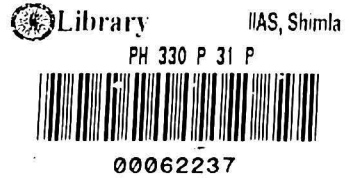


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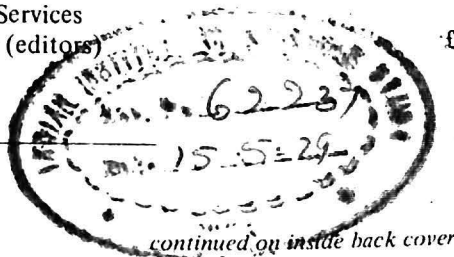


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# The Political Economy of Devolution: The British Case

*Alan Peacock*

## 1. Introduction: Background

Worried by the growing support for the Scottish National Party (SNP) and for its Welsh counterpart Plaid Cymru (significantly known by its Welsh name), as instanced by the 1967 by-elections, Mr. Wilson, the then Prime Minister, appointed a Royal Commission on the Constitution under the chairmanship of Lord Crowther, a time-honoured method used by British governments to buy time.<sup>1</sup> Though its terms of reference were very wide and could have been interpreted as covering the whole range of constitutional problems, it was clearly understood that the main question facing the commission was whether, how, and to what extent government should be further devolved within the United Kingdom.

The commission were appointed in April 1969 but did not report until December 1973. By that time, its activities had been largely forgotten about, and when its 500-page report, together with a 200-page Memorandum of Dissent<sup>2</sup> and a considerable number of volumes of evidence and research reports appeared, the editor of the well-known journal *Public Administration* was tempted to recall David Hume's acerbic remark on the appearance of his *Treatise of Human Nature*, which fell "dead-born from the press." However, the polite Parliamentary gestures of approval for services rendered were in stark contrast to the close attention paid to various schemes of devolution based on the evidence and conclusions of the commission, which at the end of 1974 were officially offered for discussion. By then the Labour Government faced loss of support to Scottish and Welsh nationalists and to the Liberal party, which had a strong commitment to transfer of power from the center to the regions.

In essence the Labor Government has accepted the principal recommendations of the majority of the commission's members and is committed to setting up separate directly elected assemblies in Scotland and Wales. These assemblies will be endowed with considerable control over expenditure functions at present undertaken by the Scottish and Welsh offices—the central government's execu-

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The views expressed in this article are the author's and do not necessarily reflect the position of the government of the United Kingdom.

tive “arm” in these regions—but will have very little discretion over means of finance. Though all members of the commission opposed the setting up of a federal government structure in the United Kingdom and rejected the demand of nationalist parties for Scottish and Welsh independence, two members of the commission, Lord Crowther-Hunt and myself, preferred a form of devolution that offered the same opportunities for control of the executive by regional assemblies in the English regions as well as in Scotland and Wales.

I have chosen to avoid giving a detailed description of the various schemes of devolution proposed, for I believe that the value of the devolution debate for an international audience lies more in examining the intellectual process leading to devolution proposals and less in a detailed examination of their content, interesting and relevant though this could be to other countries.

In section 2 below, I briefly review the place of the devolution debate within the framework of the recently developed economic theory of representative government. Having explained how a demand for devolution has arisen, section 3 describes how the Kilbrandon Commission (hereafter referred to as KC) went about the task of measuring its intensity. Section 4 reviews the two main sets of devolution schemes proposed and speculates on their economic impact. A final section 5 endeavors to draw some lessons from the devolution debate in the United Kingdom.

## 2. Models of Constitutional Change

The model of constitutional change that one could employ to explain the demand for devolution would depend on the questions one seeks to answer. Latterly, economists who have made the running in this area have been interested in developing positive models in which individuals try to induce governments to do what they want, i.e., reduce their frustration with government policy, by a series of signaling actions within a given jurisdiction or by mobility or the threat of mobility to other jurisdictions within the nation-state [see Breton (1974); Breton and Scott (1975)]. The signaling actions can range from direct engagement in politics to adjustment of economic behavior, but all these kinds of action—together with mobility—involve costs that have to be matched with benefits, and both the costs and benefits may be uncertain.

If Breton and others are right, the variance in the distribution of preferences of citizens for different types of services and their methods of finance will increase as the degree of centralization increases. By any standards, the United Kingdom has become a highly centralized state, as measured by the growth in the relative importance of central government finance not only of central but also of local government services. (I prefer this measure of the degree of centralization to the Breton/Scott use of the relative size of expenditure responsibilities at the center.) Local governments are still immediately responsible for important

social services, such as housing and education up to university level, but their standards of services are strongly influenced by central government both through legislation and by sources of finance. Local governments are "creatures of the center" in another fundamental sense; for they have no separate constitutional existence; their powers are determined by Acts of Parliament, i.e., legislation enacted by the central government. It follows that citizens with preference systems differing markedly from those reflected in public expenditure and taxation would derive only a restricted net benefit by movement from one jurisdiction to another. In a study of local government in urban areas in both the United States and the United Kingdom, for instance, it has been shown [see Aronson (1974)] that fiscal factors affected the distribution of population in both countries but that the percentage of correct predictions is lower in the U.K. case. Aronson explains this by the fact that fiscal differences between towns, as measured by the coefficient of variation for tax rates and per capita expenditure, is not as great in England as in the United States. This could result, as Aronson asserts, from more homogenous individual preferences in England than in the United States, but I believe that his second reason is more important, namely, the effects of grants from the center to local governments, which are based on an equalizing formula.

Because of the high proportion of total central and local current governmental services financed from the center, roughly 84 percent in 1974, the efforts to influence their amount and composition must be concentrated on the political signaling system, which could influence central-government decisions. However, this part of the signaling system is highly restricted, for policies are decided and implemented by a Government formed by a majority party in a Parliament which itself is elected by a system of simple majority voting. It is also restricted by complete immunity of the higher civil service from direct electoral pressures, for this highly paid bureaucracy is not voted into office but is recruited by competitive examination for administrative posts that carry security of tenure. It is no surprise, therefore, that pressure-group action designed to exercise a *continuing* influence over politicians and bureaucrats has become of growing importance in the United Kingdom, of which the best-known examples are the activities of the Confederation of British Industries and the Trades Union Congress, which have almost acquired the status of "estates of the realm."

The growing demand for devolution suggests that the traditional signaling systems are not working as well as they should and that the deviation of individual and group preferences from those reflected in the existing amount and pattern of government services has become more marked. Thus the interesting feature of the British situation is that it appears to have engendered demands for *changes in the signaling system itself*, as expressed in the demand for proportional representation in national elections and for some system of devolved government.

This is an unusual situation in the United Kingdom, though Home Rule for Scotland was a lively subject of debate after the First World War. A Royal Commission, therefore, would be bound to proceed rather warily. Though the terms of reference of the KC were wide enough to make it possible to recommend a fundamental constitutional reform, its members chose to assume that, broadly speaking, the existing functions of government and particularly the economic functions should be taken as data but that their division between layers of government was the matter at issue.<sup>3</sup> Recommendations for devolution would therefore have to depend on wider considerations than reducing the deviation between collective and individual preferences as depicted in individualistic approaches to the theory of government, though such models can be extended, e.g., through postulating interdependent preference functions, to take account of distributional growth and stabilization aims calling for collective action.

The KC, therefore, had to act in a similar fashion to a political philosopher deploying a normative rather than a positive theory of constitutional change. The analogue in economics used to depict this approach is a constrained maximization policy model in which an objective function embodying several arguments has to be maximized subject to resource and other constraints.<sup>4</sup> The commission simply interpolated an additional argument into the objective function or, more modestly a political boundary condition, viz., alternative forms of devolved decision making, and then in a not particularly rigorous way formed a judgment on its effect on social welfare.

### 3. Measuring the Demand for Devolution

While a Royal Commission could in principle deliver its recommendations *ex cathedra* without reference to outside opinion on an issue such as constitutional reform, it would have to face strong criticism if it did not at least take evidence, as such commissions traditionally have done. The usual method is to issue an open invitation to the public to offer written evidence, though a commission may ask specific organizations and individuals to submit evidence and will reserve the right whom to call to give oral evidence, particularly if it is believed that otherwise it would not obtain a reasonable cross section of opinion. However, even if care is exercised, the taking of evidence is a very haphazard method of proceeding. Given equal individual interest in expressing views on devolution problems, the costs of doing so fall very unequally on different sections of the community. It comes as no surprise that most of the evidence was received from the literate middle classes, who bear lower costs in articulating their preferences and through various professional bodies ranging from local government officers' associations to churches that can have their expenses met by others, including the taxpayer or ratepayer. To some extent the KC reduced absolute, if not differential, individual costs by taking evidence in different parts of the country,

but in practice this benefited Wales, Scotland, and Northern Ireland, where 30 meetings were held, in contrast to England, where only 2 meetings were held outside London. This clearly reflected the bias in membership towards the Celtic fringe, a bias reinforced by the appointment of Scottish, Welsh, and Northern Irish assistant commissioners but none from England.

After considerable argument, the commission agreed to supplement this traditional source of views by a detailed survey of attitudes toward devolution and other aspects of government [see social and community Planning Research (1973)]. The difficulties in using such a method for eliciting opinions on specific kinds of devolution are immense. It would have required the commission to prepare models of devolution in advance of the survey, which they were in no position to do. It would assume that these models and their implications for the respondent were fully articulated and understood, and even if these difficulties were overcome, and allowing for the risks of low response rates to complicated and difficult questions, there would be still left the problem of evaluating attitudes toward hypothetical alternative schemes. The attitudes survey, therefore, as well as probing general attitudes toward government, could trawl only opinions on devolution of the most general and abstract nature, such as eliciting reasons for wishing devolution and for preference between devolution to a regional administration and devolution requiring elected bodies. An illustration of these difficulties is given later.

In evaluating the evidence, the MR (Majority Report) and MD (Memorandum of Dissent) agreed on three main points: (1) there had developed a growing lack of communication between central government and the electorate; (2) the political power of individuals and their elected representatives in Parliament had declined, while that of the central administration and ad hoc bodies appointed on its recommendation had increased; and (3) in respect of (1) and (2) there was no marked difference of opinion on these matters between regions of the United Kingdom. But, on the vital question of remedies, the MR and MD disagreed on the interpretation of evidence.

The MR argued that the survey provided no substantial evidence in favor of a bigger share in political decision making as distinct from bringing the administrative apparatus more directly in touch with the people. The problem, in their view, was one of "a felt lack of communication" rather than "a felt lack of participation." Moreover, they believed that the survey pointed toward more "spontaneous" interest in devolution in Scotland and Wales than in English regions. The MD, on the other hand, made two technical criticisms of the survey, perhaps with the benefit of hindsight. First, it could not elicit the difference between discontent with the government of the day and discontent with the system of government itself, and second, it was not asked to set its findings against comparable information on attitudes, notably by national opinion polls and Gallup polls covering similar problems. It found ample evidence in the survey itself for a demand for more individual participation in the political

decision-making process and no evidence that this demand varied in intensity between the Celtic nations and the English regions.

As a signatory of the MD, I believe, of course, that its analysis of the evidence in the survey and of other evidence is much sounder than those of the survey investigators themselves and of the MR. However, this is neither to say that the survey was not competently carried out nor that its interpretation was easy. As an indication of the inherent problem of investigation and interpretation, let me take one striking example. It is obvious that whoever were to take the decisions in a devolved system, attitudes toward forms of devolution would depend on the costs and benefits attached to any particular scheme. The impact effect might be to produce recognizable benefits derived from greater power over the amount and mix of publicly provided services, but these might be offset by costs in the form of adverse real income changes. Thus, a relatively poor region with complete responsibility for running its own services would pay the price in a fall in the positive "fiscal residuum," to use Buchanan's term, which would initially reduce per capita real incomes, and, in addition, it is conceivable that individual regional government services might lose the cost advantages associated with the scale of central government operation. Even then, it would be difficult to translate these effects into a cost and benefit calculus for other than some mythical "representative" individual, whereas any particular individual might be able to adjust his real income position *within* the new system through the new dimension introduced into the political signaling system, e.g., through the changing opportunities for tax avoidance or through political action with others to alter regional-government tax schedules. Further, the individual's judgment is not based solely on short-term considerations and therefore on the impact of the change in the governmental system within his own region. His judgment of the net present value of devolution will depend on whether, for example, other regions are endowed with comparable systems of government and how far the fiscal arrangements with the center would affect regional incomes. These factors would affect his judgment, not only because his utility might depend on how others in other regions were treated, but also because it might depend on his view on the opportunities to improve his position through interregional migration.

When the survey was taken, the KC had not even got to the stage of listing any possible "runners" for the devolution stakes. Even if it had, it would have been an impossible task to give respondents anything other than a very general idea of how they might be affected by any possible scheme. Furthermore, the costs to the individual of going through the process of cerebration that might have required him to undertake some rather sophisticated analysis would probably have reduced the response rate to a negligible percentage. Thus the attitudes survey could only offer general evidence on the *expectations* of respondents of the effects of devolution on themselves and others without being able to probe how these expectations were formed and how they might vary if individuals

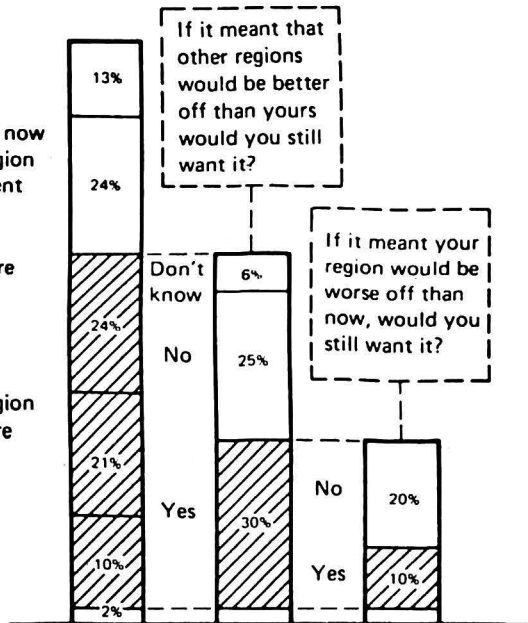
were offered a (hypothetical) choice of alternative schemes. I reproduce as Figure 3-1 one chart of the attitudes survey without comment in order to demonstrate these difficulties.

**4. The Devolution Schemes**

The final outcome of the commission's deliberations and of the government's proposals are only partly based on the evidence that we have examined, which is probably not surprising if only because of the inherent difficulties in basing proposals on attempts to reveal the electorate's preferences. I cannot possibly do more than summarize the main differences between, and the consequences of, two sets of proposals, those of the MR and those of the MD. And there is not space enough to comment on the intense speculation surrounding the constitutional aspects of these proposals. I shall concentrate exclusively on the possible economic effects of the alternative systems.

**Degree of Devolution Desired:**

1. Leave things as they are at present
2. Keep things much the same as they are now but make sure that the needs of the region are better understood by the government
3. Keep the present system but allow more decisions to be made in the region
4. Have a new system of governing the region so that as many decisions as possible are made in the area
5. Let the region take over complete responsibility for running things in the region
6. Don't know



Source: Commission on the Constitution, Research Papers No. 7, Chart 2, p. 98. Reprinted with permission of the Controller of Her Majesty's Stationery Office, 1973.

**Figure 3-1. Proportions Wanting Devolution if Consequences Economically Bad for Region.**



Table 3-1 summarizes the principal features of the various types of schemes, ignoring certain variations in them put forward by individual members and other constitutional matters (such as changes in House of Commons procedure and in relations between Westminster and the Channel Islands and the Isle of Man).

The MR proposals amount to saying this:

There is a general demand for a limited extension of the signaling system which indicates that the electorate could be predicted to support constitutional change. This demand varies according to region. Scotland and Wales prefer a change which requires a limited degree of *political* participation through regional legislatures which would give substantial freedom to vary the *composition* of social and environmental services but without requiring control over the total expenditure on these services or over the methods of their finance. English regions will be content with an improvement in communications between Government departments, Parliament, and their electorate. Devolved government only to Scotland and to Wales would have the following advantages:

- a. It would reflect electorate's preferences;
- b. It would cause the minimum of administrative disruption, given that Scotland and Wales already have separate Government Departments responsible for a large part of their administration;
- c. Effects on economic objectives other than improved allocation of resources would be minimized, for macroeconomic policy would be constrained only by more spending freedom for a very limited segment of total spending by public authorities. Distributional effects would similarly be minimized. In any case, central government would be left with sufficient instruments, other than composition of expenditure, to make any corrections necessary to offset the effects of devolution on growth, stability, and income distribution [see MR (1973, chap. 8)].

As the Government's proposals follow these recommendations closely, they deserve particular attention. The general case made for partial devolution may be conceded, save for point (1), which I believe conflicts with the evidence, such as it is. However, there is a major unstated assumption, which is recognized in the government's statement [see Command Paper 6348 (1975)] that the position regarding the English regions must be considered separately, and this is the belief that a new political equilibrium will be established. There is a good case for believing that this assumption is untenable, and I shall now explain why.

Consider the "representative" canny Scot or go-getting Welshman weighing the costs and benefits of new-found freedom. Through his regional politicians he may be able to alter the pattern of devolved government service in a way that moves constraints on his optimizing behavior. However, the gain in movement to a more preferred position may be offset by a rise in the relative price of services, so increasing his budget constraint. This could happen in two ways: (1) from more "X-inefficiency" arising from lack of regional experience in expenditure control and project appraisal and perhaps from discrimination in favor of own-

**Table 3-1**  
**Principal Features of Devolution Proposals**

	<i>Majority Report</i>	<i>Memorandum of Dissent</i>	<i>Government Proposals</i>
<b>1. <i>Extent of Devolution</i></b>	Devolution to Scotland and Wales only.	Devolution to all regions.	Devolution to Scotland and Wales now. No decision on England.
<b>2. <i>Rationale</i></b>	<ul style="list-style-type: none"> <li>a. "Historically identifiable" nations—Scotland, Wales.</li> <li>b. Existing administrative devolution to build on, i.e., Scottish and Welsh offices.</li> <li>c. Demand "stronger" in Scotland and Wales.</li> </ul>	<ul style="list-style-type: none"> <li>a. Principle of political equality.</li> <li>b. Demand equally distributed throughout United Kingdom.</li> <li>c. Improved division of labor between central and regional government.</li> </ul>	<ul style="list-style-type: none"> <li>a. Same as for MR.</li> </ul>
<b>3. <i>Political Institutions</i></b>	<ul style="list-style-type: none"> <li>a. Elected assemblies in Scotland and Wales by proportional representation.</li> <li>b. Executive authority vested in Ministers appointed from Assembly.</li> <li>c. Advisory councils for English regions.</li> <li>d. Representation in U.K. House of Commons for Scotland and Wales in proportion to population.</li> <li>e. Regional Committees in U.K. Parliament.</li> </ul>	<ul style="list-style-type: none"> <li>a. Elected assemblies in all regions by proportional representation.</li> <li>b. Executive authority in Assembly committees reflecting party composition.</li> <li>c. Representation in U.K. House of Commons for all regions on population basis.</li> <li>d. Possible reform of House of Lords to reflect regional representation.</li> </ul>	<ul style="list-style-type: none"> <li>a. Elected assemblies in Scotland and Wales by simple majority system.</li> <li>b. Scotland: executive authority vested in members of Assembly of the majority party. Wales: executive authority vested in Assembly committees reflecting party composition.</li> <li>c. No firm proposals at this stage.</li> <li>d. No change in representation of Scotland and Wales in House of Commons (central legislature).</li> </ul>

(continued)

**Table 3-1**  
**Principal Features of Devolution Proposals**

	<i>Majority Report</i>	<i>Memorandum of Dissent</i>	<i>Government Proposals</i>
<b>4. Financial Powers</b>	<ul style="list-style-type: none"> <li>a. Responsibility for expenditure on all main social and environmental services within total agreed with central government.</li> <li>b. Substantial freedom in expenditure allocation within agreed total.</li> <li>c. No firm views on central-regional revenue sources.</li> </ul>	<ul style="list-style-type: none"> <li>a. Same as for MR, 4a.</li> <li>b. Same as for MR, 4b.</li> <li>c. Devolution of some taxing powers in order to promote regional political participation.</li> </ul>	<ul style="list-style-type: none"> <li>a. Same as for MR, 4a.</li> <li>b. Same as for MR, 4b.</li> <li>c. No new sources of regional revenue other than power to precept on local government taxes (the local rate).</li> </ul>

region suppliers to government; and (2) from "scale" effects produced by operating services at a regional rather than national level, which would result in higher marginal and average costs. It has been argued [King (1973)] that the most important case for consideration of scale effects would be hospitals, which in recent years have absorbed nearly 20 percent of current and capital expenditure on "devolvable" services. Since the devolved governments will not be responsible for finance of these services, the loss in real income to members of the "Celtic fringe" would take the form of lower standards of service at the present level of finance available on a regional basis.

However, being no fool, our representative Scot or Welshman realizes that his devolved government has an important additional weapon that may yield a compensatory real income effect. His regional assembly, serviced by its bureaucracy, represents the creation of a new power base capable of exercising direct and continuous pressure on central government in a way denied other regions. Favorable bargains will be sought (1) in the financial allocation available to devolved governments and (2) in the way other policy instruments could be used to discriminate in favor of a particular region, e.g., siting of central-government defence establishments and purchasing policy. At the same time, pressure through regional representatives in the central legislature could be maintained, since regional representation is not to be reduced.

It is therefore difficult to believe that regions without the proposed Assemblies would not be concerned about a prospective political change that could put them at a relative disadvantage. Table 3-2 offers skeleton profiles of the regions of the United Kingdom which would bring the point home to them. Devolved government is being offered to two regions representing less than 14 percent of the total population of the United Kingdom, with a low relative population density where, admittedly, GDP per head is relatively low and unemployment is relatively high, but where the degree of economic disadvantage is not much greater than in some other regions, notably less than in the North region. More telling still is the fact that devolvable government expenditure per head in Scotland and Wales is much higher than in all other regions, though it is difficult to establish whether this reflects a concomitant difference in standards of services on offer. Though there is little firm evidence for recent years, there is little doubt that after deduction of allocable taxes Scotland and Wales are net gainers from the financial operations of the central government. The conclusion, therefore, that other regions will press hard for equality of political rights and thus for comparable power bases seems irresistible.<sup>5</sup>

Therefore, though it has been rejected for the present, this conclusion offers point for further consideration of the MD, which starts from a fundamentally different position. Its argument might be summarized as follows:

The demand for more political participation is widely distributed, contrary to the interpretation of evidence by the MR. Equality of political rights is equitable

**Table 3-2**  
**Regional Economic Profiles**

<i>Region</i>	<i>Population (in millions) (1973)</i>	<i>Population (% of U.K.) (1973)</i>	<i>Persons per sq. km. (1973)</i>	<i>Rel. Pop. Density (1973)</i>	<i>GDP (factor cost) per head (1972)</i>	<i>Rel. GDP per head (1972)</i>	<i>Unem- ployment (% av.) (1973)</i>	<i>Devolv- able per Head (1969)</i>	<i>Rel. Devolvable Gov. Expen- diture<sup>a</sup></i>
England:									
North	3.3	5.9	170	74.1	819	85.0	4.7	128.5	116.6
Yorkshire/Humberside	4.8	8.6	340	148.5	903	93.7	2.9	98.0	88.9
East Midlands	3.4	6.1	283	123.6	928	96.3	2.1	90.4	82.0
East Anglia	1.7	3.1	138	60.3	919	95.4	1.9	94.4	85.7
South East	17.3	31.1	632	275.9	1,117	115.8	1.5	94.4	85.7
South West	3.8	6.8	164	71.6	932	96.7	2.4	93.3	84.7
West Midlands	5.1	9.2	397	173.4	984	102.0	2.2	91.7	83.2
North West	6.8	12.2	845	369.0	900	93.3	3.6	104.6	94.6
Scotland	5.2	9.4	66	28.8	880	91.3	3.5	144.1	130.8
Wales	2.7	4.9	132	57.6	843	87.4	4.6	233.0	211.4
Northern Ireland	1.5	2.7	110	48.0	678	70.3	6.0	—	—
United Kingdom	55.6	100.0	229	100.0	960	100.0	2.7	110.2 <sup>b</sup>	100 <sup>b</sup>

Sources: *HMSO Abstract of Regional Statistics: 1974* for Cols. 1-7. King (1973) for Cols. 8 and 9.

<sup>a</sup>“Devolvable” expenditure is total government expenditure less “unallocable” expenditure (mainly defence).

<sup>b</sup>Great Britain only.

in principle and, for the reasons given, a reasonable prediction of what ultimately will be politically acceptable. Moreover, it leaves the legislature free to take a much more active interest in important national and international issues and therefore to exert more pressure on the executive, for regional assemblies can concentrate on the redress of local grievances. It follows not only that there should be elected assemblies in all regions but that they should have some devolved taxing powers as well as freedom in expenditure allocation, so that regional political participation is fostered. To reinforce contact between different layers of government and to reduce centralizing tendencies, local government would have no direct link with the central government but would be represented in the functional committees of the regional assembly. Likewise, a proportion of elected representatives of the regional assemblies would be members of the House of Lords (the British Upper House), which would both raise the prestige of regional assemblies and offer the House of Lords a more positive role in the process of government [see MD (1973, chap. 6)].

Space prevents a detailed examination of the problems facing such a radical change in the structure of British government. It is clear that the MD is written on the assumption that dissemination of political power is an important argument in the community's objective function that must be assigned a considerable weight. At the same time, though it spells out its proposals in detail, it leaves at least partly unsolved the extent to which particular financial arrangements designed to further the aim of dissemination of power (e.g., taxing powers) will affect the values of the other arguments, notably stabilization and distributional objectives. A good deal of the official evidence to the KC by the Treasury and Inland Revenue argues for nothing more than token devolution of taxing powers and complete control over the total regional assembly budget because of the fear of surrender of budgetary instruments important for stabilization. I have argued elsewhere [Peacock (1973)] that this evidence rests on a fairly simplistic model of the role of fiscal policy in controlling fluctuations in income and employment. What must be emphasized is that the MD argues that such important issues as these cannot be resolved without much further study and that any precise proposals would take a generation to work out. This view is in stark contrast with that of the present government, which hopes to begin the process of (limited) devolution within the lifetime of the present Parliament.

## 5. Conclusion

Faced with the far-reaching consequences of the oil crisis for the pursuit of the traditional objectives of maintaining a high level of employment and controlling inflation and with the need to improve the poor growth performance of the U.K. economy, embarking on a major constitutional reform could hardly come at a more inopportune moment for the British government. However, as already indicated, its political survival and, indeed, that of any alternative government is

estimated to depend upon making some concession to the demand for political and economic decentralization. At the same time, these concessions do not embody what would commonly be regarded as a major economic indicator of transfer of power, namely, the devolution of responsibility for financing a major part of decentralized expenditures, the main ground for rejection of transfer being the need to maintain centralized control of finance for economic stabilization purposes. As pointed out, this approach may be based on strong technical assumptions and a mistaken view of the strength of demand for devolution. It is arguable, first, whether or not devolution of financing power would make much difference to the central government's capability for preserving economic stability [see King (1967)]. Second, it is questionable, as section 4 has argued, whether or not the political inequalities created by the proposed system would be tolerated by the "losers" in the English regions.

The final paradox in the British situation is that the decision whether or not and how to devolve government seems certain to be taken in a way that could be regarded as contrary to the whole spirit of the growing demand for political participation. Such is the power of a British government in office and the strength of party discipline that an Act of Devolution can be passed in the central legislature by simple majority of members who themselves are elected by a simple majority system, and in a matter of months after a public statement of intention (such as a white paper). No referendum, special majority provisions, Presidential veto, or delays by an Upper House will stand in the way. When they finally come into being, the regional assemblies will be the creatures of Parliament and will have no independently guaranteed constitutional rights. In the home country, the "Mother of Parliaments" remains a matriarch.

## Notes

1. The original Chairman, Lord Crowther, better known as Geoffrey Crowther, died in 1972 and was succeeded by Lord Kilbrandon, a Lord of Appeal. This is why the Commission is known today as the Kilbrandon Commission. The present author replaced Professor Donald Robertson of Glasgow in November 1970, who also died in the course of the commission's work.

2. The constitutional convention is that a substantial minority of members must dissent from the majority's findings before they can publish a minority report. There were only two signatories to the Memorandum of Dissent, Lord Crowther-Hunt (no relation of the original Chairman) and the author.

3. The author, in a prefatory note to the Memorandum of Dissent (MD), argued strongly that the problem of devolution embraced that of reexamining the allocation of functions between the public and private sector [see MD (1973), p. xi].

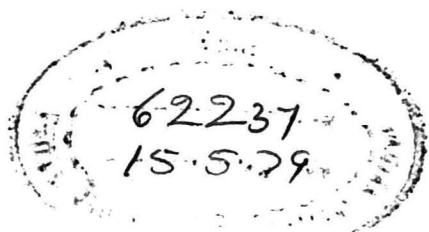
4. I am no authority on the latest developments in political philosophy. Surely someone has clothed political theories in this methodological garb. Thus Hobbes: objective function has one main argument—preservation of peace. Constraint—men are by nature querulous, therefore, in the absence of policy intervention, lawlessness and life “nasty, brutish and short.” Appropriate policy instrument—firm dictatorial government.

5. At the time of writing, attempts are already being made to muster support for regional assemblies in England. For example, Members of Parliament with constituencies in the North of England are examining proposals for a regional assembly in the North. An attempt has also been made to revive the ancient Cornish Parliament.

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