POLICY INSTITUTE

WHAT FUTURE FOR SCOTLAND?

Policy Options For Devolution

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Introduction
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All the contributors to this publication would regard themselves as passionately in favour of Scotland and would be deeply resentful of the charge that in being critical of how devolution has worked out, they are somehow being anti-Scottish or "doing Scotland down". They may be critics. But all have proffered positive suggestions for change. The question they seek to put - and it is one that will increasingly come to the fore - is not the old issue of whether devolution is or is not a bad thing, but whether this particular model of devolution is the best and most appropriate for the problems we face.

Is devolution working? Why has it given rise to widespread voter disillusion? Is the parliament functioning as well as it should? Is it attracting candidates of quality and range of background? Is there a case, as Lord Steel, the Presiding Officer recently suggested, for a second chamber? Or is there a malaise deeper than anything a bicameral parliament will cure?

Four years into devolution and with elections pending, a critical appraisal of Scotland's devolution is due. What Future for Scotland? is the Policy Institute's fifth publication in two years. It brings together a collection of papers from leading academics and commentators on where devolution goes from here. It has deliberately cast the net wider than the predictable apologists for devolution. The contributors are drawn from a growing outer circle of critical free thinkers who have different, critical but also, as these papers show, constructive and positive things to say about the nature and direction of government in Scotland outwith the Centre Left coalition. They are in the vanguard of what may well develop into a broad new opposition to the prevailing orthodoxies.

For an extensive initial period it was possible for the Scottish Executive to deflect criticism by reference to the novelty of devolution, arguing that the system should be given time to settle down. Another device, to which the First Minister still frequently

resorts, is to cast criticism of the status quo as somehow “unhelpful”, “anti Scottish”, or “doing Scotland down”.

But the problem with this defence, other than its disingenuousness, is that it succumbs to the law of diminishing returns: in due course it comes to suggest that the devolution model is so frail, so insecure, so lacking in conviction that any admission of error may bring it crashing down. In truth, it is the evident omnipotence of the Centre Left coalition, the prospect of it continuing in the face of growing voter disillusion and disenchantment, that suggests that a profound decay may he setting in at the heart of Scottish life.

That this is already evident within a few years of a devolution model designed, inter alia, to revitalise and refresh, cannot but be of concern. There is an implosion of politics in Scotland towards centrist collusion. The political elite benefits - in the short term. But genuine voter choice is being reduced and an ever smaller proportion of the electorate is much exercised to vote - still less engage in party activities. We may be sailing perilously close to the end of democratic politics in Scotland.

In any event, all the contributors to this publication would regard themselves as passionately in favour of Scotland and would he deeply resentful of the charge that in being critical of how devolution has worked out, they are somehow being anti-Scottish or “doing Scotland down”. They may be critics. But all have proffered positive suggestions for change. The question they seek to put - and it is one that devolution and will increasingly come to the fore – is not the old issue of whether devolution is or is not a bad thing, but whether this particular model of devolution is the best and most appropriate for the problems we face. And without such a debate, it is not just the criticism of the adopted model that cannot be properly acknowledged, but also its advantages.

The biggest and most visible cause of public concern has been the spiralling cost of the Holyrood parliament building, from an initial estimate of some £40 million to £360 million. The huge overshoot of this project, together with inflation-busting increases in pay and expenses for Members of the Scottish Parliament, have formed a strong impression of a runaway train.

The debacle over the Holyrood building has worked as a lightning conductor for two other, broader concerns. The first of these centres on the competence of the new parliament to discharge what many would regard as the principal function of a devolved regional government: the proper auditing and control of public expenditure. A primary function of such a legislature, as Professor **SIR ALLAN PEACOCK** reminds us, is to ensure that funds entrusted to it are subject to value-for-money and cost-benefit scrutiny and appraisal. Is the parliament working to ensure that it is obtaining the best results from expenditure entrusted to it?

These concerns have been heightened by the sharp increases in the size of public administration and in public expenditure in Scotland since 1997, but with no evident improvement in health and education standards or in the broader performance of the

economy in Scotland, which continues its relative decline against the rest of the UK. Certainly the Executive lacks for nothing in staff numbers or resource, both of which have soared since devolution.
The second broad area of concern is the absolute growth in the cost and function of government in Scotland. There seems to be no check or brake on what government aspires to undertake. Lofty rhetoric on improving the quality of life is interspersed with legislative forays, from pavement fouling by dogs to smoking in public restaurants. No area of life in Scotland seems too big or too small from legislative ban and proscription by a Taleban of clipboard wavers and scowling curmudgeons. Meanwhile draconian amendments to the Land Reform and Agricultural Holdings bills, slipped in at committee stage, threaten the continuance of land and property ownership in rural areas. These amendments, which would he regarded as wholly unacceptable if applied to urban property owners, will have the effect of driving out the very wealth creating investment that rural Scotland so badly needs in favour of an institutionalised equality of penury.

Thus, from the petty-minded to the grotesquely grandiose; from the self-interested to the wantonly self-destructive: devolution has been simultaneously both fruit and ashes in the mouths of its apologists. It has rightly transferred matters of exclusively Scottish concern from Westminster to London. And it has enabled Scottish administration to reflect different voices and concerns. But at the same time it is in danger of exposing Scotland and her people to the extremities of petty government and control: too much government, in short. Since the means to effect major change have been denied it, the parliament has embarked on ever more small-minded regulatory forays, as if to validate its existence and prove its virility. It seems united by one frightening common purpose: to push the scope and scale of government in Scotland to the limit. Those who thought such obsessive activism would bring bouquets from voters now struggle to comprehend growing voter apathy and disillusion. Indeed, the more micro-activist the parliament, the more macro-passive the voters have become.

The worrying paradox at the heart of this model of devolution is that the people who are charged with ensuring a prudential exercise of power and discipline and restraint in public expenditure are the very ones that have been pushing for the inexorable expansion of government into every nook and cranny of Scottish life.

Early in the new year, Lord Steel, the Presiding Officer of the Scottish parliament, suggested that a second chamber might now be required to improve the quality of legislation, in doing so revoking his previous public opposition to a bicameral parliament. This prospect, while not without merit in principle, has done little to assure the Scottish public that they will not end up with only marginal improvement in legislation - and a further huge extension of government activity and patronage: the same as before, only in stereo. At some point a balance must be struck, a line drawn and a brake applied to the runaway train of government.

It is appropriate that this collection of essays should open with contributions from two of Scotland's most gifted and eloquent political writers: **KATIE GRANT and GERALD WARNER**. Devolution, opens Ms Grant, is Scotland’s fastest growing industry. The bill

for administration alone in the Scottish Executive Draft Budget is pitched at £242 million. And it is to this that she traces a fundamental cause of disillusion: "Unaccountably large sums of money being poured, not into schools 'n' hospitals, but down the greedy, gaping maw of exponentially expanding bureaucracy, with action groups, task forces, monitoring bodies and parliamentary support services the main beneficiaries". She provides a telling reminder of the opportunity cost of devolution: a marked loss of Scottish influence at UK cabinet level, and the diminution of the office of the Secretary of State for Scotland.

GERALD WARNER, in an unsparing deconstruction of devolution, traces the public's disillusion to the fact that the majority shared no illusions in the first place: the 1997 devolution referendum attracted an even smaller turn-out than in 1979 at 61.4 per cent and that the votes in favour of devolution and tax raising powers actually represented a minority of the electorate: the total number voting 'yes' to the parliament's existence was 1,775,045 out of an electorate of just under four million. "The Scottish parliament, at the zenith of its popularity", he writes, "never commanded the support of a majority of the electorate. From the first day of its existence the devolved parliament has suffered from a credibility deficit - a flaw in its legitimacy and authority that shows every likelihood of increasing rather than receding as it pursues its course."

While not everyone might wish to agree with Warner's pessimistic conclusion, he sets out changes in the electoral system and representation of Scotland at Westminster. His critique is, as so much of his work, a consensus rattling tour de force.

Could a second chamber enhance the parliament? Two distinguished contributors address this issue and arrive at contrasting conclusions. **HECTOR McQUEEN**, Professor of Private Law at Edinburgh University, takes John Stuart Mill as his starting point and argues that the process of scrutiny "lacks a dimension external to or independent of the elective chamber, making a genuinely self critical 'second thought' or 'second opinion' processes less likely". **ADAM BRUCE** begins by pointing out that the new Scottish parliament is not a sovereign body and requires the consent of the UK parliament to reform its structure. What is needed, he argues, is better scrutiny within the parliament and reform of the committee system.

Two contributors - **DUNCAN HAMILTON MSP** and **NEIL JAMIESON** - call for a change in the electoral system to encourage both a wider range of opinion in the Scottish parliament and a loosening of the party grip that works to promote conformity and compliance over diversity and individuality. **DUNCAN HAMILTON** brings an insider's expertise and perspective as an MSP while **NEIL JAMIESON**, who runs the Scottish Parliament Watch website (www.scottishparliamentwatch.org) sets out a powerful critique of devolution thus far, with many of the problems attributable to the fact that the parliament is dominated by MSPs with government, trade union or public sector backgrounds: less than a dozen have any real business experience.

Professor **SIR AlAN PEACOCK**, one of Scotland's most eminent economists and a former member of the Kilbrandon Commission, reminds us in his paper that expenditure

projects can he too useful a tool of patronage for politicians to submit to full cost benefit appraisal. The annual report of the parliament for 2001-02 is, in his words, “merely an exercise in self-congratulation”. Peacock recommends that a clear equivalent to HM Treasury needs to be in place to provide the expertise to make individual departments follow consistent methods of expenditure appraisal.

DAVID KING, professor of Economics at Stirling University, approaches the issue of accountability from another angle, setting out a case for fiscal autonomy that would more appropriately align responsibility for tax raising with responsibility for expenditure.

The Policy Institute is most grateful to all these contributors for their papers; to David and Frederick Barclay, the founders of the Institute, for their continuing support, and to Mr. Irvine Laidlaw for his financial sponsorship of the Institute’s work and whose support made this publication possible. I hope these papers will make a positive and engaging contribution to the debate on devolution and the wider future for Scotland.