PREVIEW CHAPTER

Devolution and the future of the union
Alan Trench

January 2014
© IPPR 2014

From the forthcoming book, to be published February 2014

Institute for Public Policy Research
ABOUT THE BOOK

James Cornford was responsible for some of the most pioneering and influential work on constitutional and democratic reform in the UK in recent times. As founding director of IPPR he was the driving force behind *A Written Constitution for the UK* (1991) which provided the blueprint for much of the constitutional change enacted by the New Labour governments.

To celebrate James’ life and his contribution to constitutional reform, IPPR, with support from the Nuffield Foundation, is publishing a collection of essays in his honour. Together, they set out a democratic reform agenda for Britain in the 21st century.

Edited by Guy Lodge and Glenn Gottfried (IPPR), contributing authors include:
- Stuart White (Oxford University) – What kind of democracy should we want?
- Stuart White and Martin O’Neill (University of York) – ‘The New Labour That Wasn’t’: The lessons of what might have been
- Stuart Wilks-Heeg (University of Liverpool) – Tackling the power gap: A new constitutional reform agenda
- Colin Crouch (University of Warwick) – Dealing with corporate political power
- Mat Lawrence (IPPR) – Democratising the economy
- Jessica Asato (Fabian Society) – Tomorrow’s political parties
- Jamie Bartlett (Demos) – Populism, social media and democratic strain
- Sarah Birch (University of Glasgow) – Citizens excluded
- Mark Elliott (Cambridge University) – Law, rights and constitutional politics
- Alan Trench (University of Ulster) – Devolution and the future of the union
- Michael Kenny (Queen Mary University) – The English question: Identity, diversity and nationhood in England
- Ed Cox (IPPR North) – Decentralisation and localism in England
- Vivien Schmidt (Boston University) – Dealing with Europe’s other deficit

ABOUT IPPR

IPPR, the Institute for Public Policy Research, is the UK’s leading progressive thinktank. We are an independent charitable organisation with more than 40 staff members, paid interns and visiting fellows. Our main office is in London, with IPPR North, IPPR’s dedicated thinktank for the North of England, operating out of offices in Newcastle and Manchester.

The purpose of our work is to assist all those who want to create a society where every citizen lives a decent and fulfilled life, in reciprocal relationships with the people they care about. We believe that a society of this sort cannot be legislated for or guaranteed by the state. And it certainly won’t be achieved by markets alone. It requires people to act together and take responsibility for themselves and each other.

IPPR
4th Floor
14 Buckingham Street
London WC2N 6DF
T: +44 (0)20 7470 6100
E: info@ippr.org
www.ippr.org
Registered charity no. 800065

This preview chapter was first published in January 2014. © 2014
The contents and opinions expressed in this paper are those of the authors only.
One of James Cornford’s signal contributions to constitutional reform in the UK was his involvement in the practical work of the Constitution Unit on devolution in the late 1990s. Cornford and Robert Hazell (its founding director) created the Constitution Unit in 1995. The groundwork for this lay in IPPR’s *Written Constitution for the United Kingdom*, and its proposals for large-scale constitutional renewal (IPPR 1991). The Constitution Unit had a different inspiration – not so much to work out what might be done, as how to do it. Behind this lay a desire not to see Labour repeat its failures of the 1970s in trying to deliver devolution and other constitutional reforms and then seeing them get bogged down in the ‘implementation’ phase. Over 18 months or so of what must have been astoundingly hard work, Constitution Unit reports on Scotland and Wales, plus a welter of shorter working papers on narrower subjects, provided an incoming Labour government with detailed practical proposals and what would be needed to implement them.¹ That work helped the new government deliver – very quickly – on Labour’s devolution commitments immediately after the 1997 election.

James Cornford recognised at an early stage that devolution was a reform half-done. Reportedly, he identified the pre-1997 union as based on three key concessions to Scotland: over-representation in the House of Commons, a generous share of public spending protected through the Barnett formula, and preferential treatment in government through a distinct secretary of state with a seat in cabinet. The first and third of those (though not the second) would also be true for Wales, of course. For Cornford, the logical corollary of granting self-government through devolution was an end to these concessions, which were intended to support a centralised system of government through Westminster. This was very much a view from the centre, of how the ‘bargain’ of the union needed to be remade as a consequence of devolved self-government.

That view was not widely shared in Scotland, where the idea of such major adjustments in the wake of devolution had little support. In government after 1999, Labour expended a good deal of effort to avoid altering the funding of the Scottish Executive, or losing the office of secretary of state for Scotland. A reduction in the number of

¹ In particular, Leicester 1996; Hazell 1996, 1997 (all available from [http://www.ucl.ac.uk/constitution-unit/publications](http://www.ucl.ac.uk/constitution-unit/publications)).
Westminster MPs from Scottish constituencies to the same level as in England was foreshadowed in the Scotland Act 1998 itself, and duly took place with effect from the 2005 UK election. However, even subsequent changes made through the Government of Wales Act 2006 or Scotland Act 2012 have avoided touching either the territorial secretaries of state or the Barnett formula.

If there were problems with 1998’s ‘mark 1’ devolution, these have increased since 2007 and devolution’s second phase. Debates triggered first by the SNP’s narrow electoral win in 2007, and then by its 2011 election victory and the looming 2014 referendum on Scottish independence, have put renewed emphasis on schemes for ‘enhanced devolution’ as the unionist response to independence. In this respect, the unionist parties are belatedly embracing a position that the Scottish people seem to have reached some years ago; wanting greater self-government within the union, rather than either independence, restored control from Westminster, or indeed the status quo.\(^2\)

Although Scottish concerns have garnered most of the attention, a debate is well underway for Wales too. The Coalition UK government has set up the Silk Commission to look at the finances and powers of the Welsh government and national assembly, and in December 2013 published a draft Wales bill to implement many of the recommendations in the commission’s part 1 report. Although Wales’s financial position is quite different to Scotland’s, public opinion there is remarkably similar to Scotland’s in wanting to remain in the union but with more devolution, not less.\(^3\) Where Northern Ireland fits into the picture is less clear, given the divided nature of Northern Ireland’s society, but it too is changing, with over 20 per cent of respondents in the 2011 Census identifying their nationality as ‘Northern Irish’ rather than British or Irish.

Maintaining the cohesion of the UK in the light of such varied and largely centrifugal forces has become far harder than it was a decade ago. If there is virtue in the unity of the UK, increasingly this has to be demonstrated to all its citizens, not merely asserted rhetorically or exercised through heavy-handed uses of power. Spain, in particular, demonstrates how ineffective such a strategy can be.

This chapter will look at how devolution can be extended and enhanced, so that it both increases devolved autonomy but also brings in a clear UK dimension that is more than an assemblage of functions the centre wishes to retain or that devolved governments feel unable to take on. It will then look at this reconstituted union from three different political standpoints: one broadly social democratic, one broadly liberal, one broadly conservative. It will argue that much the same strategy actually

\(^2\) For the latest public opinion evidence, see Curtice and Ormston 2012. For a discussion of how the framework of devolution has long been out of step with public attitudes, see Trench 2009.

\(^3\) This is shown partly in Welsh surveys using similar questions to those asked by the Scottish Social Attitudes survey. See also Henderson et al 2013.
would work to serve each party’s interests and outlook very well, and offers the best hope for maintaining a United Kingdom.

This agenda is what we have been setting out as part of IPPR’s Devo More project.\(^4\) Lying behind it is the idea that more devolution is not just compatible with strengthening the union, but vital to doing so for the 21st century. A stronger form of devolution is clearly the ‘settled will’ of Scottish voters, and increasingly so in Wales too. In England, there is growing discontent about the preferential treatment of devolved parts of the UK: unfairly generous funding, and undue political interference with English policy decisions (see Kenny in this volume). Finding a way of reconciling these different concerns and avoiding the dysfunctional politics of blame which can characterise intergovernmental relations is key to making the union fit for purpose in a changing world.

Underpinning this essay is a vision of a different sort of devolved UK. Putting this into practice would involve some extensive adjustments to the present arrangements.

**What might enhanced devolution look like?**

First, it would need a significant change to the division of powers. At present, the social security system and welfare benefits payments are reserved matters. Not only does the UK government fund and run the whole of the welfare system, but devolved governments are not permitted to provide benefits that might overlap with these matters. This no longer accords with clear public expectations in Scotland, and to a degree in Wales. Enhanced devolution needs to mean that devolved governments could provide cash benefits for welfare purposes as well as the UK, probably by some sort of ‘topping-up’ arrangement, paid for out of devolved resources. This way, devolved governments can make their own choices about both how active and how generous the state should be, and about how services are provided – whether to provide a cash benefit or direct services, for example.\(^5\) However, the burden of paying for better services will fall on taxpayers who live in the devolved territory, not those who live elsewhere. This would create meaningful fiscal accountability as well as political responsibility, while also enabling the UK government to take the lead in assuring equal life chances to all UK citizens.

In practical terms, it would be hard if not impossible to devolve the big redistributive benefits – old age pensions, jobseekers’ allowance, probably employment and support allowance and other disability benefits – so the UK government would still be by some distance the main player in social security. Housing benefit would, however, be

\(^{4}\) See [http://www.ippr.org/research-project/44/10218/devo-more-extending-devolution-and-strengthening-the-union](http://www.ippr.org/research-project/44/10218/devo-more-extending-devolution-and-strengthening-the-union)

\(^{5}\) The Scottish policy of providing free long-term care for the elderly illustrates this. Because the policy involves local authorities providing services directly, claimants in Scotland lost their eligibility to the cash benefit of attendance allowance.
a candidate for devolution, as it involves considerable overlaps with devolved functions.

Second, devolved governments need access to significant funding that flows directly to them to spend according to their democratic mandate, rather than relying on a centrally-determined proportionate block grant for most of their expenditure. Funding through the Barnett formula not only fails to relate spending to any meaningful conception of fairness or equity, but creates the further problem of implicitly tying devolved governments to the same model of public services that applies in England. When the demand is for significant differentiation in public services within the UK, the Barnett formula is no longer an appropriate mechanism to use. What is needed is more extensive (though by no means complete) fiscal devolution, accompanied by a grant that is clearly designed to distribute resources in an equitable way, so that devolved governments can provide a similar quality of services (but with self-determined levels of provision).

There has been considerable debate about what taxes should be devolved; personal income tax is the prime candidate, as are land taxes. Arguments have been advanced for devolving corporation tax, although in many ways corporation tax is the least plausible major tax to devolve, being highly volatile, complex and sometimes expensive to administer or comply with, and devolution might simply invite tax avoidance. The Devo More project suggests a different approach: a package comprising personal income tax, land taxes, an assigned portion of VAT and assignment of tobacco and alcohol duties (or devolution of these, if excise duties could be replaced by a consumption tax). This package would provide substantial resources flowing directly to devolved governments, amounting to over 60 per cent of devolved spending under current arrangements, and with about 50 per cent of taxes under full devolved control, in a way that avoids dangerous spillovers or dysfunctional fiscal incentives, and which is also relatively stable (see Trench 2013).

Putting a varied package of taxes under direct devolved control would both enhance devolved autonomy and help devolved governments to manage the risks associated with fiscal devolution. This approach could actually serve the interests of all three devolved governments, not just Scotland (as most schemes for fiscal devolution do). As long as this approach was accompanied by an equalisation grant, calculated to enable devolved governments to provide broadly comparable public services to those in England, this would put all four governments within the UK on the same footing when it came to deciding what services to provide and how; and so ensure that all UK citizens had access to similar levels of public service provision. The judgment about what services to provide would be first and foremost a political one for each of the four governments, using a combination of their own taxes and redistributive transfers from the centre.
Third, there will need to be further adjustments to the scope of devolved functions, and the division of powers between devolved and UK governments. One obvious example is broadcasting in Scotland, where there is support for the idea of a distinctly ‘Scottish’ channel, funded from public funds and by advertising but not out of the licence fee. The investigation and control of serious crime might be another, where a more active range of powers at UK level might be useful. How devolved governments engage with European Union institutions is a third. These issues are perhaps less pressing than questions of finance and welfare, but will form part of a package to make devolved government work effectively for all parts of the UK.

Fourth, the UK government will need to take a more active and engaged approach to managing the union as a whole. This emphatically does not mean interfering in devolved matters; it does mean, however, taking a role in spotting and managing areas of difference, while also identifying areas of common interest.

This would mean accepting the logic of devolution: two governments each acting directly on the citizen, neither subordinate to the other in any practical way, with a clear and active role for the UK tier across the union. Whatever happened in relation to England, the UK government would be providing some services directly in Scotland, Wales and Northern Ireland – not just immigration, defence and foreign affairs but also the bulk of social security benefits – and it would still be collecting substantial amounts of tax in each jurisdiction. Through grant funding, it would also be ensuring that all devolved governments were able to provide a similar level of devolved services to those in England – a fundamental guarantee of fairness across the UK. This would mean the evolution of the UK into a rather asymmetric, quasi-federal system, in which emphasis could be put on both devolved autonomy and the value of the union. In such a context, and unlike the situation now, it would be hard to attack the UK government when it claimed credit for what it did for devolved parts of the UK.

In such a modified system, the UK government would need to take an active and strategic approach to the management of the union. This would need to include taking an overview of the whole impact of UK government policy on Scotland, Wales and Northern Ireland, managing overlaps between ‘devolved’ policies where English policy on health or education affects devolved territories, and also where non-devolved/reserved policies interact with devolved ones (such as vocational training and work-related skills as part of an active labour market policy). There

---

6 Politicians from across the political spectrum have called in recent months for a ‘federal UK’, with a heavy emphasis placed on changing UK-level institutions. This is a rather limited understanding of what federal systems entail, and means addressing the complex long-term questions of England’s place in the union at a time when it is far from clear what England wants. The risk of such an approach is that it postpones action where it can be taken and is needed, with a risk of undermining the legitimacy and authority of the union in those parts of the UK.
would need to be more careful and strategic use of the levers available to the UK government, and a recognition that it could not always achieve what it wished by direct means – in many cases, devolved governments would have their hands on at least some of the policy levers required. But little of this is new; it has been inherent in the design of devolution since 1998.

Fifth, there would need to be greater awareness of the role of the UK government as a government for England itself. England is not simply a residuum of the UK but one of its component nations, and the public increasingly wants to see this recognised in government frameworks (see Wyn Jones et al 2012, 2013). Decentralisation along the lines of city-regions and city deals could be one aspect of this (see Cox in this volume). Recognition of the extent to which Whitehall makes policy for England – particularly in health, education and local government – is another. It is also important to ensure that MPs from English constituencies are given a more explicit role in approving legislation that affects England only.\(^7\)

The value of Devo More

The Devo More package may seem radical, at least to those concerned with the UK level. (It is much less so by Scottish standards.) However, it has three other major advantages. First, it is workable in practical terms, and indeed much of it could be put in place relatively quickly, building on existing arrangements or ones currently in preparation (like tax devolution under the Scotland Act 2012). Second, it brings devolved government closer to aspirations for it from voters in Scotland and Wales (and without undermining the interests of those in England). This means the package is not merely potentially popular, but implementation would contribute to ensuring the ongoing legitimacy of the government across the UK. Third, looked at from different points of view, Devo More works in ways that suits each party’s interests and outlook. Different aspects of the package achieve this, in different ways. In the best sense, this is a package that offers something to each of the major British political traditions and the parties that currently embody them.

Northern Ireland has had much less direct involvement in these discussions than Scotland or Wales. For the nationalist population in Northern Ireland, of course, there remains a lack of enthusiasm or support for the British state – even if there is support for the sort of welfare provision that comes with being part of the UK. For unionist voters, support for the union simply because it exists is still likely to transcend efforts to demonstrate the union’s value in more tangible ways. Northern Ireland has long been regarded by politicians as a

---

\(^7\) Conservative support for ‘English votes on English laws’ and Labour opposition to it would in both cases be more credible if the parties supported an electoral system that did not guarantee disproportionate numbers of Scottish Labour MPs and Conservative English ones, given their shares of the vote in each country.
‘policy-free zone’, because its politics have been dominated by the sectarian conflict and its aftermath. Any further devolution that enables Northern Ireland politicians to engage more fully in the policymaking process and to make choices between policy alternatives is likely to be beneficial. Devo More would increase the pressure on its politicians to take on greater responsibility for policy, a key element of ‘normal’ democratic politics and an important part of moving the peace process on from the avoidance of conflict to helping the two communities to live with each other.

Within the Devo More package, there is room for parties to make some adjustments to achieve what they wish to see. There are various combinations that are more or less conservative, liberal or social democratic. But I would argue that this package or something similar is the only way to construct a UK that is fit for the 21st century.

**A social democratic union**

Devolution as delivered was principally a Labour project. While supported by a wide range of parties from the 1970s onwards, it was enacted by the 1997–2001 Labour government as one of its first and most successful policies in office. Devolution on the 1998 model was deeply shaped by Labour interests, particularly by devolving power over distributive welfare functions but not redistributive ones or the wider economy, and by funding them by what in substance was a redistributive grant from the centre. The problem was that Labour in government assumed that the world would continue as it was, and that it would never lose an election anywhere (assumptions both proved wrong by 2008). The system it put in place (and then forgot about) relied on shared party interest and consensus, rather than an effective division of powers, to safeguard its social democratic vision of the union. While it celebrated the ‘British’ innovation of the national health service, it barely noticed that devolution had created four separate services, one for each part of the UK, with the name increasingly the main thing they had in common. To the extent that the NHS was ‘national’, it was Scottish, Welsh or English, not UK-wide (see Keating 2007). The NHS now needs to operate on the basis of a different system that can embrace both risk-sharing and redistribution across the UK while, at the same time, ensuring that these can be related to ‘fairness’ to minimise accusations of undue subsidies that might come from richer parts of England.

---

8 A common defence of the Barnett formula arrangements by Labour ministers was that it enforced a rough form of territorial justice. Given the weak tax bases of Wales and Northern Ireland, it was clearly redistributive, even if it did not accord with estimates of Wales’s relative needs. While the grant for Scotland exceeded relative needs, it ended up being redistributive, if only because of that generosity of funding.

9 Even the shared commitment to providing universal healthcare free at the point of use was first articulated by the devolved governments, without the UK joining in at that stage.
What would be particularly important from a social democratic point of view is emphasis on UK-wide shared social citizenship (see Greer 2009). A key feature of the post-1945 union, social citizenship was seriously undermined by Thatcherism in the 1980s and has never recovered politically from those blows, while arguments about the ‘distinctive nature of Scottish society’ were used to justify independence. What is true for Scotland is even more true for Wales and Northern Ireland; the welfare state is a major element of what membership of the union does for those parts of the UK.

A progressive social democratic approach would embrace this support for the welfare state, rather than seek to halt it. Labour could say that enhanced devolution not only provides an opportunity for governments to do things differently when they wish, but to do so within an overarching framework that assures fairness by having in place a system of financial redistribution. That redistribution would take place geographically, from richer parts of the country to poorer ones, but also over time – whether over people’s lifetimes, through mechanisms like tax credits and pensions, or as different parts of the UK become more or less prosperous. Redistribution in this sense is like an insurance policy, sharing hard-to-manage risks over a larger pool to make them more controllable, and treating that as a way of expressing mutual solidarity. An approach rooted in mutual solidarity takes one straight back to Labour’s 19th-century origins in institutions like trade unions and the co-operative movement, and fits with how devolution works in practice.

At the UK level, redistribution would be somewhat more limited than it might have been in the past – but much of the reason for this lies with what has already been done in devolving policy functions, rather than further fiscal or welfare devolution. Nothing in this approach to enhanced devolution would prevent a UK government from effecting redistribution if it wished, as it would still have wide fiscal powers in all parts of the UK as well as a range of policy levers. However, it would have to be more willing to broker or forge compromises when making social policy; it will no longer be able to act unilaterally just through passing legislation at Westminster but will need cooperation from devolved governments.10 For a UK-wide Labour government, that should be comparatively easy to achieve, and would contribute to making the devolved UK work effectively.11 On the positive side, pro-union social democrats would be able to emphasise an overall shared form of social citizenship as an aspect of what the ‘united’ in UK signifies. Moreover, this would involve a clear ongoing demonstration of the value of the union to citizens across the UK.

---

10 Experience of the welfare state in federal systems shows the extent to which federalism slows change but does not inhibit the formation of welfare states. See Obinger et al 2005.

11 For a discussion of how this might be done, see Trench 2010.
At the same time, there are more directly political aspects of enhancing devolution. Support for a broadly social-democratic welfare state in Scotland is strong, across parties; the same is true for Wales, although there it has less of an immediate political charge. For Scotland to be able to remain a contented part of the UK it has to be able to preserve its social democratic character, whichever party forms the government there. This requires a policy that enables significant differentiation in domestic and social policy, even if the UK-wide government claims full credit for what it does in making that possible. Any policy that preserves Scotland within the union would help Labour in the practical sense of keeping a substantial number of Labour MPs at Westminster (even if their ability to vote on ‘English’ matters was limited), and of maximising the number of arenas in which Labour could win office. At the same time, this reconfiguration would help Labour in England by reducing resentment directed at what is seen as Scotland’s ‘special treatment’.

A liberal union
Although delivering devolution may be a Labour achievement, it is also long-standing Liberal party policy, long predating the present Liberal Democrat party. In the 19th century, Liberals embraced ‘home rule’, and sought to understand how to make it work for the whole UK. In the 20th century, ‘home rule’ came to share ground with ‘federalism’, making for intellectually uneasy bedfellows.\(^{12}\)

Given liberalism’s roots, it is not hard to see why devolution appeals to it. Devolution is a way of respecting local choices. A scheme for enhanced devolution like the model outlined above offers two big advantages for liberals. It creates a way for meaningful, local choices, and enhanced responsibility, in a context that is ‘fair’, and puts all parts of the UK in a position to make meaningful policy choices. It also enables the various parts of the UK to act together for purposes where there is a shared interest. Such a scheme comes close to a practical application of the principle of subsidiarity, and probably closer to doing so (or being on the right side of public opinion) than the current position of the Scottish Liberal Democrats.\(^{13}\)

Devolution also, in a more practical sense, maximises windows of political opportunity for the Liberal Democrats. The electoral systems of devolved government enable a strong possibility of participation

\(^{12}\) The Steel Commission’s 2006 report, *Moving to Federalism – A New Settlement for Scotland*, was the apogee of this. It described a maximal form of home rule, which it considered to define a federal relationship for Scotland and the rest of the UK, but the functions it ascribed to the UK level were identified largely on the basis of convenience rather than principle. Its maximalism also opened the door for the SNP to appropriate its prescriptions as their form of ‘full devolution’. In truth, while the Liberal Democrats are strongly committed to preserving the union, they have struggled more than any other unionist party to explain why the union is so vital.

\(^{13}\) The Scottish Liberal Democrats’ Home Rule and Community Rule Commission report of October 2012, *Federalism: The Best Future for Scotland*, manages to combine a curious understanding of federalism with misconceived ideas about fiscal devolution, and a refusal to contemplate any form of welfare devolution despite support by Scottish public opinion.
in government in Scotland and Wales as well as at Westminster. At present, the combination of an assumed hierarchy of governments and the ‘winner takes all’ attitude of Westminster makes it hard for the party to maximise the opportunities their political position presents. Media and public debate fuel an expectation that parties in a government will agree with each other all the time. Pointing out that one government has one level of legislative power, and another government a different one, does not accord with present institutional structures or the way politics are analysed. Changes in those approaches may take some time, but will be easier to accomplish if the institutional structure clearly emphasises the importance of each government making its own choices according to the outcome of its own elections. A coalition with Labour in Wales, for example, has become very problematic given Welsh Labour’s vocal opposition to the Conservative–Lib-Dem coalition at Westminster. Being able to claim credit for helping put such a system in place would not just help the Liberal Democrats’ electoral prospects, but also create a climate in which it was normal and proper for parties to hold office with different coalition partners in different tiers of government at the same time. The Liberal Democrats would be the chief beneficiary from that.

A conservative union

The union is a Tory accomplishment – first under Queen Anne in 1707, then under Pitt the Younger (with Ireland) in 1801. Both those unions had at their root two goals: assuring the security of the larger part of the state (England in 1707, Great Britain in 1801) from threats of foreign invasion or alliance, and creating a wider economic market for English or British finance and manufactures. Many modern-day conservatives, including the present Tory party leadership, still value the ongoing existence of the union. The practical reasons now have less to do with economics and trade, but they do relate to international affairs. For conservatives, one practical benefit of the union is that it continues to enable the UK and all its constituent parts to ‘bat above its weight’ on the global stage (see Cameron 2007). Beyond that, for many conservatives there is also a sentimental attachment to the union, and a belief that in some hard-to-define way it is essential to their idea of the country in which they live.

The result of this approach is that the key conservative approaches to the union relate to symbolic institutions – particularly the royal family, the union flag and the role of the armed forces. These symbols are certainly important, but they are unlikely to be sufficient – and they are not sufficiently shared or experienced by the bulk of the population on a day-to-day level that they can be relied on to carry the weight of preserving the state as conservatives know it. That needs some form of shared interest embodied in symbols, rather than reliance on the symbols themselves. Beyond that, in recent years there has tended to be an absence of practical consideration of devolution and territorial
constitution within the Conservative party. There are many who may wish to remain part of the union without having the same attachment to these condensations. (They are positively counter-productive for many in the nationalist community in Northern Ireland, for example.)

For many conservatives, the union’s role in assuring welfare across the UK is of limited interest or value. They are more tolerant of local and regional variation, not to say inequality, than the other political traditions. But they can see the value of ‘fairness’ when it comes to the public finances. Indeed, conservatives seem to have no problem with allocating resources according to relative need, so that the neediest get the most, so long as they are not supporting better-quality services than their own voters get when they allocate funding. This is an issue particularly in Scotland, where it cannot be justified on grounds of relative need. There is a tension between seeking to maintain a union and seeking to reduce social spending. What is being proposed here is a financial system that provides a ‘fairer’ level of resources for devolved governments, but limits any subsidy and requires additional devolved spending to be met from devolved taxes. Such a system would increase transparency and responsibility – since voters who want more spent on public services will be paying taxes to pay for them.

Moreover, by giving both financial resources and legal powers to devolved governments to increase public spending if they wished, devolved governments could combine higher levels of overall welfare provision with remaining part of the union. This would undermine the logic that says ‘vote for independence to save the welfare state’, and accords with what we know about what voters in both Scotland and Wales want. It would also enable centre-left governments in Scotland or Wales to govern without needing to take up nationalist positions. Doing this would secure two big wins for the Conservative party: it would preserve the union and limit resentment from English voters about special treatment for Scotland, Wales or Northern Ireland.

Substantial devolved fiscal responsibility has another attraction from a conservative point of view. It creates scope for arguments about reducing public spending to have real attraction, as reduced spending would make it possible to reduce devolved taxes. Without such fiscal responsibility, all conservatives could do if they were in government in the devolved administrations is propose to spend money differently. They could not propose a different approach to UK policy, with the benefits of reduced taxes to go with reduced spending. This would seriously inhibit conservative arguments at election time. Given that one of devolution’s more curious practical effects has been to give the Conservative party an electoral platform in Scotland and Wales, through the devolved legislatures, this is a serious sacrifice. In Wales, this helped

14 For example, there are scant references to Scotland or Wales in Bale 2010.
the Conservative party to ‘decontaminate’ itself and brought it close to power, nearly entering government in Wales through the ‘rainbow coalition’ in 2007. In Scotland, Tories provided key support for SNP budgets and other votes during the 2007–2011 minority government, and exacted a price in securing funding for their own priorities (which included more police, support for small business through the business rate, and a different approach to tackling drug addiction). There is no reason why the Conservative party in Scotland or Wales should not be as able to enter government as any other party if they can build on their electoral base and use their commitment to devolution to build on that ‘decontamination’.

There is a price for this. At the UK level, Conservatives would need to admit that they had no monopoly on ‘right’ policy, and would have to tolerate or even facilitate political differences with other governments when they were in power (wherever that might be). The party might get very uneasy about some of the policy choices made by devolved governments. The art of compromise, though, is the price of putting the union that they prize so highly on a viable footing.

The value of a reinvigorated union

The union has reinvented itself on a number of occasions since 1707. It may have started as a way of removing diplomatic and security threats to England from Scotland, while helping Scotland deal with public and private bankruptcy following the failure of the Darien venture and given its exclusion from England’s trading empire. During the 19th century, the union incorporated Ireland, and eventually embraced religious toleration and mass male suffrage. During the 20th century, it adapted to the universal vote and saw the establishment of the welfare state, as well as Irish independence and a general retreat from Britain’s empire while playing a key part in the Cold War. During that time, wealth and economic activity across the UK has grown, but latterly has become increasingly unequally distributed, and the peoples of its various parts increasingly demand different policies from government and government to play different roles in their lives. The union now needs another major reinvention if it is to adapt itself for the 21st century, and one that means accepting the sort of differences and divergences inherent in the logic of devolution as well as moving away from its lack of assertiveness in recent decades. Reinvention of this sort will not be easy, and involves squaring a number of circles. They can be squared, but the range of options for doing so is limited. IPPR’s Devo More proposals, or something very like them, offer the best way to reconcile these competing and sometimes conflicting objectives.

While the room for manoeuvre may be limited, whichever party or parties are in power at Westminster when a UK government puts a system like this place will still be able to make key decisions about how the devolved UK will work. The balance between UK-wide equity and
reliance on tax revenues generated by a government, in particular, is open for debate. The result of the 2015 UK election will therefore shape the ongoing future of the UK in profound ways. Pretending that the status quo can survive is not, however, an option.

References
Hazel R (1996) An Assembly for Wales, no 4, London: Constitution Unit