

Devolution in the United Kingdom: origins, forms and evolution

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One of the most recent transformations of the structure of a state came in the aftermath of Belgian federalisation. The United Kingdom underwent a process of empowerment of regional entities after Labour's landslide victory of 1997. British devolution, however, took a very different form, one that is both less extensive and more asymmetrical than the form of federalism chosen in Belgium. This paper describes the institutional set-up of devolution in Scotland and Wales, reports the results of the devolved elections and discusses the political debates on the future of devolution. It shows that devolution, which Labour envisioned as a way to settle the debates on self-rule in the Celtic fringes, is instead a process.

From Home Rule to devolution

The 19th century saw the emergence of peripheral nationalisms in the UK. It is in Ireland that the contestation of the union was most prominent. The contestation was there based on resentment on religious, economic and social terms. By the end of the 19th century some voices also started to advocate home rule in Scotland and Wales. Their aim was not to separate their territory from the rest of the union but to give Scotland and Wales an equal status with England.

The Scottish home rule movement managed to be influential enough to have 13 home rule proposals presented in the House of Commons between 1890 and 1914, receiving the approval of a majority of Scottish MPs as well as some prominent liberals and Keir Hardie, the first leader of the Labour party. While devolution in the form of the re-establishment of the Scottish parliament failed to materialise, administrative devolution started in 1885 with the creation of the Scottish Office and the formation of the Scottish Grand Committee (reunion of all the Scottish MPs to discuss Scottish affairs) (Bogdanor 2003: 110-2; Pilkington 2002: 44-46, 57-8).

In Wales, the nationalist movement was mainly concerned with cultural and linguistic issues. *Cymru Fydd* (Future Wales) was a nationalist movement founded in 1866 to promote Welsh culture and education. It became more political at the end of the century but was soon replaced by Labour, as Wales became more industrialised and the class divide rapidly took the place of the cultural-linguistic cleavage. Finally, the issue of home rule for Wales proved particularly divisive in Wales, revealing the internal geographic divisions of the principality, and like in Scotland the break of the war in 1914 put an end to discussions of home rule (Bogdanor 2003: 144-8; Pilkington 2002: 46-8).

Devolution only came back on the agenda in the 1970s with the sudden rise of the Scottish National Party and Plaid Cymru. The 1970 election was a turning point: both parties saw their share of the vote more than double (from 5 per cent to over 11 per cent). As a result of this new competition for the Labour party in its Scottish and Welsh strongholds, Prime Minister Harold Wilson set up a commission to investigate constitutional reform. The Kilbrandon Report proposed that the creation of devolved Assemblies with members elected through single transferable vote in Scotland and Wales. However, by the time it was published in 1973 a Conservative government was in place and the report was shelved (Pilkington 2002: 60-1).

The February and October 1974 elections changed the situation again. While Plaid Cymru's share of the vote reached 10.8 per cent in both elections, the SNP received 21.9 per cent of the votes in February and 30.4 per cent in October. At the same time, Labour's manifesto for the October election proposed to 'create elected Assemblies for Scotland and Wales' (Dale 2000: 208). After the election, the Wilson government and then the Callaghan government proceeded to fulfil their pledge.¹ The government passed two separate bills to devolve power to a Scottish legislative parliament and to a Welsh executive assembly. Devolution was to be finally endorsed by the peoples of Scotland and Wales in a referendum, with a requirement that at least 40 per cent of those eligible to vote should vote 'yes'. Both referendums were held on 1 March 1979. In Wales devolution was massively rejected, with 79.8 per cent of the votes against devolution and a turnout of just 58.8 per cent. In Scotland 51.6 per cent of the voters said 'yes' to devolution. With such a narrow victory and a turnout of 62.9 per cent, only 32.85 per cent of the whole electorate voted in favour of devolution (Bogdanor 2003: 190). As a result of these two referendums, the credibility of devolution was ruined. After the referenda, the SNP put down a no-confidence motion, which was also voted by the

¹ PM Harold Wilson resigned in the spring of 1976 and James Callaghan was elected leader of the Labour party and became Prime Minister.

Liberals and the Conservatives, bringing Callaghan's minority government down. The Conservative government that took office in May 1979 repealed both devolution Acts and devolution was off the agenda for nearly another 20 years.

Devolution came back in the political debate in a context of Conservative domination of Westminster during Margaret Thatcher's premiership, which contrasted with Labour's electoral domination in Scotland. The Conservatives also seemed to display a particular disregard for the political traditions and a strong lack of sensitivity with the peripheries of the Union, exemplified by the government's decision to implement the poll tax in Scotland a year before its introduction in England and Wales (Bogdanor 2003: 196).

The Labour party had remained in favour of devolution throughout the 1980s, mostly with regard to Scotland, but the issue still had some opponents inside the party. It is only at the end of that decade that Labour renewed its proposals for devolution in Wales. In 1992, the party proposed to establish a Scottish parliament, a Welsh Assembly, an elected authority for London and 'a tier of regional government in the English regions' (Dale 2000: 230-1). Since 1989, Labour had participated in the Scottish Constitutional Convention, which also included the Scottish Liberal Democrats, local government officials, members of the trade unions and the church. The Conservatives did not participate as they did not support the idea of devolution and the SNP also refused to participate in a discussion that did not refer to independence. The goal of the Convention was to replace devolution into Westminster's agenda. It produced two reports that proposed that the new parliament is elected by proportional representation with the additional-member system formula. The Convention did not go as far as ask for tax-raising powers for the new assembly (Bogdanor 2003: 196-8).

After Labour's 1997 general election victory, two referendums were held to ask the peoples of Scotland and Wales whether they agreed to devolution. The Scottish referendum was held first and two questions were asked, one on the creation of a Scottish parliament and one on the tax-raising powers of the parliament. A week later the Welsh people was asked only one question on the establishment of a Welsh assembly. In order to avoid the situation that led to the failure of the 1979 referendum in Scotland, there was no minimal level of support from the whole electorate. Devolution was therefore accepted in Scotland even though only 44 per cent of the electorate voted in favour of the parliament and a mere 38 per cent in favour of tax-raising powers. The Welsh referendum was held a week after the Scottish one because its result was

uncertain, and the government hoped that the likely positive result of the Scottish vote would influence the Welsh. The Welsh only agreed to the creation of an Assembly by a small margin, with fewer than 7,000 more votes in favour of the Assembly.

The general framework of devolution

The chosen model of devolution is very asymmetrical: a highly integrative pattern of decentralisation was chosen in Wales, whereas devolution more closely resembles the dual model in Scotland. Devolution is far-reaching in Scotland, more limited in Wales, and has bypassed England, by far the largest component of the Union.²

Devolution for Scotland and Wales was the result of separate legislations. The separate devolution settlements that created the devolved institutions and organised the division of powers between the centre and the regions were drawn up by the centre. A peculiarity of British devolution is the absence of any constitutional guarantee. The first reason is that the United Kingdom does not have a written constitution. The second reason is that devolution 'seeks to reconcile two seemingly conflicting principles, the sovereignty or supremacy of Parliament and the grant of self-government in domestic affairs to Scotland, Wales and Northern Ireland' (Bogdanor 2003: 1). Distinct from federalism, devolution does not divide but devolve the supreme power of Parliament (Bogdanor 2003: 3). Devolution is therefore a delegation of power from the centre to the regions, a transfer and the sharing of powers between governing institutions within a legislative framework (Hoods Philips *et al.* 2001: 89; Burrows 2000: 1). As a result, the Westminster Parliament remains sovereign and the only limit on its ability to legislate on devolved issues is political rather than legal (Trench 2004: 167).

Finally, as far as intergovernmental relations are concerned, the formal processes of co-operation between the central government and the regions are very limited. Intergovernmental relations within the UK are mainly at the executive level. Institutional devices for vertical co-operation exist in the form of the Joint Ministerial Committee (JMC), which can bring together ministers and/or civil servants from both central and

² In 1997 Labour promised regional assemblies for the English regions that wished to have one but then failed to deliver its pledge. Labour reiterated its promise of voluntary devolution in England in 2001. Referendums were to be held in the regions that wished to have their own assemblies. The negative results of the referendum in the North-East have cast a shadow on the future of other referendums and potential devolution in other regions. See Hélène Mulholland 'North-East voters reject regional assembly', *The Guardian*, 4 Nov. 2004 <http://society.guardian.co.uk/regionalgovernment/story/0,8150,1343801,00.html>, and <http://www.bbc.co.uk/northyorkshire/iloveny/devolution/postponement/index.shtml> on the postponed referendum in Yorkshire and the Humber.

devolved levels. However, they have been little used and often take a rather ritualistic form that carefully avoids any public display of disagreement. Very little discussions actually happen in these meetings, and their formal dispute-solving function tends to be neglected in favour of more informal meetings, in particular between officials. The JMC appears to be too formal and this formality might have given rise to disputes that could be avoided in a more informal setting. The other reason for the weakness of formal IGR is the political consensus between the central and devolved administrations. Labour has not only formed the British government since 1997 but also the Welsh Executive between 1999 and 2000 and again since 2003. Labour has also been the major partner in Wales between October 2000 and April 2003 and in Scotland since 1999 (in both cases, Labour's coalition partners were the Liberal Democrats). As a result, intergovernmental relations can take a more informal turn, as ministers on both sides of the negotiating table tend to be from the same 'family' (Trench 2004: 176-181).

Overall, the participation of the constituent regions of the UK in central decision-making is rather restricted. The British government includes Secretaries of State for Scotland and for Wales, but neither is selected from or by the corresponding regional government. The role of the Secretaries of State is rather peculiar and can also be confusing: his or her role is to speak 'for the UK government on matters relating to that territory' and to speak 'for the territory on matters on which it had dealings with the UK Government' (Trench 2004: 182). Representing alternatively the UK government and the region depending on the issue at stake, it is hard to see how this can be achieved without problems of legitimacy from a regional point of view. So far, the fact that Labour has been in power at both levels has certainly facilitated intergovernmental relations, but it will become more difficult when there is government incongruence between the national and regional levels. Moreover, both positions have been somewhat undermined by their downgrading from full-time to 'part-time jobs' between 2003 and 2008.³ Just like the regions are not directly represented in Cabinet, neither are they represented in Parliament. The Scottish and Welsh governments and assemblies are not represented in Parliament like the German *Länder* are represented in the *Bundesrat* or, to a more limited extent, the Spanish regions in the Senate. Regional representation in Parliament is made

³ Peter Hain has shared his responsibilities as Secretary of State for Wales with those of Leader of the House of Commons (June 2003-May 2005), Secretary of State for Northern Ireland (May 2005-June 2007) and Secretary of State for Works and Pensions (June 2007-January 2008). Alistair Darling (June 2003-May 2006) and Douglas Alexander (May 2006-June 2007) were both Secretary of State for Scotland and Secretary of State for Transport, and Des Browne (June 2007-October 2008) combined the position of Secretary of State for Scotland with that of Secretary of State for Defence. Jim Murphy and Peter Hain are currently exclusively Secretary of State for Scotland and Secretary of State for Wales, respectively.

virtually impossible by the asymmetrical character of the devolution process and the absence of any regional government in England.

The Scottish devolution agreement

The Scotland Act 1998 established the Scottish Parliament, which consist of 129 members, and a Scottish Executive elected by the Scottish Parliament from its members. The Parliament is elected by the additional-member system of proportional representation, with 73 members (MSPs) elected in single-member constituencies with the plurality rule and the remaining 56 elected from top-up lists. The 73 members are elected from the 72 Westminster constituencies (before the boundary change of 2005), with Orkney and Shetland being split to form two constituencies. The top-up areas have the boundaries of the regional constituencies used in Scotland for the elections to the European Parliament until 1999 (Bogdanor 2003: 203). The Parliament is elected for a term of four years. It can be dissolved if a majority of two thirds of the MSPs votes for dissolution or if the Parliament is unable to select a First Minister within 28 days. Unless the dissolution leads to an election within 6 months of the scheduled next election, the new Parliament is only elected to complete the duration of the previous legislature, and the electoral calendar would remain the same. For instance, the last Scottish elections were held in May 2007. If the Parliament was dissolved before December 2010, the next elections of May 2011 would still be held. On the other hand, if the Parliament was dissolved between December 2010 and May 2011, then the May 2011 elections would be cancelled and MSPs would be elected for a whole 4-year term.

The Parliament has a period of 28 days to elect a First Minister to lead the Scottish Executive, which is the government of Scotland for all devolved matters. The Scottish Executive should also comprise a number of ministers and junior ministers appointed by the First Minister and two law officers, the Lord Advocate and the Solicitor General for Scotland.

The Scotland Act lists the powers retained by Westminster. The main reserved matters are the Constitution and the Union of Scotland and England, foreign affairs and the European Union, defence, immigration and nationality, national security, the civil service, fiscal and monetary policy, rules of market competition, financial services and markets, import and export control, transport not particular to Scotland, energy policy, social security, employment and industrial relations, and election rules (except local

government elections, save from the franchise). The Scottish Parliament can pass and implement legislation over any matter that is not contained in the list of reserved matters. Scotland is therefore responsible for health services (with a few restrictions), home affairs, local government, education, arts and culture, housing, transport, law and order (but not the courts), agriculture and economic development (Scotland Act 1998). The Scottish Parliament can also pass implement secondary (or subordinate) legislation as the need might arise from bills passed either in Westminster or the Scottish Parliament (Pilkington 2002: 108).

The Welsh devolution agreement, 1999-2007

The National Assembly for Wales is a 60-member chamber. It chooses a Cabinet (the Welsh Executive) from its members. The National Assembly for Wales is elected for a period of four years with the additional-member system of proportional representation; 40 of its members are elected in single-member constituencies and 20 from regional lists. The single-member constituencies are the Westminster constituencies and the top-up areas are the regions formerly used as constituencies of the European parliamentary elections. Unlike the Scottish Parliament, the Assembly cannot be dissolved.

The Assembly was created as an executive body headed by a First Secretary and Assembly Secretaries, forming its executive committee. The corporate-body structure meant that legislative and executive functions were merged. The British Parliament remains responsible for primary legislation over all aspects of the government of Wales and secondary legislation over all the non-listed matters. The Assembly is only able to pass 'orders, rules and regulations which fill in the details of the framework set out in the primary legislation, the Act of Parliament' (Bogdanor 1999: 255). It has powers of secondary legislation over the powers previously exercised by the Secretary of State for Wales: economic development, agriculture, education, local government, health and services, the environment, transports, arts and culture (Government of Wales Act 1998: Schedule 2). The first Transfer of Functions Order included a list of over 5,000 functions that were to be exercised by the Assembly. Unlike Scotland, Wales has been assigned a list of areas of competence, and Westminster has retained competence over the rest, including residual powers. Moreover, the National Assembly has no tax-varying powers and relies entirely on London's block grant, which it may use to define different spending priorities (Webb 2000: 27).

Initially designed as a 'corporate body' in which legislative and executive functions were merged, the National Assembly changed into a parliamentary body, the 'Welsh Executive' became the 'Welsh Assembly Government' and the 'First Secretary' became the 'First Minister' (like his Scottish counterpart) in 2002 (McAllister 20004: 81; Osmond 2003: 18-9). One of the reasons for such a change was that the corporate mode of operation gave the impression that decisions were taken by the National Assembly as a whole, impression that both government and opposition were keen to dispel (Osmond 2004: 48). At the same time, this change allowed the Assembly to function along lines and following methods that were familiar to both the AMs and the Welsh public, giving the Assembly a clearer profile and better recognition of how it works.

In practice, even though the Assembly only has powers of secondary legislation, its Government and Welsh civil servants are actively involved in making primary legislation when Wales' interests are at stake, advising the Secretary of State, drafting proposals and scrutinising the legislative process to ensure the success of the bill (Osmond 2004: 63-4).

Reform of the Welsh devolution agreement: Government of Wales Act 2006

In 2002, the National Assembly appointed a commission chaired by Lord Richard to look into the operation of devolution in Wales and possible areas of reform. The Government of Wales Act 2006 followed a number of, but not all, the recommendations of the Commission. For instance, it rejected the increase in membership of the Assembly should it be granted powers of primary legislation and a change in the electoral system (replacement of the additional member system by single transferable vote). It also abstained from granting the Assembly tax-raising powers. The reform of the Welsh institutions took effect after the 2007 Welsh elections.

First of all, the new Act separated the government of Wales from the Assembly to which it is accountable. This entrenched into legislation the changes that had taken place in 2002. The Act also introduced the possibility of dissolving the Assembly, should two-thirds of its members approve it. However, the term of the newly elected Assembly would only last the length necessary to complete the term of the dissolved Assembly. The electoral calendar would remain the same, unless the election takes place within six months of the date of the ordinary election.

The most significant change to the Assembly's powers is the possibility to transfer legislative competence to the Assembly by Order in Council with the approval of

Parliament. Schedule 5 of the GoWA 2006 lists the fields over which the National Assembly may legislate. These acts of primary legislation are called Assembly Measures and do not prevent the Westminster Parliament from making legislation over these same policy fields. The fields of competence are: agriculture, fisheries, rural development; historic monuments; culture; economic development; education and training; environment; fire service; food; health and health services; transport; housing, local government; some matters over the organisation and staffing of the Assembly; public administration; welfare; sport and recreation; tourism; town and country planning; flood defence and water; and Welsh language. This gives the Assembly considerable power, but these competences are shared with the British Parliament.

The Act also contains a provision for holding a referendum on the transfer of powers of primary legislation to the Assembly. A referendum would have to be approved by the two Chambers of Parliament and by two thirds of all Assembly Members. Schedule 7 of the Act lists the matters over which the Assembly would then be allowed to make law. It is the same list as for Assembly Measures, with some restrictions that are similar to those that apply to the Scottish Parliament. There is no date yet for such a referendum, and there does not seem to be any political will in London to have such a referendum at the moment.

Financing devolution

Scotland and Wales are financed primarily by a central block grant determined using the so-called 'Barnett formula'. The formula adjusts automatically some elements of public expenditure in Northern Ireland, Scotland and Wales to reflect budget decisions affecting other parts of the country (England). Devised in the late 1970s by Joel Barnett, the then Chief Secretary to the UK Treasury department, it allocates public funding to the component parts of the Union as a proportion of their population. Today, for every increase of public expenditure by £85 on services in England comparable to those contained in the Scottish and Welsh block grants, £10 would be allocated to Scotland, and £5 to Wales (Bogdanor 2003: 243; Swenden 2006: 137).

The sums allocated to Scotland and Wales are not dependent on their needs but rather on changes in the level of public expenditures in England. If this is often considered as an argument against the block-grant system, the formula has a number of advantages, starting with consistency and predictability, as the resources available to the

Scottish and Welsh devolved authorities do not have to be negotiated with the central government. However, the central government is not obliged to follow this formula, as shown by the UK government's decision to increase the Welsh budget in 2000, whereas the Barnett formula would have led to a reduction of this budget. While they lack financial autonomy, this method of financing also gives a large measure of freedom to the devolved bodies. Given as a 'block', the regions are free to spend the money on the areas and services they want (Trench 2004: 173). Scotland and Wales can find additional sources of funding in their control over local authority finances. Part of the block grant, 40% in the case of Scotland, goes to the financing of local authority expenditures. However, the devolved authorities have the power to define their spending priorities, and they could earmark some of these funds for other purposes and therefore increase their own resources.

In addition, the Scottish parliament has very limited financial autonomy in the sense that it has little independently raised resources. Most of its funding comes from a block grant from the central government, which the Scottish Executive may spend at its discretion. It has a tax-varying power of three percent of the state level of the income tax that has not been used yet. It is therefore very dependent on London for its resources.

The Richard Commission Report was very prudent in its recommendations on the Assembly's financial powers. It concluded that setting up a tax-varying power of 3 per cent like it exists in Wales would be the most practical solution, should there be a political will to give the Assembly tax powers. In the end it was decided that the Assembly would not have such tax-raising powers. The GoWA 2006 created a Welsh Consolidated Fund into which the Secretary of State would transfer all the moneys voted by Parliament. Payments are made after the Auditor General for Wales is satisfied that they are in line with Budget Resolutions.

The financing of devolution is often questioned, as the Barnett formula leads to higher levels of public expenditures per capita in Scotland and Wales than in England (see McLean *et al.* 2008). This imbalance is often a source of resentment in England, where there is no devolved government. In addition, some in Scotland argue in favour of more financial and fiscal autonomy to match the Parliament's powers and increase the fiscal responsibility of the devolved institutions. There are indications that a future Conservative government would try to reform the way Scotland and Wales are financed.

Elections to the Scottish Parliament and the National Assembly for Wales

There have now been three elections in Scotland and Wales, in 1999, 2003 and 2007. Every time, these elections were held on the same day, on the first Thursday of May. Table 1 below details the results of all six elections and shows the composition of the government that followed these elections. Both assemblies are elected via compensatory additional-member system of seat allocation. This is a mixed-member system of proportional representation in which a number of members are elected nominally by first-past-the-post and the remaining members are elected from regional lists in top-up areas (Shugart and Wattenberg 2001: 10). The Scottish Parliament has 129 members, 73 of which elected in single-member constituency and the 56 others in eight regions. The Welsh Assembly counts 60 members, 40 elected in single-member constituencies and 20 in five top-up areas. Each top-up area elects the same number of members. The list system is designed to compensate for the disproportionality of the plurality system.

Table 1. Elections, governments and regional identity in Scotland and Wales, 1999-2007

	Con		Lab		LibDem		SNP/PC		other		Regional identity %*	Government	
	% Votes	Seats	% Votes	Seats	% Votes	Seats	% Votes	Seats	% Votes	Seats			
Scotland	1999	15.4	18 (0+18)	33.6	56 (53+3)	12.4	17 (12+5)	27.3	35 (7+28)	11.3	3 (1+2)	66.5	Lab-LibDem
	2003	15.6	18 (3+15)	29.4	50 (46+4)	11.8	17 (13+4)	20.9	27 (9+18)	22.3	17 (2+15)	64.7	Lab-LibDem
	2007	13.9	17 (4+13)	29.2	46 (37+9)	11.3	16 (11+5)	31.0	47 (21+26)	14.6	3 (1+2)	56.1	SNP min.
Wales	1999	16.5	9 (1+8)	35.4	28 (27+1)	12.5	6 (3+3)	30.5	17 (9+8)	5.1	0	37.4	Lab min. (1999-2000) Lab-LibDem (2000-03)
	2003	19.2	11 (1+10)	36.6	30 (30+0)	12.7	6 (3+3)	19.7	12 (5+7)	8.4	1 (1+0)	46.8	Lab
	2007	21.4	12 (5+7)	29.6	26 (24+2)	11.7	6 (3+3)	21.0	15 (7+8)	16.3	1 (1+0)	34.9**	Lab min. (06-07/2007) Lab-PC (07/2007-)

The percentage of votes corresponds to the list ballot; the numbers between brackets represent the number of seats won in the constituency ballot and the number of seats won in the regional ballot.

* Sum of answers 'More [REG] than British' and '[REG], not British' to the question: 'Which, if any, of the following best describes how you see yourself?'

** 2005

Sources: House of Commons Library Research Paper 03/59 (2003); Scottish Social Attitudes Survey 1999 and 2003 <http://www.data-archive.ac.uk>; British General Election Study 2005 <http://www.besis.org>.

Table 1 shows that the electoral system has forced the formation of coalition governments or minority one-party governments in all but one election. Labour had traditionally been the dominant party in Scotland and Wales, but the table shows that this was not enough for the party to gain total control of the Scottish Parliament and the National Assembly in the 1999 elections. In the 1997 general election, Labour had

received 45.6 per cent of the votes in Scotland and 54.7 per cent in Wales. The party's share of the vote dropped in the 1999 devolved elections compared to the 1997 general election, but the other two statewide parties were not the main beneficiaries of this electoral change: it is the Scottish National Party (SNP) and Plaid Cymru (PC) that have mostly benefited from Labour's weakness.

Labour remained the most important party in Scotland until the 2007 election but it needed a coalition partner to form a majority government. Scottish Labour then turned to the Liberal Democrats, as did the Welsh Labour party between 2000 and 2003. Labour first formed a minority government in Wales but then chose to form a coalition. In 2003, the Labour-Lib Dems coalition was reformed in Scotland, whereas Labour was able to form a majority government in Wales. The 2007 election saw the SNP become Scotland's first party. Labour was sent to the opposition benches and the SNP formed a minority government. Labour remained the first party of Wales but lost four seats. A coalition with the Liberal Democrats would have led to the formation of a minimal winning coalition, but Labour chose to enter a coalition with Plaid Cymru after the two parties agreed to increase the law-making powers of the Assembly.

These electoral results, which differ from those at the state-wide level, and the stronger electoral results of the autonomist parties increase the likelihood of policy divergence between levels. Labour's need to enter coalitions has placed the party in a rather awkward position, as the Scottish and Welsh governments sometimes developed distinct policies or refused to implement some policies of the British government. For instance, the Labour-led Scottish coalition government refused to create foundation hospitals, which were a key aspect of Labour's reform of the NHS. Such discrepancies can increase tensions between government levels and tend to strengthen reciprocal resentments. However, the presence of Labour in all governments until 2007 contributed to maintaining the cohesion to government practices (Parry 2008: 114). However, the new coalition in Wales and the SNP government may change the rules of intergovernmental relations, as the Labour party has ceased to control all levels of government and the programme of Labour-PC coalition has a rather different approach to health policy and public sector reform to that of the UK government (Parry 2008: 117-8). More divergence is therefore to be expected, as well as well as change some of the features of intergovernmental relations, which had been channelled through the Labour party until 2007.

Debates over the future of devolution

There are three main areas of debate with regard to the future direction of devolution and its consequences. One has to do with the asymmetry of the system and the absence of devolution in England. The other two concern the evolution of the financing of Scottish and Welsh devolution and the SNP government's desire to hold a referendum on the independence of Scotland.

The asymmetry of the constitutional reform of 1999 and the absence of devolution in England has led to a debate called the 'West Lothian question'. During the debate on devolution in 1979, Tam Dalyell, MP for the constituency of West Lothian, asked:

'For how long will English constituencies and English Honourable Members tolerate... at least 119 Honourable Members from Scotland, Wales and Northern Ireland exercising an important, and probably often decisive, effect on British politics while they themselves have no say on some matters in Scotland, Wales and Northern Ireland?' (quoted in Burrows 1999: 245).

The crux of the question is that in the absence of an English parliament or English regional assemblies, the Westminster parliament allows Scottish, Welsh and Northern Irish MPs to have a say over the government of England while English MPs have lost the ability to influence policy in Scotland and, to a lesser extent, Wales over significant policy areas. The Conservative party has been the most vocal party on this issue, with frequent references to 'English votes for English laws'. This would be easier to implement if Wales were to get full legislative competence. The Conservative party now seem inclined to allow all MPs to vote in Parliament but to restrict standing committees to English MPs. However, at the present time, funding decisions in England affect the finance available in Scotland and Wales. This means that English laws have consequences beyond England, and Celtic nations might not be too happy about this.

The Barnett formula has been criticised from more or less all sides. In England, it is perceived as too generous to the Celtic nations. In Wales, on the other hand, it is seen as not generous enough, and the 'One Wales' Labour-Plaid Cymru coalition calls for an independent commission to review the financing of devolution. In Scotland, the Barnett formula is not so much criticised, but some, including the ruling SNP minority government argue that the Scottish Parliament should be able to raise its own revenues and be able to borrow money. The difficulty is to know what to replace the Barnett formula with as well as whether Scotland, Wales and Northern Ireland should have the same sources of revenues. The Calman Commission noted that 'The Scottish Parliament is unusual [...] in that it has much wider legislative competence than many sub-national

governments, but greater dependence on central grants than them' (Commission on Scottish Devolution, 2009: 78).

Finally, the SNP wants to hold a referendum on the independence of Scotland. Its objective is to organise it before the end of the current term of the Scottish Parliament, that is, before 2012. In March 2009, the SNP minority government was defeated when the three statewide parties rejected its plan to hold a referendum before the 2011 Scottish election. Alex Salmond, the First minister, is nevertheless about to start the planning of the consultation in the months to come. The Scottish government is likely to choose a multi-option referendum, giving voters the choice between the status-quo, increasing the powers of the Scottish Parliament in the Union (probably along the lines of the Calman report), and outright independence. Labour and the Liberal Democrats have been divided on this issue, whereas the Conservative party is united in its opposition to such a referendum. In May 2009 then Scottish Labour leader Wendy Alexander declared that she was not afraid of a referendum, but she was later rebuffed by Gordon Brown. Some Scottish Liberal Democrats have also welcomed the prospect of a referendum, believing that the SNP would lose it. The party is not against a referendum *per se* but favours a multi-option referendum (Maddox 2009). If the SNP confirms its intentions to hold a multi-option referendum, the Liberal Democrats could change their mind and provide the minority government with the necessary votes to pass a referendum bill.

Opinion polls show that there is no current majority in favour of independence, but that an increase in the powers of the Scottish Parliament is widely supported (55 per cent of respondents in the Scottish Social Attitudes Survey 2007, against 21 per cent in favour of independence). The Scottish government hopes that its 'National Conversation', which involves public debates on the constitutional and political future of Scotland around the country, will show the electorate that an independent Scotland is possible and would be a prosperous nation in Europe, even though the SNP's original examples of prosperous small nations, Ireland and Iceland, have lost most of their lustre in the financial crisis.

Conclusion

Devolution in Scotland and Wales was very asymmetrical, but it seems that Wales is progressively catching up. The 2006 reform of the National Assembly has increased its powers and fields of competence. Scotland however remains more powerful because unlike Wales, its institutions have primary powers and tax-varying powers, but the

Assembly's possibility to pass Measures opens considerable room for autonomous policy-making. Devolution as it was implemented in 1999 has left many questions unanswered, and it seems to be more like a process. The asymmetry of the system seems to be a problem rather than an answer to different demands of autonomy: the Welsh government wants more powers to reach a level of autonomy close to that of Scotland, Scotland wants more powers, in particular fiscal and financial powers, and in England there is growing resentment towards the autonomy of and what is perceived as financial transfers to Scotland and Wales. In addition, the issue of regional government in England remains unsettled, as does the issue of the role of Westminster as the Parliament of both England and the Union.

Like in most other regionalised or federal systems, the general framework and particulars of the state structure and the distribution of powers remain a topic of debate. The devolution of powers to regional institutions always seems to be a process, with some regions wanting more powers, asymmetry causing resentment among the least powerful regions, which then also demand more powers. In the UK as in Spain, Italy or Belgium, the distribution of powers between central government and regional institutions remains open, as does the issue of asymmetry.

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