Both men shared an impatience with the centralised decision making process in Edinburgh and Lithgow found MacLeod's ideas of mission work in the new housing schemes, in effect reviving the evangelical spirit of the previous century, a compelling vision. The Iona Community was viewed with suspicion by the Church leadership, in part because of the suggestion of a Catholic style of worship, but Lithgow continued to make large donations throughout the 1940s. As Lithgow's interests turned increasingly towards the future, his generous funding of youth projects suggests a man who was interested in more than the machinations of the Church of Scotland. By supporting youth work, he appeared to be setting out his own vision for the future of Scotland itself, a vision he had already attempted to forge in the economic sphere through merger and diversification.

Conclusion

1: Unionist Nationalism in inter-war Scotland

By the end of the 1930s, Scottish business had moved decisively towards a new accommodation with the state. The acceptance of planned economic development as the most promising solution to the trade depression marked a significant turnaround from the confident free trade rhetoric of pre-war West of Scotland business, but there had, in effect, been a slow, evolutionary move towards corporatism since the Great War. Yet embracing state intervention and agreeing to a more collaborative approach represented an opportunity rather than a defeat for the business community. A diverse range of historians have suggested that the confidence of the leading industrialists - bolstered by support from finance and politics - was undimmed by the travails of economic dislocation.¹ The self-belief which underpinned their actions reflected their privileged positions within the political and economic nexus, but it also explains their willingness to take responsibility for rebuilding and reviving the Scottish economy - a responsibility that extended far beyond the concerns of their individual industries. By stressing the need to adopt solutions which were geared towards the particular wider needs of the Scottish economy, it has been argued throughout the thesis that the key figures - Weir, Lithgow and Bilsland - were central to the development of economic Unionist Nationalism in the 1930s and fundamental to its perpetuation in the second half of the twentieth century.

¹ M. Fry, *Patronage and Principle* (Aberdeen: Aberdeen University Press, 1987), p182; J. Foster, 'The Twentieth Century, 1914-1979' in R.A. Houston and W.W. Knox, eds., *The New Penguin History of Scotland* (London: Allen Lane, 2001), pp430-431.

The prolonged economic depression after 1920, and the crippling effect it had on national sentiment, was the primary motivation for the industrialists. There was, of course, a natural self-interest in the health of their own industries, and Lithgow in particular amassed an astonishing portfolio of businesses and directorships during the period. Yet this alone does not account for the breadth and intensity of their interventions. Colin Kidd has written convincingly of the overlap between nationalism and unionism before the 1960s, but his dismissal of the ubiquity of the Union – ‘a position of such unchallenged dominance in Scottish life’ – as banal unionism, sits uneasily with the effort that was expended securing unionism in the 1930s.² The world that men like Weir and Lithgow recognised and understood appeared to be slipping away and the economic challenges were mirrored by political threats. On one side, there was the very real danger of a radicalised working-class, the wartime experience on Clydeside shaping the business community’s response to the Labour advance of 1922 and an emboldened trade union movement. Weir and Lithgow remained notably hostile to both socialism and trade unionism throughout the inter-war years and the paternalism that each displayed within their own business milieu can be interpreted to some degree as a means of countering further encroachment. The revived Home Rule movement was less threatening, but the business-centred opposition to the appearance of the moderate Scottish Party in 1932 was a robust reassertion of the continued importance of unionism.

Unlike Morton’s original focus on middle-class urban Scotland, this reinterpretation of Unionist Nationalism is centred on economic renewal. For a nation which owed much of its self-identity to its significant contribution to Empire over the previous century, the collapse

² C. Kidd, *Union and Unionisms* (Cambridge: Cambridge University Press, 2008), p25.

in the main exporting industries after the Great War was a traumatic experience which added to doubts about the long-term future of Scotland. Where Morton concentrated on the societies and committees of mid-nineteenth century Edinburgh, inter-war Unionist Nationalism recognised the role of Empire, allowing a more expansive outlook where Scottish interests were compatible with Union and imperial concerns. In the industrial sphere, rationalisation was in many respects a defensive strategy, designed to counter external threats which were largely beyond the control of the main industry figures. Lord Weir's declaration in 1932 that the 'entire future industrial prosperity of the west of Scotland depends on the recreation of a healthy steel industry' gives an indication of the urgency of the task, but also illustrates the particular focus on working towards a *Scottish* solution for the problem.³ Weir and Lithgow were sophisticated individuals, as comfortable in Whitehall, the Bank of England and the UK employers' organisations as they were in the West of Scotland working in their own industries, and their profile on the UK stage gave them added authority within Scotland. As staunch Unionists, their commitment to the Union itself was never in question, but they were astute enough to move towards the more progressive - and ultimately more pragmatic - form of Conservatism associated with Baldwin but given voice within Scotland by a new generation of politicians like Walter Elliot, Noel Skelton and Robert Boothby. Paul Ward's observation that Elliot 'saw the Union and Scottishness not only as reconcilable but as integral to each other' could easily be applied to the inter-war industrialists who stepped up to take responsibility for reshaping so many facets of Scottish life.⁴

³ Glasgow University Archives (GUA), Papers of Lord Weir, Memo on Scottish Steel, undated (1932), DC96/18/89.

⁴ P. Ward, *Unionism and the United Kingdom, 1918-1974* (Basingstoke: Palgrave, 2005), p26.

New bodies like the SNDC and SEC had their roots in an associational culture within the business community which stretched back into the nineteenth century, but they also reached out to a broader constituency across Scottish society. Both organisations represent one of the principal continuities between Morton's Unionist Nationalism and inter-war Scotland, but again, the ambition and the reach is greater in the latter period. The consensual 'middle opinion' which Arthur Marwick and Lindsay Patterson describe is evident in the mix of business, local government and trade union figures which coalesced around the Development Council, but it was the industrialists - and their friends in finance - who emerged as the leading advocates of planning as part of the SEC.⁵ By the mid-1930s, Scottish business appeared to be reconciled to corporatism, sensing that greater state involvement represented the best (or least bad) option for future growth. Scottish Unionism was less rigid, ideologically, compared with the Conservative Party in England, and many of the more popular Scottish MPs - men like Elliot or John Buchan - cultivated an air of reasonableness which made compromise easier. The acknowledgement that there had to be a Scottish interest within the continued Union relationship helped support the autonomy of the Scottish Office and sustained the various attempts to encourage economic diversification.

Economic dislocation may have been the spur for Weir, Lithgow and their allies, but they were acutely aware of the potentially dangerous social and political effect of the sense of national decline which pervaded many aspects of Scottish life in the 1920s. The paternalism and religious interventions described in the final chapter illustrate a further strand of Unionist Nationalism. In the same way that economic Unionist Nationalism sought to bring control of

⁵ A. Marwick, 'Middle Opinion in the Thirties' in *English Historical Review*, Vol. 79 (1964), pp285-298; L. Patterson, *The Autonomy of Modern Scotland* (Edinburgh: Edinburgh University Press, 1994), pp104-123.

Scottish affairs back to Scotland itself, the localism apparent in the behaviour of employers like Lithgow or Colvilles was a means of retaining influence amidst rapid social change. Weir's concern about slum housing and the failure to address overcrowding was genuine enough, but he also recognised an opportunity to defuse one of the Labour Party's strongest cards, and his 'steel house' campaign was hamstrung by his anti-union reputation and the hostility it generated. Lithgow's involvement with the Church of Scotland was more significant. His financial support for the Church of Scotland and the Iona Community was designed to force change and he appeared to signal his intention to mould future generations of Scots by concentrating his resources in the work of the Iona Community Youth Trust. Lithgow was frustrated with the management of the Church of Scotland in the 1930s, and despite Church union providing an opportunity for the Church to reaffirm its position at the heart of national life, he chose to align himself with the pacifist and Christian Socialist, George MacLeod. In business, Lithgow was a man of action, and he clearly saw a kindred spirit in the energetic but controversial MacLeod, but his determination to imbue a certain moral fibre in the Scottish people led him to support those who he felt would best serve his purpose.

Whether in business, politics or society, inter-war Unionist Nationalism was predicated on the understanding that Scotland and Scottishness were vital elements of the Union relationship. For the generation of West of Scotland industrialists who entered business at the turn of the century, the deep-seated economic problems which were revealed after the Great War could only be addressed within the Union. The solutions, however, would be Scottish ones, conceived and carried out in Scotland. The acknowledgement of Scottish sensibilities allowed Unionism to become the dominant electoral force in the inter-war period, and in tackling the economic malaise through bodies like the SNDC and SEC, the business community recognised

the unique characteristics of the Scottish economy. By the end of the 1930s, the acceptance of corporatist economic planning, combined with the enhanced status of the Scottish Office had set the course for the future.

2: The Legacy?

The outbreak of war in September 1939 created new demands on the Scottish economy, but it also allowed the institutions which had developed during the 1930s to evolve and grow. Both the SDC and SEC continued under the leadership of Bilsland. The evidence which the SEC submitted to the Royal Commission on the Distribution of the Industrial Population formed part of the final report in early 1940 and informed many of the wartime debates about post-war strategy.⁶ However, the arrival of Tom Johnston - a Scottish Labour MP - as Secretary of State for Scotland in Winston Churchill's National Government in 1941 marked a significant shift in policy. Some of the additional power gained by the Scottish Office in the late 1930s was lost through wartime centralisation, but Johnston placed Scottish concerns centre-stage, forming a Council of State of all surviving ex-Secretaries of State to advise on Scottish affairs. Johnston also instigated the Scottish Council on Industry (SCI) to consider economic planning during wartime and pushed for a far greater share of non-munitions production to be allocated to Scottish firms.⁷ In a development which echoed the 1938 SEC report on conditions in the Highlands, Johnston announced the effective nationalisation of the hydro-electric industry in 1942, when he created the North of Scotland Hydro-Electric

⁶ *Parliamentary Papers*, 1940 (Cmd. 6153), Royal Commission on the Industrial Distribution of the Population: Report; Scottish Economic Committee, *Scotland's Industrial Future: The Case for Planned Development* (Glasgow: Scottish Economic Committee, 1939).

⁷ C. Harvie, *No Gods and Precious Few Heroes* (Edinburgh: Edinburgh University Press, 1993), p53.

Board. This was a bold intervention which spoke of Johnston's interest in both the economic planning movement of the 1930s and the need to decentralise decision-making from Whitehall to Edinburgh, the Hydro-Electric Board presaged other post-war nationalisation projects. Importantly, it also set the parameters for these schemes, underlining the fact that, despite the increased autonomy gained under Johnston, the devolved powers of the Scottish Office had limits, and that these overtly Scottish decisions were still being taken within the confines of the Union relationship.

Post-war reconstruction plans were discussed by sub-committees of Johnston's Council of State and set in train by ambitious bodies like the Clyde Valley Regional Planning Committee and its counterpart covering the Central and South-East region. The comprehensive regional planning initiatives in the closing years of the war signalled the direction of travel for governments of both colours in the following decades, but these plans themselves owed a debt to the work of the SEC in the late 1930s. During this period, Unionist parties continued to dominate Scottish politics, yet there remained a nationalist tinge to the economic debate. Jim Phillips has described Sir William Lithgow's 1968 outburst against the Wilson government's economic policies as both 'devolutionist and anti-socialist in character', noting the similarity to his father's views thirty years earlier.⁸ The persistence of a distinctly Scottish outlook on economic development is one of the striking aspects of the post-war period, the fact that the country was still lagging behind the more prosperous areas of England permeating business and civic Scotland. In many respects the Toothill Report of 1961 was the direct successor of *The Case for Planned Development*, and the calls for diversification which

⁸ J. Phillips, *The Industrial Politics of Devolution* (Manchester: Manchester University Press, 2008), pp52-53.

filled the 1938 report echoed down the years. The economic Unionist Nationalism borne out of the inter-war depression continued to evolve and develop in the post-war period. Research on the economic history of the Second World War in Scotland remains comparatively thin, but this thesis demonstrates that the role of the business community during the 1939-45 conflict, and in post-war Scotland, demands further attention.

Appendix 1: Scottish National Development Council

Scottish National Development Council Chairman's Committee – October 1931		
Name	Company/Interests	Industry
Earl of Elgin and Kincardine (President)	Director, Royal Bank of Scotland; Chairman, Fife County Council	Banking/Local Government (Unionist)
Sir James Lithgow (Chairman)	Chairman, Lithgows Ltd; Director, Colvilles Ltd; Chairman, National Shipbuilders' Securities (Ltd)	Shipbuilding and steel
Sir Henry Keith	Chairman, Lanarkshire Education Committee; Chairman, Committee of the Convention of Royal Burghs	Local Government (Unionist)
Sir Alexander Walker	Chairman, John Walker & Sons	Distillers
Sir Andrew Pettigrew	Chairman, Campbell & Stewart & McDonald	Leather Goods
Sir William Sleigh	Chairman, Rossleigh Ltd; ex-Lord Provost, Edinburgh	Motor vehicles
Provost Alexander MacEwen	Solicitor, Stewart, Rule & Co.; Provost of Inverness	Law/Local Government (Liberal)
Lord Provost Dempster	Provost of Perth	Local Government
William Elgar	Secretary, Scottish Trades Union Congress General Council; Councillor, Glasgow Town Council	Trade Unionist/Local Government (Labour)
Bailie Alexander Swan	Chairman, Munro & Co. (Glasgow) Ltd; Councillor, Glasgow Town Council	Soft Goods/Local Government (Moderate)
Samuel Mavor	Chairman, Mavor & Coulson, Ltd	Engineering

Appendix 2: Scottish Economic Committee

Scottish Economic Committee Membership – April 1936		
Name	Company	Industry
Sir James Lithgow (Chairman)	Chairman, Lithgows Ltd; Director, Colvilles Ltd; Director, Steel Company of Scotland Ltd; Chairman, Wm Beardmore Ltd.; Chairman, National Shipbuilders' Securities (Ltd); Director, Fairfield Shipbuilding and Engineering Ltd.	Shipbuilding & Steel
Sir Steven Bilsland (Vice-Chairman)	Director, Bilsland Brothers Ltd; Chairman, Union Bank of Scotland; Director, Scottish Amicable Insurance; Director, Colvilles Ltd	Banking; Insurance
Sir William Goodchild (Secretary)	Various Civil Service Roles Since 1909 Assistant Commissioner for Special Areas in Scotland (1935-36)	Civil Service
John Ballantyne	Chief Officer, LMS Railway	Railway
W. Lindsay Carlow	D.M. Stevenson & Co. Ltd; Baird & Stevenson (Quarrymasters) Ltd; Scottish Coal Exporters Association	Coal
Andrew Clarke	General Secretary, Mid & East Lothian Miners' Assoc.; President, National Union of Scottish Mineworkers	Trade Unionist
W. A. Collins	Chairman, Wm. Collins Sons & Co Ltd	Publisher
Robert Crichton	Chairman, Scottish Oils Ltd.	Oil
Frank Donald	Messrs Donald Brothers, Dundee	Textiles
N.F.Graham Donaldson	Messrs Donaldson Brothers, Glasgow	Shipping
N. W. Duthie	Messrs Mann Judd Gordon & Co., Glasgow (partner)	Chartered Accountant
Bailie William Elger	Secretary, Scottish Trades Union Congress General Council	Trade Unionist
Lord Elgin	President, Scottish National Development Council (ex-officio member)	Industrial Administrator
William Gallacher	Director, Scottish Wholesale Co-operative Society Ltd	Co-op
C. N. Gallie	Treasurer, Scottish Trades Union Congress General Council	Trade Unionist
A. McCance	Director, Colvilles Ltd; Director, Steel Company of Scotland; Director, Clyde Alloy Steel Co. Ltd.	Steel
J. Donald Pollock	Chairman and Managing Director, Metal Industries Ltd; Director, British Oxygen Ltd.	Packaging
Sir John Sutherland	Chairman, Scottish Travel Association	Travel
Sir William Whyte	General Manager, Royal Bank of Scotland	Banking

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