British Devolution and the Labour Party:

How A National Party Adapts to Devolution

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In 1999 the Labour Government in the UK devolved significant powers to the newly created Scottish Parliament and the National Assembly for Wales. This article concludes that the British Labour Party, as a national party, has not formally reorganised itself to reflect the new realities of devolution. Rather the national ruling elite has continued to stress the importance of maintaining the valuable Labour brand to ensure the electability of the party at Westminster and retain the possibility of using party links to coordinate policy on devolved matters across Britain. Even so the regional Labour elites in Scotland and Wales have acquired the freedom to make significant strategic choices in terms of policy and electoral strategy. However, these choices are ultimately constrained by tacit, intra-party understandings and 'rules of the game'.

Introduction

‘Ever since the referenda in 1997 made devolution to Scotland and Wales a reality the Labour Party has studiously avoided the central question it raises: should a political party devolve as much autonomy to its members in Scotland and Wales as Westminster has done to the Scottish and Welsh people?’ So declared Mathew Taylor, a former senior party official and currently Head of Political Strategy in Downing Street (Guardian May 11 1999). The present Labour Party leadership has left this question hanging. Yet Labour party links are likely to be crucial in the development of intergovernmental relations given both the dominant role of the party at both levels, which is likely to continue for some years, and the limited role of the formal inter-governmental institutions, such as the Joint Ministerial Council (Trench 2004). Thus devolution has placed centre-periphery relations within the Labour party firmly on the research agenda, if not necessarily, the action agenda of the British Labour Party. Yet the impact of constitutional changes on the organisation and functioning of political parties in devolved systems remains an under-researched and under-theorised area, both in Britain and internationally. The institutional context in which political parties in the UK, as elsewhere in Europe, is becoming increasingly multi-layered. Yet ‘the literature on multi-level governance is, however, very much a party-free zone (Deschouwer 2003, 213) and ‘the ways in which statewide, national-level political parties respond to territorial challenges has been relatively neglected’ (Hopkin 2003, 227).

British devolution offers a fascinating case study through which to explore how national political parties respond to the challenges of territorial devolution. In particular, how the Labour Party, as a centralised party in a parliamentary, two-party majoritarian system, is adapting to new territorial challenges. For the first time, there are three, at least potential, territorially-based power centres at the regional level within the British Labour Party – Scotland, Wales and Greater London (although this article is concerned with the two former). The party in both Scotland and Wales is working within regional political systems posing electoral challenges distinct from those at the national level. In both these new regional political systems, the traditional assumptions of a two-party system are being challenged by other parties to the left of New Labour – the regional-nationalist parties (the Scottish National Party and Plaid Cymru), the Liberal Democrats and, in Scotland, the Greens and Scottish Socialist Party. Not least Labour has had to learn to work in coalition. The Scottish Executive has been a Labour-Liberal Democrat coalition since 1999 and the Welsh Assembly Government (WAG) was a similar coalition 2000-03. The politics of coalition with the Liberal Democrats, and specifically the concessions they exacted, have contributed to significant policy divergences from the Westminster government (for example over higher education tuition fees, free personal care for the elderly and free prescription charges for certain groups).
This paper examines how the Labour Party as a British, national party is adapting to these post-devolution realities. The changes within the Scottish and Welsh parties and the specific electoral challenges facing them have been analysed elsewhere by the authors (Laffin et al. forthcoming). The trend within the Labour Party, since the late 1980s, has been towards greater centralisation within the party as successive party leaders sought to make Labour once again electable. Has devolution begun to reverse this centralising trend? How far has the Westminster-based Labour party elite accommodated the new regional-level elites at the centre? How far is the discretion of these elites circumscribed by the party centrally?

Theoretical Perspectives on Parties and Devolved Government

The literature on federal and regionalised systems gives political parties a significant role in structuring and managing conflict between the central and provincial levels. Riker argues that parties underpin the federal bargain: ‘the federal relationship is centralized according to the degree to which parties organized to operate the central government control the parties organized to operate the constituent governments. This amounts to the assertion that the proximate cause of variations in the degree of centralization (or peripheralization) in the constitutional structure of a federalism is the variation in degree of party centralization’ (Riker 1964, 129). Even in the US case, the weakly centralised parties act as a centralising force within the federal system. Similarly, McKay (2001, 5) points out that a decentralised constitution does not necessarily produce a decentralised polity. National political parties, implementing their programmes at both levels, can reduce the diversifying impact of devolution. Thus the British case enables us to assess the extent to which decentralisation at the level of the political system as a whole, with the commensurate emergence or strengthening of centres of elected territorial power, encourages its replication at the level of party organisation.

To test this relationship two initial theses are advanced. The first thesis is that Labour, as a national party, will prevent a decentralised polity emerging. The Westminster elite will seek to compensate for the effects of devolution by retaining strong central party control over the devolved governments. This thesis, reflecting Michels’ classic ‘iron law of oligarchy’, would predict strenuous efforts by the Westminster parliamentary leadership to assert central control, despite devolution, and to block efforts to create a system of decentralised territorial power within the party. This oligarchic thesis has been challenged by authors working in the stratarchical tradition (Eldersveld 1964, Carty 2004). Thus the second thesis, advanced here, argues that a territorially differentiated governmental system inevitably produces party decentralisation. Parties, Eldersveld (1964) contends, are coalitions of ideological, social and geographic interests whose rival demands need to be managed. To avoid disruptive internal conflicts, parties evolve a ‘stratarchical’ pattern of power in which the interests of their multiple constituencies are balanced via a layered system of ‘power prerogatives and power exercise’. To sustain unity, enhance electoral appeal and maximise availability to local circumstances, ‘the party develops its own hierarchical pattern of stratified devolution of responsibility for the settlement of conflicts, rather than jeopardise the viability of the total organization by carrying such conflicts to the top command levels of the party’ (Eldersveld 1964, 9). A ‘stratarchical’ pattern of power is defined as one where a party exhibits a ‘proliferation of ruling groups and a diffusion of power prerogatives and power exercise’ (Eldersveld 1964: 9).

Carty (2004) maintains that limitations on the stratarchic or decentralising tendencies within a party arise from the need to retain a basic party identity across its territorial units: an identity
the national and subnational elites see as essential to their chances of winning and holding power at both levels. He argues that a party, in a multi-level governance system, will seek to combine a ‘reliable, identifiable product’ or ‘brand’, to use Matthew Taylor’s word, and ‘a centrally controlled communication programme’ to ensure a cohesive message with the advantages of responsiveness to local market conditions (Carty 2004, 10-11). The key variable is the ‘political accord’, that is ‘the fundamental organizational bargain that underpins and regulates the relationships among the various units of working parties’ and which spells out ‘the rights, responsibilities and obligations of each’ (2004, 21). Thus party leaders will refrain from trying to manage everything from the centre, but will seek to retain a strategic control capability, while contracting-out tasks to devolved units as much as possible via franchise arrangements. Here Carty assumes that parties are relatively malleable with party cultures not limiting the scope of party leaders to reorganise party structures. A corollary is that the more a national party is electorally challenged by regional-nationalist parties, the greater the pressures will be to develop a distinctive regional political identity. Applied to post-devolution Labour, Carty’s approach predicts a substantial measure of functional decentralisation or autonomy. Such decentralisation would enhance the capacity of the Scottish and Welsh parties to maximise their local ‘market shares’, yet retain a recognisably national brand. Thus it could be predicted that the Labour Party, as a centralised political party in a devolved system, would experience pressures to devolve significant responsibilities downwards to the Scottish and Welsh branches rather than incur the risks of over-centralisation.

Carty also points to the significance of candidate selection in shaping the ‘political accord’. Sometimes ‘local organizations might play a decisive role in candidate selection processes, while at others that power could be reserved for a different level of the party machine’ (2004: 12). For Gallagher and Marsh (1988: 9) the key variable is constitutional. They suggest that parties operating in centralised unitary states will tend to have centralised procedures for selecting candidates, whilst in federal or decentralised countries the key sub-national level will have a greater role. For example, the German SPD’s Lander organisations have assumed key roles in the recruitment of federal parliamentarians, stripping the centre of ‘the power to control effectively the nominating processes in subnational party organisations and to promote candidates who are opposed by local or Lander party organisations’ (Gabriel 1989, 69). Hopkin hypothesises that ‘centre–periphery conflict is likely to revolve principally around the formal control of the selection process and the ratification of candidacies, which regional elites will attempt to wrest from the central level’ (Hopkin, 2003: 230-1). However, Scarrow, Webb and Farrell (2000: 135) reject this and hypothesise that internal party divisions will cut across territorial ones and that ideological differences will form the main cleavages irrespective of the territorial shape of a party.

The concept of an accord will be expanded here to embrace not just party identity but also the broader institutional ‘rules of the game’ – those rules which set the approximate limits within which discretionary behaviour may take place’ (Truman 1951, 343-4 quoted in Rhodes 1986, 19) on the part of the Scottish Executive and Welsh Assembly Government. These rules, which are mostly informal understandings, raise questions about the norms that regulate how the two levels conduct their relationships (observing conventions of trust, mutual confidences etc.) (Rhodes 1986, 19). Our contention here is that as long as Labour as a national party remains dominant across Britain, these rules of the game are likely to be highly significant for intergovernmental and intraparty relations. The notion of these rules also raises the vital question of whether, in the context of intra-Labour party relations, a
policy framework exists which ultimately constrains the policy discretion of Scottish and Welsh Labour ministers.

The distribution of competences in the British devolution settlements also has implications for how the national party elites manage their electoral and governability challenges. Deschouwer (2003, 222) argues that the more the competencies of the two levels overlap in jurisdictional or functional terms, the greater will be the external and internal pressures on a national party elite to reduce centre-periphery differences in policy and electoral strategy. Deschouwer’s generalization may well hold in fully regionalised systems but, although the UK settlement provides for separate competences, the UK is minimally-regionalized with England, representing over 80% of the UK population, remaining undevolved. The UK government has a dual governing role, combining the functions and competencies of both the UK government and the ‘subnational’ government of England. Thus the national parties, the Liberal Democrats and Conservatives as well as Labour, must have policies for those English competencies which are devolved in Scotland and (partly) in Wales. Consequently, the elites in all parties have to reach an understanding at both levels on whether to pursue the same or different policies at the Westminster level and at the devolved levels even where no overlaps exist in powers between the Westminster and the devolved governments. This unique feature of the UK settlement, compared with other federal or regionalized systems, has important implications for the strategic choices facing Labour elites.

To sum up: the analytical task is to determine whether oligarchy or intra-party centralised control persists in the British Labour party despite devolution. If stratarchical tendencies are emerging, the task is to understand the forces behind them and to discern their limits. Using Carty’s notion of an accord, we seek to determine who defines that accord, what does it prescribe and its degree of explicitness. Thus, we will assess (1) whether the Labour party retains a centralised party structure or is devolving power in line with constitutional devolution. We seek to do this by exploring (2) the central elite’s influence over candidate selection and leadership elections in Scotland and Wales; (3) the rules and practices governing policy-making rights; and (4) the implications of policy differences for understanding the territorial management of the party. The final section then draws together the threads of the argument and reaches some conclusions about Labour’s post-devolution organisational shape.

The research methods used were interviews, documentary analysis and participant observation (mainly attending Labour party conferences and other meetings) conducted during 2002-04. The research involved interviews with three present and former Scottish Labour General Secretaries and two former Welsh general secretaries and their staff plus three Labour London headquarters staff, five Scottish and Welsh Executive members, 10 interviews with NEC members, two Downing Street advisers and about 35 interviews with Westminster MPs (including six former ministers) and over 40 interviews with Scottish and Welsh ministers, their advisers and members of the Scottish Parliament and Welsh Assembly. Most interviews, but not all, were conducted off the record. The research also draws on extensive documentary analysis of newspaper reports, party documents and policy papers published by the Scottish Executive and Welsh Assembly Government, plus the Scottish Labour party archive.

The Changing Role of the National Executive Committee
Since the late 1980s, the Westminster Parliamentary Labour leadership has reconstructed the party as a tightly disciplined, cohesive election-fighting machine (Shaw 2002). This modernisation project has significantly changed the role of the NEC. The 1997 Partnership in Power reforms introduced the National Policy Forums, discussed in the next section, which limit the NEC’s autonomous policy making role (although not that of key members of the NEC). Thus the NEC has long ceased to be the cockpit where party barons fought for dominance. Its focus is now on party organisation and day-to-day activities. The composition of the NEC is broader as more elected representatives of the party are included (G. Taylor 1999, pp. 17-20). Even so the NEC retains formal control over rule-making and interpretation. Where any dispute over ‘the meaning, interpretation and general application of the constitution, standing order and rules’ occurs, the decision of the NEC – subject to modification by Conference – is final (Labour Party Rules, 2003 Clause X (5). Thus, for example, while power to amend the Scottish and Welsh party rules is vested in their Conferences, this is subject to NEC approval (Scottish Labour Party Rules, clause 18). Moreover, the NEC is the body through which the Westminster leaders must act if they wish to intervene in candidate selection decisions or methods anywhere in England, Scotland or Wales.

The Labour parties from the devolved territories do not enjoy formal representation on the NEC as is characteristic of national parties in federal governmental systems and the British Liberal Democrats who have a federal constitution. In 1999 the Scottish Party General Secretary, Lesley Quinn (1999), did recommend further changes to ensure direct Scottish (and, by extension, Welsh) representation on the NEC but so far no action has been taken. In 2003, the NEC introduced annual reports from the Scottish Executive, the Welsh Assembly Government and the Greater London Assembly. The Scottish and Welsh general secretaries already provided annual reports to the NEC but these were usually noted rather than discussed. In the words of one NEC member: ‘the NEC probably always has been an English Executive Committee, not only English but London’ (interview, 7 July 2003) and another: ‘The NEC is a very Anglo-centric body. We get special reports from Wales and Scotland prior to and after local elections. … but in terms of addressing specific issues raised in Scotland or raised in Wales I would say that devolution hasn’t really registered’ (interview, 7 July 2003). Labour’s current electoral arithmetic powerfully reinforces this English focus. The Westminster leadership’s strategic electoral calculations are dominated by the need to retain English marginal seats which far outnumber those in Scotland and Wales (though of course, this may begin to change if Labour’s Westminster majority declines any further). However, because of their eminence in the party, the NEC includes several prominent Scottish Westminster politicians, but very few Welsh ones.

New Labour has been associated with the assertion of strong party discipline. The party, Matthew Taylor (2001) insists, derives its strength and appeal from ideological unity and hence must continue to embody ‘a single set of values, principles and core policies regardless of where it operates’. Similarly, as one senior headquarters official commented, the emergence of a different Scottish or Welsh ‘Labour brand’ would ‘undermine the credibility and coherence of British Labour as a whole’ and ‘we are acutely aware that we can’t risk serious differences between the UK and the devolved bodies. If we did this it would leave things open for the media to present us as a divided party’ (interview, 17 June 2002). Cohesion and solidarity are seen as a precondition of effective party government with those at the party centre seeing party devolution as a potential threat to the ‘ethos’ which acts as a glue within the party, and the values ‘enshrined in our new Clause 4’ that ‘binds the party’.
The same official emphasised the importance of preserving ‘parameters’: ‘We do not want a federal system within the party’.

This view from the party centre, we would argue, is largely driven by the imperative of electability at Westminster. The Westminster party leadership assumes that the party must present an image of unity to succeed electorally. This is rooted, firstly, in the historical experience of the party and, secondly, in the new media-intensive political environment. The bitter internal political divisions of the 1970s and 1980s had a profound effect on Labour’s current generation of leaders. Equally, they are convinced that, in the harsh and unremitting gaze of a frequently hostile media obsessed with ‘splits’, any signs of disunity will be relentlessly exploited and used to demolish public trust in the Labour Government. Such is the compelling lesson of the past: ‘All Labour governments have been torn apart by internal divisions over one group of people saying betrayal’, Blair has declared, adding: ‘The Labour Party must never again lose the competence or capacity to govern because of internal differences’ (quoted in Davies, 2001, 122, 99). This centralist view, resting upon the older traditions of ‘social democratic centralism’ (Shaw, 1988) has, we suggest, reinforced the reluctance to adapt the organisational structure of the party to the new world of devolved politics.

Candidate Selection and Substate Leadership Election
Candidate selection has long been seen as a key terrain in intraparty relationships, shedding light on the prevailing patterns of power. A key measure of centralised control in the Labour party, it follows, will be the extent to which Labour headquarters manifests a willingness and a capacity to shape selection outcomes. As noted earlier, recent commentators such as Hopkin (2003) stress the over-riding importance of territorial factors, arguing that regional elites will seek to wrest control from the central level. Meanwhile others, like Webb and Farrell (2000), stress how ideological tend to eclipse territorial differences. This would suggest that central and local elites will tend to co-operate to block the selection of ‘ideologically suspect’ elements. The events surrounding the more controversial selections are difficult to unravel as allegations of ‘central interference’ are easily invoked but difficult to substantiate. Here we need to distinguish between selections for national (Westminster) and regional level candidates. It would be reasonable to expect that decentralising tendencies will be more pronounced in the latter but that, in due course, the logic of devolution would, as the German example suggests, also exhibit itself in the former. For Westminster selections we found no evidence of systematic central intervention. National Labour leaders tend towards an approach of sporadic interventionism in selections, occasionally pushing their favoured candidates, often former political advisers, and blocking those suspected of radical left-wing views. For example, Welsh constituencies moved away from their traditional tendency to select ‘favoured sons’ with local and Welsh party connections (Laffin et al. 2004). When unconventional candidates, in terms of traditional South Wales politics, have been selected other factors have been significant such as local constituencies’ realisation that they had to look beyond local candidates if they were to reverse the poor electoral performance of Labour. A good example here was the selection of Chris Bryant in Rhondda which, as an Assembly constituency, had been lost to Plaid in 1999. The role of trade unions has also been critical, although the nature of their involvement has altered following the major changes in party rules and, as in the past, party officials have worked very closely with their trade union counterparts. Consequently, multiple power brokers have become involved in selection contests. Such involvement has been more pronounced in Scotland and Wales compared to parts of England because of long-ingrained patterns of collaboration between party and union organisers.
What party level dominated the selection of Labour candidates for the two devolved legislatures? One senior party official told us that ‘in our rulebook we have recognised the devolved bodies for the first time. We have enabled the devolved bodies to create their own selection procedures, with the endorsement of the NEC. In practice the Scottish and Welsh parties have been able to draw up their own selection procedures without NEC involvement’ (interview, 17 June 2002). This arrangement involved delegated powers since, although the NEC is mandated to consult with the Scottish and Welsh Executive Committees, it retains the formal power to draw up detailed procedural arrangements governing the selection of candidates at those levels (Labour Party Rule Book 2003, Clause 5E1). Prior to the first elections in 1999, Scottish and Welsh Labour officials were in close contact with headquarters staff in developing procedures which were then subject to NEC approval (interviews with Scottish and Welsh officials). They adopted closed candidate lists, the so-called panel of candidates, from which constituency parties could select. Officially the objectives were to raise candidate calibre – partly by discouraging the adoption of established local government notables whose longevity in office was not seen as always ‘matched by their talents’ – and to improve the prospects of selection for women candidates (Bradbury et al. 2000, 161; Shaw 2001, 38).

In both Scotland and Wales in the key first round of selections for the 1999 elections these procedures generated much controversy. In Scotland critics alleged that it was an ‘ideological cull’ masterminded by party officials. This the party strenuously denied. The NEC declared that the panel ‘is to be used as a positive tool for promotion of quality and diversity rather than a way of controlling entry to the selection process’ (NEC 1998). Donald Dewar contended that the object was ‘to look at people’s qualities, people’s suitability, people’s commitment, people’s record.’ (quoted in The Scotsman, 21 August 1997). Despite this insistence on calibre as the only test for eligibility, many apparently well-qualified candidates were blocked. The party authorities, acting to some degree at the behest of the centre, did attempt to sift out those regarded as undesirable, though these efforts did not always succeed (Laffin et al. 2004; Shaw 2001; Fraser 2004: 130-136). Precisely how the selection boards responsible for overseeing the process discharged their responsibilities tended to vary according to their composition, the various interests which needed to be placated (party influentials, trade unions) and the specific characteristics of constituencies. There were some remarkable casualties (notably the left-winger Westminster MP Dennis Canavan but including other well-known political figures) but other controversial candidates were selected (for more detail see Shaw 2001 and Laffin et al. 2007). A Scottish party official usefully summarised the experience thus: ‘Without the panel the calibre of candidates would have been poorer’ but conceded, ‘the system was too draconian and insufficiently transparent, which bred suspicions’ (interview 20 June 2002). In Wales, much of the controversy over selections was sparked by resentment over twinning which was designed to ensure a gender-balance of candidates. Some constituencies felt that it constrained their freedom of choice and allowed the centre to impose favoured female candidates (for further details see Laffin et al. 2004; Edwards and Chapman 2000; Edwards and McAllister 2002).

How far does this situation differ from that which prevailed before devolution? On Westminster adoptions the pattern of central intervention has historically varied with the balance of alignments and the prevailing managerial philosophies (Shaw, 1988: 89-114, 185-200; Shaw, 1994: 114-123). More pertinently, no comparative judgements over the selection of candidates for the devolved bodies can be made as we are dealing with new institutions. Instead we have sought to assess the balance of power between the national and regional
levels. Our conclusion is that the centre did have some influence over final outcomes, but crucially working in conjunction with factions within the regional elites (for further details, Laffin et al. 2007). The game always involved multiple players – notably central, regional, municipal and trade union leaders as well as constituency organisations themselves – so that securing selection was always a struggle. The crucial point is that the Labour party is a pluralistic institution, within which contending forces jostle for influence, and alliances shift between the regional and national elites. The national party neither sought nor was able to control tightly these processes. Where conflicts occurred, most notably in Scotland, they primarily followed horizontal, ideological and other cleavages within the territorial parties and not the centre-periphery cleavage. Nonetheless, the Westminster leadership has retained, through the NEC, formal powers over the formulating of all selection (and, indeed, all) rules, for the devolved bodies as well, reflecting the party’s reluctance to formally devolve power to its regional organisations.

A party centrally can also exercise control over regional level parties through influencing the election of regional leaders. In Scotland, London has not sought to intervene directly in the three leadership selection processes. London has not opposed any of the leading candidates for First Minister – Dewar, McLeish and McConnell. Although senior Scottish Westminster politicians, such as Gordon Brown (the UK Chancellor of the Exchequer) and John Reid (then Scottish Secretary) did seek to exercise some influence. Dewar, uniquely of all the holders of the position of First Minister in both nations, was a major power broker in his own right. He was the inevitable and uncontested choice for first holder of the post in Edinburgh. The McLeish-McConnell contest in 2000 was close and some commentators have claimed that Gordon Brown exercised his influence in favour of the former (Bradbury and Mitchell 2002, 303; Taylor, B. 2002, 28). But McLeish also clearly had strong support within the Scottish Parliamentary Party. When McLeish resigned just over a year later, McConnell was elected unopposed (Taylor, B. 2002:28).

In contrast, in Wales Blair himself sought to exercise direct influence. He supported his former close Westminster colleague, Alun Michael, and was sceptical of Rhodri Morgan’s abilities. The Welsh MP Peter Hain, a shrewd and seasoned political operator with excellent union contacts was despatched to mobilise support for Michael which he did with great effect. Morgan would have won without the exertions of Blair and Labour headquarters, with the considerable support, it should be added, of the Welsh Labour Executive (Morgan and Munghan, 2000, 129). Michael’s triumph was short-lived. Crucially, he never won the majority support of his own party group in the Assembly so, at his first crisis, his support base evaporated and he was compelled to resign (Thomas and Laffin 2001). The incident demonstrates both the extent and the limits of central power. Without Blair’s backing Michael would never have become First Minister but that was not enough to save him when confronted by his first serious political challenge, providing some evidence for the stratarchy hypothesis (for further details see Laffin et al. 2004).

**Policy-Making (1) Intra-Party Processes**

In the mid-1990s, Labour instituted a new policy system of Policy Forums at National, Scottish, Welsh and English regional levels. The new National Policy Forum (NPF) took over the policy development function from the NEC and Annual Conference, although Conference still formally retains the last word (Shaw 2002). These policy forums were intended to eliminate the conflicts, which had plagued the party for years, between a right-controlled Parliamentary Labour Party and a left-controlled NEC and Conference. Accordingly, they dispersed the power of the NEC and, in practice, institutionalised the supremacy of the
parliamentary leadership. Post-devolution this structure has acquired a new significance with the Scottish and Welsh forums feeding into the policy platforms for the party in those two nations (Shaw 2002; Shaw 2004; Hassan 2002, 31-2; Laffin et al. 2004; Laffin et al., 2007). Much of the representation of delegates to the NPF is on a territorial basis, with both Wales and Scotland allocated eight members (two from the regional Labour Party, five representing local constituency parties, and one from local youth sections) out of 180 members.

The forums and policy commissions, both at the British and the two devolved levels, are focussed on the preparation of the election manifestos for general and devolved elections. In practice, the party elites at both levels have continued to control the production of the manifestos for very obvious reasons given the critical role of manifestos in fighting elections and the need to delimit the commitments of future governments. Thus assessments so far suggest that the policy forums have had a limited impact on Labour policy, not least as Tony Blair and Gordon Brown took tight control over the final drafting of the 1997 and the 2001 manifestos (Seyd 1999, Shaw 2004). Policy forum members find themselves compelled by norms of party solidarity and pressing electoral expediency to temper policy differences between them and the party leaders, fearing that such differences are likely to be presented by the press as ‘divisive’ and, therefore, damage the party electorally (interviews with policy forum members).

Although the NEC has barely changed in response to governmental devolution, the policy forum system has been reorganised to distribute policymaking rights according to the devolution settlement. The Welsh and Scottish parties have been entrusted with the right to formulate proposals in those policy arenas falling within the jurisdiction of the National Assembly for Wales and the Scottish Parliament. Thus the Scottish Policy Forum is authorised to develop a rolling programme on devolved policy matters, the Scottish Conference with approving that programme and the Scottish Executive Committee (in conjunction with a committee from the Scottish Parliament Labour Group) with deciding which items of that programme will be incorporated in Labour’s manifesto (Scottish Labour Party Rules and Standing Orders, 2001, Clause 15). Devolved party units in Scotland and Wales are now empowered to formulate policy on those issues which reflect distinct matrices of local interests (e.g. fishing, hill-farming) or distinctive, regionally differentiated policy-preference sets (e.g. the greater support for direct public sector provision over market-driven solutions). Equally, in line with Eldersveld’s predictions, locally-rooted conflicts (for example in Scotland over the extension of proportional representation to local government) are contained as responsibility for their resolution is delegated to the subnational level.

These changes, in our view, validate the stratarchy model. Devolution was partly Labour’s response to the growing electoral challenge of nationalism in Scotland and, to a lesser degree, Wales by meeting the widespread desire for greater self-determination. In this it has succeeded so far. But in helping solve or alleviate some problems, it has engendered others. Labour now has to balance, within its own structures, national and regional ‘particularistic’ interests. In such a territorially differentiated party system, the stratarchy model indicates that the most rational response would be to allow the regional levels of party organisation freedom of manoeuvre to meet their electoral challenges by adopting policies and campaign strategies attuned to local conditions. To date, this has occurred but largely informally.

Policy-making (2) Outcomes
The last section dealt with the mechanisms of party discipline and policy making, but what about policy outcomes? Policy disagreements between Westminster and Scotland or Wales,
and the way in which these have been resolved, offer a measure of how far Labour centrally (and for this read Number Ten) is willing to tolerate local autonomy over major policy issues. The key point, given the dual governing role of the UK government stressed earlier, is that the party in Westminster and the devolved territories is forming policy for the same policy fields. Thus a significant potential has been created for possible intra-party tensions where centre-periphery policy divergences arise. The party elite at the centre has to make strategic choices over when to intervene to bring the periphery into policy line, while the elites in the periphery similarly have strategic choices over how far to follow the central party line. To date the most contentious issue has been free personal care for the elderly in Scotland (see Shaw 2003). The Blair Government rejected the Sutherland Report’s (1999) main recommendation that long-term personal care should be provided free for all, on the basis of need across the UK, as too expensive. Initially the Scottish health minister supported the London line. But in early 2001 the then Scottish First Minister, Henry McLeish, announced that he was accepting the Sutherland recommendations in Scotland, without costing them, so opening up ‘the biggest policy divide yet between Holyrood and Westminster’ (Guardian 27 January 2001; Woods, 2002).

Officially, Westminster’s response was sanguine: differences were not ‘an accident but an intention’ (Blair quoted in Taylor, B, 2002:142). In reality, angry Number Ten political advisors were ‘screaming down the ‘phone’ to their counterparts in Edinburgh (interview with senior McLeish aide, 12 May 2003). McLeish also came under ‘persistent pressure from the ‘Treasury and from Alastair Darling at social security to back down’ (Taylor, B. 2002: 39). Senior Westminster ministers were alarmed at the lack of consultation and anxious about ‘spill-over’ effects – especially over future pressures from English lobbies demanding that the infirm elderly in England received the same treatment as those north of the border (Mitchell 2004: 23). Notwithstanding, Downing Street pressure proved futile. Every other party in Holyrood backed the policy, so that even if McLeish had yielded to central pressure, he could not have reversed it. Does this vindicate the stratarchical thesis? The issue was complicated by the fact that the conflict was by no means straightforwardly territorial. Scottish Labour was hopelessly split with many Labour MSPs and all Labour Executive ministers opposed to the policy (Sam Galbraith in Herald 9 February 2004; McLeish 2004, 141; interviews with MSPs and party officials). The policy only passed because McLeish bounced the party into support, and the Liberal Democrats then swung firmly behind it. Even if McLeish had had a majority in Holyrood, he would have struggled to gain enough support. The episode suggests that Labour’s national leadership was (in the words of a top figure in the McLeish administration) prepared to allow ‘a bit of slack’, but was very reluctant ‘for it to be unduly stretched’ (interview, 4 February 2004). Yet it also illustrates how the realities of Labour’s minority status in Scotland have weakened the influence of Labour’s national leadership in Scotland, especially when Labour’s coalition partners, the Liberal Democrats, were themselves committed to a policy. This lesson may well ultimately come to be seen as the most consequential aspect of the episode.

This issue is exceptionally significant not only in its own right but also as the extreme case against which other issues of centre-periphery contention can be plotted. No other issue, as far as we have been able to discover, has come even remotely close to provoking such a response from the Westminster leadership. That is not to say policy has otherwise converged. Notably, the Welsh First Minister Rhodri Morgan has argued that ‘clear red water’ existed between Westminster and Wales (Morgan 2002) and emphasised a cooperative rather than a market-driven public sector reform model (Morgan 2004). Morgan’s pronouncements do not appear to have provoked any direct response from Downing Street, possibly because the
initial ‘red water’ speech was understood against the background of an imminent Welsh election – underlining the logic of the stratarchy model. Welsh Assembly Government policy statements are couched in the language of partnership and collaboration, while excluding the language of markets and ‘customers’. Wales has not followed the central government’s lead on specialist schools or foundation hospitals and has introduced significantly fewer PFI projects than have England or Scotland (e.g. stopping PFI projects in local government, NAW 2003), has adopted a less target-dominated approach to public service reform and modified the testing regime in schools. Although some Welsh Labour MPs have criticised this approach to public service reform, the Westminster leadership has not sought to intervene but rather, in one former Westminster cabinet minister’s words, ‘accept that as devolution’ (interview 11 July 2003). Indeed, Westminster ministers have specifically permitted Wales legislative opt-outs from market-orientated policies such as in the reorganisation of the Welsh health service (National Health Service Reform Act 2002) and variable higher education fees (Higher Education Act 2004).

In contrast, the Scottish First Minister, Jack McConnell, has adopted a lower profile than his Welsh equivalent, having chosen ‘to cleave closely to the New Labour government, carefully avoiding criticism or comment where things were done differently in England, and maintaining a strict ban on ministers making their views known on reserved matters’ (Keating 2005: 127; Mitchell and Bradbury 2004). Two Welsh ministers also stressed to us that they were careful not to criticise English policy even where Welsh policies diverged (20 November 2002, 5 December 2003). The Scottish Executive was initially cautious over the market-orientated approach to public service reform, but has come to push PFI (e.g. unlike Wales, it still has a [Private] Financial Partnerships Unit) and, in mid-2004, ministers began to stress the role of the private sector in reforming both health and education. For example, in June 2004 they announced a major £2.3 billion programme of school building and refurbishment by private-public partnership and the health minister began negotiating contracts with private health care providers for some operations and new private sector treatment centres.

Policy Making (3): Conclusions

Some tentative conclusions can be drawn from this necessarily brief summary of Scottish and Welsh policy trends: Firstly, Scottish-Welsh policy differences suggest that Labour elites in Scotland and Wales have acquired the scope to make significant strategic choices in both campaigning and policy strategy after the initial settling-in period of devolution. Labour centrally has not sought to use the governmental machine or modify the devolution settlement, for instance by tighter regulation of the block grant, to impose its own particular policy views on Scotland and Wales. The Westminster leadership has acknowledged the need for flexibility and sees no real danger of a dilution of the Labour ‘brand’ or ‘franchise’. Thus the stratarchical model to this degree is substantiated. The national party elite has recognised that devolved power and functional autonomy afforded the most effective way of sustaining overall party cohesion, while enabling constituent territorial units to maximise competitive advantage (Carty 2004, 12).

Secondly, Scottish-Welsh differences indicate that common party membership does not necessarily produce homogenised or nationalised policy programmes across Britain. Equally, while these differences have acquired a territorial expression, they remain part of a continuing intra-party debate over public service reform. The differences between Blair and Morgan are no greater than those between Blair and some of his own ministers (Brown himself opposed foundation hospitals and variable higher education fees, Seldon 2004, 680).
The role of Scottish and Welsh Westminster MPs also illustrates the cross-currents of territorial and policy cleavages. In Wales, that role has been particularly significant in pressing the Welsh Assembly Government to follow more closely the Westminster public service reform agenda and, more recently, in pushing for the 2005 White Paper on the future of the National Assembly for Wales to identify full primary legislative powers as a future possibility rather than an immediate aim. On the two highly contentious issues of foundation status for hospitals and variable higher education top-up fees, the Government only scraped together majorities (in the latter case by only four votes) because it enjoyed more support from Scottish than English members despite the fact that the relevant legislation would not apply north of the border. Not only has the shadow of the West Lothian question not been dispelled but Scottish MPs have acted as the unexpected ideological saviours of Blairite ‘modernisation’. Repetition of such episodes is bound to bring at least this aspect of the constitutional settlement, in both a national and a Labour party setting, into question.

Thirdly, although commentators have tended to stress the English-Scottish, English-Welsh policy dissimilarities or divergences, the policy similarities are also striking. Both the Scottish Executive and WAG accept the case for public service delivery reform and both have followed the broad public services modernisation agenda lead from Westminster, the Welsh, to some extent necessarily so, as they are still entwined in Westminster legislative frameworks. Most recently, the Executive and WAG have even endorsed public service employment cuts from 2006 broadly in line with the UK Treasury’s 2004 Gershon Report. Critically, too, the almost total dependency of the Scots and Welsh on central funding through the Barnett Formula, which automatically adjusts funding levels to Scotland and Wales as English spending reduces or increases, constrains policy divergence. Central government may allow the devolved governments certain powers but effectively not fund the use of those powers. Consequently, for example, the Westminster government has allowed the Welsh Assembly Government to determine its own policies on higher education fees but, if it finally decides not to implement fees, it will have to find the shortfall within its existing budget. Scotland, of course, faces the same dilemma.

Fourthly, no explicit intra-party ‘political accord’ (Carty 2004) exists over what policy differences, or accumulation of differences, would threaten the national party identity and by what intra-party process any centre-periphery differences should be resolved (formal intergovernmental conflict-resolution processes exist but remain unused, Trench 2004). Evidently, as we proposed earlier, an ‘accord’ exists in the form of certain, informal rules of the game. For example, Helen Liddell, the former Scottish Secretary, felt strongly that McLeish had breached the ‘no surprises’ intergovernmental/intraparty convention by failing to consult with Westminster before launching his major initiative over free care for the elderly (interview, 7 November 2003) Similarly, the then Westminster Education Secretary was miffed when the Welsh announced the abolition of Key Stage testing of school children at age 7 without warning, but notably did not contest their right to so do (private information).

The notion of the rules of the game also raises the question of whether a UK-wide policy framework exists, whereby central and devolved governments can define the limits of substantive policy divergence. Such a framework, we have found, is absent either as an intergovernmental agreement or an ‘accord’ within the party. Consequently, the only way of delineating the central party leadership’s ‘zone of toleration’ of policy divergence by the Scottish and Welsh governments would be to examine the accumulation of individual cases, but even that is complicated by numerous inconsistencies (for example noted in Richard 2004
on Wales). The higher education funding and social care issues illustrate how those at the centre have had to adjust their assumptions to expand that zone of toleration and, therefore, the discretion of the devolved governments. Of course, the Westminster parliamentary leadership has few, if any incentives, to define such an explicit policy framework. Indeed, such an exercise would inevitably involve potential political costs. The nationalist parties could easily portray such an exercise as London placing new restrictions on Scotland and Wales. Meanwhile, any public debate on common frameworks could also stir up English resentment over regional equity across the UK.

Conclusion
The case of the British Labour Party qualifies the thesis that devolution, with the commensurate emergence or strengthening of centres of elected territorial power, encourages its duplication within the national party organisation. The Westminster party leadership has held onto constitutional power and avoided any strategic, post-devolution rethinking of the Labour party’s institutional machinery. The NEC retains ultimate powers of intervention through its control over party rules, including over candidate selection, leadership elections, staffing and finances. No attempt has been made to reform the party constitution in a federalist direction, although some federalised elements do exist in the policy forum structures. Our research indicates that the party elite perceive such a move as having the future potential to dilute the valuable Labour ‘brand’ and potentially threaten the electability of the party at Westminster. The NEC’s English focus also tends to reinforce this conservative view of intra-party devolution. We would add, too, that the Scottish and Welsh administrations have not pressed for greater intra-party devolution as they are largely content with their current degree of policy and financial discretion. In any case, they have few means of exerting pressure on the Westminster leadership to extract such concessions.

Nonetheless, the national party elite have recognised pragmatically the potency of stratarchical forces. The Scottish and Welsh parties have acquired the discretion to devise electoral strategies and polices honed to their particular circumstances, not least to combat the nationalist-regionalist threat – since 2003 this threat has been receding but could well revive. This confirms the earlier hypothesis that the greater the degree to which a national party is challenged by nationalist-regionalist parties, the stronger will be the pressure to allow the regional units to evolve a distinctive sub-national, political identity. Indeed we would broaden this point and contend that the single most important factor likely to promote centrifugal tendencies in the Labour party is the different pattern of electoral competition it confronts in Scotland, Wales and Westminster. This pattern is a consequence of differential political alignments, a combination of a more left-leaning party system and the nationalist-regionalist threat, compounded by proportional representation. The outcome is that Labour, in both Scotland and Wales, has to respond to quite distinctive electoral challenges and, particularly in Scotland, the inevitability of coalition government.

In response, Westminster party leaders have allowed some piecemeal formal and informal, functional delegation within the centralist party constitution, such as permitting the two branches to appoint their own general secretaries. Not least they have learnt to avoid central interventions likely to incur significant political risks and costs. In particular, they have acknowledged the negative publicity that central intervention in the initial candidate and leadership selection processes attracted. On the basis of such experiences, we would hypothesise, effective central intervention requires continuing collaboration with at least some members of the regional party elite if potentially destabilising political fall-out is to be
minimised. Undoubtedly, where possible, the central party elite prefers to devolve responsibility for reconciling internal conflicts to *reliable* territorial managers.

Yet centripetal forces are also present. A vital theme is how strategic choices are ultimately constrained by the intra-party political accord (Carty 2004). This accord, based on the ‘New Labour brand’, is seen by the leadership as a vital resource in winning elections at Westminster and in the devolved territories. Party leaders, at both levels, are concerned that centre-periphery disputes could damage that ‘brand’ and thus the electability of the party. This article, too, has stressed the difference between the informal, and very implicit, understandings comprising the party accord or ‘internal settlement’ and the formal constitutional settlement as illustrated by social care for the elderly. The challenge for the party leadership, both within Parliament and Party Headquarters, has been to ensure that a national ‘New Labour’ party identity survived devolution. For that reason, the internal party accord over policy competencies and responsibilities may prove to be more restrictive than the constitutional devolution settlement. The question of how centrifugal and centripetal impulses (both ultimately arising from party competition pressures) will be balanced if they, as they assuredly will one day, come into conflict remains open. Thus the internal party devolution settlement is far from fixed or stable. In particular, if we risk a prediction it would be this: a redistribution of power in the party in favour of the ‘periphery’ will occur if Labour were to lose power in London, yet remain the ruling or dominant party in Scotland and Wales. Labour elites in these territories would enjoy the advantages of governmental incumbency – access to policy development and publicity resources (enabling them to promulgate their own policy views) and their own governmental platforms – no longer available to the party centre. We can only speculate about what alliances within the party organisation might form if strong-minded executive heads came to control Labour, or largely Labour, administrations in Scotland, Wales and London, whilst the party nationally languished in opposition.

**References**


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1 In this article ‘national’ is used to refer to the nation-state level and ‘regional’ to the subnation-state level.

2 The two settlements differ significantly both in breadth and depth. The Scots enjoy general competences to legislate on all domestic matters which are not reserved to the centre, whereas the Welsh have more limited powers, within a smaller range of domestic matters, to legislate within the Westminster legislative framework. However, both enjoy comparable and extensive freedom in determining their spending priorities.

3 As part of a study of the ‘The Role of the Parties in Inter-Governmental Relations after Devolution’ (Economic and Social Research Council’s Devolution and Constitutional Change Programme, Grant No. L219252116 D279). We would like to acknowledge the contributions of two other members of the research team, Gerald Taylor and Alys Thomas, and the comments of three anonymous reviewers.

4 Our policy was to interview off the record for obvious reasons but some interviewees themselves declared that they were talking on the record or we asked that specific comments could be taken on the record.

5 In January 2005, four months before the UK General Election, the Welsh First Minister reshuffled the then Health Minister days before a highly critical Audit Commission Report on hospital waiting-lists in Wales. Rumours suggested Number Ten intervention but again the picture is probably more complex with Welsh MPs, including Welsh Secretary Peter Hain, putting pressure on the Welsh Cabinet to reverse its strategic decision to push a broader public health agenda rather than follow the London government’s stress on waiting-lists.

6 Such rules of the game are more formalised at the administrative level in the series of concordats between Whitehall departments and their equivalents in the Scottish Executive and Welsh Assembly Government.