

The New Subnational Politics
of
the British Labour Party

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ABSTRACT

The response of national, state-level political parties to the challenges of competing for power at the devolved, regional levels is a neglected research topic. This article seeks to remedy this neglect by analyzing how the British Labour Party has responded to these challenges at the subnational level following UK devolution. British Labour remains formally a unitary party despite governmental devolution. Nonetheless, the national party leadership has allowed the Scottish and Welsh Parties considerable freedom, in practice, to select candidates, conduct regional-level elections and implement some distinctive policies. Meanwhile, the Scottish and Welsh Labour Parties have shifted significantly from being traditional, centralized parties with a single hierarchical organization towards more pluralist, less hierarchical organizations.

Devolution, party organization, British Labour Party, Scotland, Wales.

Introduction¹

The dominant trend in the major developed countries has been towards the nationalization of politics (Caramani 2004). The literature on the political parties has focussed on national, state-level politics: how national parties campaign, win votes and organize themselves at the national level, while the territorial dimension has been largely neglected. The advent of regional-nationalist movements and parties, and governments' responses to these new movements by devolving powers, has redirected interest towards the territorial dimension. Yet the response of national-level political parties to the new challenges posed by devolved government, not least from the regional-nationalist parties, has been neglected. This article seeks to remedy this neglect by examining how the British Labour Party – usually identified

as the exemplar of a strong unitary, national political party – has responded regionally to the challenges of governmental devolution. It focuses on the Scottish and Welsh Labour Parties and how their role within the larger, national party has changed (to facilitate international comparisons ‘national’ will here refer to statewide, national parties and ‘regional’ or ‘subnational’ to the Scottish and Welsh levels).

The Scottish Parliament and Welsh Assembly, both established in 1999, enjoy considerable policy-making autonomy from central government in key areas like health, education, local government, social services and economic development. The Scottish Parliament has the right to formulate policy in those areas which have not been reserved for Westminster (covering most domestic policy areas), while the Welsh Assembly can pursue its own policies within the broad framework of Westminster primary legislation which still allows the Assembly Government considerable scope for independent action. Both enjoy considerable discretion in determining their spending priorities within their unconditional block allocations. Unusually by comparison with federal and other devolved systems, the British ‘quasi-federal’ settlement rests on the (Labour) party as the mechanism of coordination. Consequently, few of the central or federal controls, which place conditions on grants and other payments to the devolved levels, characteristic of classic federal systems like Australia and Germany were put in place (Laffin and Thomas, 1999). Thus, as Labour has remained the dominant political party across Britain since devolution, any centre-periphery conflicts inevitably raise issues of intra-party discipline.

The British polity has been traditionally unitary and highly centralized with national parties squeezing out territorial interests (McKenzie, 1963). In contrast, parties within federal governmental systems typically acquire decentralized, federal structures with substantial

powers assigned to territorially-based party units. For example, the previously centralized German Social Democratic Party (SPD) gradually moved to a more stratified authority structure to enable it to organize and compete more effectively at lander level. The lander party organizations have assumed key roles in the vital candidate selection and policymaking functions, thereby dispersing power within the SPD along more federal lines (Gabriel, 1989: 69; Jeffrey, 1999). This article is about how British Labour has adapted to devolution and the focus is on the newly significant Scottish and Welsh Labour parties (we have elsewhere explored the national-level Labour response, Laffin, Shaw and Taylor, 2004). The rationale is that the dynamics of the regional branches of the national parties are crucial in understanding the evolution of centre-periphery tensions. Yet how the regional branches of national parties cope with the challenge posed by regional-nationalist parties remains largely unresearched (but see Downs, 1998).

This article investigates the question of whether Labour remains a centralised party or is now characterised by a substantial degree of territorial autonomy. Following Janda's definition of power as about 'the location and distribution of effective decision-making authority within the party', we define a centralised party as 'one which features the concentration of effective decision-making authority in the national party organs' (Janda, 1980:108). Conversely a party organisation is decentralised insofar as 'units and sub-units possess the ability to take decisions for themselves which are reserved to a higher level in comparable organisations' (Brooke, 1984: 9). Four basic variables have been commonly adduced as indicators of the intra-party power distribution: candidate recruitment, leadership selection, formulation of policy, controls over finance and administration (Janda, 1980: 109). For each of these four variables three categories or complex of traits correspond to what we call centralised, intermediate and decentralised organisational patterns. We then survey the evidence to locate

the (territorial) balance of power within the Labour Party along these four dimensions. Firstly, we indicate the significance of the four variables and define the three categories.

1. Candidate recruitment

- i. *Decentralised*. The regional party has full authority to determine the procedures for nominating and selecting candidates.
- ii. *Intermediate*. The regional party has delegated authority to determine the procedures for nominating and selecting candidates in conjunction with the national party subject to national organization approval. Informal mechanisms exist by which the national party can exercise influence.
- iii. *Centralised*. The national party controls the regional selection processes.

The literature on territorial relationships within national political parties stresses the importance of control over candidate selection. Gallagher and Marsh (1988: 9) argue that parties in centralised unitary states tend to have centralised procedures for selecting candidates, whilst in federal (or decentralised) countries the key sub-national tier will have a greater role. Similarly, Hopkin (2003) hypothesizes that control of the selection process will emerge as the main fulcrum for centre–periphery conflict. In contrast, Scarrow, Webb and Farrell (2000: 135) posit that ideological differences will form the main cleavage irrespective of the territorial shape of a party.

2. Leadership Selection

- i. *Decentralised*. The regional party has full authority to determine the procedures for selecting the leader and exercises full control over the process.

- ii. *Intermediate*. The regional party has the authority to determine the procedures for selecting the leader but subject to national party approval which also possesses means to influence the outcome.
- iii. *Centralised*. The national party effectively controls the selection process.

The leadership function is a crucial as the methods used to select a leader proffer an insight into the configuration of power in a party. They act as an indicator of power and democracy in post-devolution Labour: ‘What would be the point of devolution if our political leaders were still chosen in London after all?’ (Lynch and Birrell, 2004: 184). Has the national leadership the capacity to confine choice to ‘safe’ and ‘responsible’ candidates? Or are regional parties the masters of their own fortune?

3. Formulating Policy

- i. *Decentralised*. Regional party bodies have the right to determine policy on matters within the regional jurisdiction and to formulate policy on other matters to submit to national policy institutions.
- ii. *Intermediate*. Regional party bodies have the right to determine policy within their jurisdiction but the national leadership has – even if no formal authority - in practice considerable influence over what is decided. Regional party bodies do not have the unfettered right to formulate policy on matters outside the jurisdiction of the region.
- iii. *Centralised*. Regional party bodies have some right to determine policy on devolved policy issues but only within a nationally determined framework and subject to the approval of the central leadership.

This variable measures the extent to which regional-level party parties enjoy the discretion to determine their own policies. Do they have an effective decision-making role or are they just implementing national policy (as, for example, the regional parties of Dutch national political parties do, Deschouwer, 2002: 173)? Mitchell and Seyd (1998: 109) hypothesised that devolution would ‘produce centrifugal pressures within the Westminster parties, and ...more differentiation of policy within the parties in response to the particular needs of the regions. ... Distinct policy agenda will be followed...’. Have these centrifugal pressures manifested themselves?

Furthermore, what has been the impact of devolution on the distribution of power *within* the regional-level branches of the party? Historically the Scottish and Welsh Labour parties have been centralised parties with a single hierarchical organization focused on a dominant centre, an elitist or ‘one-partyist’ party (McAllister 1981). Here we need to supplement a ‘vertical’ view of power relations by a ‘horizontal’ since the customary cleavage within the Labour party over policy-making rights has been between ‘the-party-in-office’ and ‘the-party-on-the-ground’ (i.e. the parliamentary and extra-parliamentary parties). Is the emerging pattern *elite-driven*, where key decisions on major policy issues are taken by Labour ministers? Or is it a *pluralist* pattern where major policy innovations require consensual support within the party at large?

4. Controls over finance and administration

- i.** *Decentralised* . Regional party organisations are financially self-sufficient, direct the allocation of funds and control the regional party administrative apparatus.

- ii. *Intermediate*. Funds are collected locally but need to be supplemented by central transfers. Regional party organisations control the allocation of these funds and the party apparatus.
- iii. *Centralised*. Funds are collected primarily by the national organization, which also exercises responsibility for allocating funds and controls the party apparatus.

The levels at which the collection and distribution of funds occur are important in establishing the intra-party power distribution (Janda, 1980: 111). If an organisation depends upon centrally-distributed funds, its capacity to set its own priorities is at least potentially compromised. To what extent are the Welsh and Scottish Labour parties financially and administratively self-sufficient?

Establishing the balance of territorial power in the Labour Party at this point in time affords only a static picture. We need, in addition, to explore the underlying forces influencing power patterns. To elucidate these forces we briefly sketch two rival hypotheses. Michels' 'iron law of oligarchy' would predict strenuous and ultimately irresistible efforts to assert central control. The development of an elaborate and complex machine for electoral mobilisation, the multiplication of tasks and responsibilities that only experienced and appropriately-qualified leaders discharge, the need for discipline and obedience all guarantee that, whatever the resistance, a highly centralised system of control will emerge (Michels, 1962). Thus, even if governmental power is devolved, the imperatives of organisational and electoral efficiency will ensure that power will be monopolised by a small, cohesive elite.

Eldersveld's stratarchy thesis challenges this argument. Parties, Eldersveld contends, are coalitions of a range of ideological, social and geographic interests whose rival demands need to be managed. To manage these interests, parties develop a 'stratarchical' pattern of power to sustain unity, enhance electoral appeal and maximise adaptability 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). Thus he asserts a 'logic of territorial party competition' in which party systems represent a major variable affecting the distribution of power within parties operating in multi-level governmental systems. This logic suggests that the greater the disparities between types of party competition at different territorial levels - and (hence) the wider the range of strategic and political needs of different territorial units within a party - the greater the pressure for territorial decentralisation

The next section applies our typology, examining the four dimensions of (spatially defined) intra-organisational power: candidate recruitment; leadership selection; policy formulation and control over finance and administration.

Candidate Recruitment

Two contrasting generalizations were identified earlier: Hopkins' (2002) contention that the selection process will be dominated by central-periphery relations and Scarrow et al. (2000) that national leaders prefer legislators of 'a similar ideological profile to themselves' (135). Such leaders also 'will retain (or assume) a veto over local membership candidate-selection decisions' to prevent 'local selection procedures occasionally [producing] undesirable candidates'.

The crucial selection round was in the 1999 election when all seats were up for grabs. Scottish and Welsh Labour adopted closed candidate lists from which constituency parties (CLPs) 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 Scotland the process for nominating candidates proved highly controversial. The Scottish Selection Board included members from both the National Executive Committee and the Scottish Executive. Yet the tension was not a centre-periphery one, but one between national and Scottish party elites and Scottish left-wingers. Donald Dewar, then Secretary of State for Scotland, contended that the only relevant considerations in the selection process were aspiring candidates’ qualities, suitability, commitment and record, not their point of view (*Scotsman* 21 August 1997). He was keen to create a new breed of Labour politicians in his own mould and kept ‘a tight grip’ on the selection process, even actively discouraging MPs from standing (interviews with George Foulkes MP, Rosemary McKenna MP, Mike Connarty MP). Several figures well-placed to influence selection outcomes were associated with the pro-Blair ‘Network’ grouping which had been established in early 1997 to ensure that ‘those who hold office in the party have a healthy relationship with the Labour government’ (*Scotsman* 29 January 1997). Close liaison did occur between officials from the Scottish and London party offices and Downing Street (interviews with party officials), but the precise balance between central and regional involvement is immaterial since both shared the same broad aims. Much also depended upon the extent to which applicants had the ear of party influentials and their standing in the party (Shaw, 2001). Critics, however, claimed that

this was effectively a system of political screening to exclude political ‘undesirables’. Indeed, of the 326 interviewed, final approval was given to just 167 possible candidates (of whom 69 were women) – a small number given the 129 places to be filled. And, despite having over twice the number of seats to contest and nearly 100 more applicants, Scotland had only 3 more on its panel than did Welsh Labour (Table 1). Thus Scottish CLPs were left to choose from a pool of 1.3 candidates per seat, while Welsh CLPs had nearly 3 approved candidates for every seat.

- INSERT TABLE 1 HERE -

In Wales controversy focused on ‘twinning’, an attempt to ensure equal selection of women and men candidates in constituency seats by pairing CLPs together, requiring that members of paired CLPs should select one man and one woman. Many long-serving constituency activists questioned this challenge to ‘constituency sovereignty’ (Laffin, Taylor and Thomas, 2004: 59). To prevent a repetition of such controversy in the 2003 selection process, the Welsh party adopted the ‘affirmative nomination’ procedure, first used in the 2001 General Election as a means to reduce the number of seats likely to be contested (Butler and Kavanagh, 2002: 187). Thus sitting AMs had to be approved by at least half of their CLP membership or face reselection, although no AM ended up facing reselection. The party then had 16 vacancies, 3 resulting from retirements and 13 which Labour had failed to win in 1999. Of these the Party required 6 constituencies to ‘volunteer’ for all-women shortlists to maintain Labour women AM numbers. Consequently, following the 2003 Assembly election, the Labour Group had a majority of women and the Welsh Assembly became the first elected assembly in the world to have equal numbers of men and women. In Wales centre-periphery tensions were less important than the tensions over twinning and the exclusion of ‘old guard’

Labour councillors from the candidates' panel, an intergenerational not ideological tension (Laffin, Taylor and Thomas, 2004).

In both Scotland and Wales, the unions played a major role – a factor neglected by those who focus on the centre-periphery dimension. Both the affiliated trade unions are deeply embedded in the party fabric and party officials have traditionally worked closely with them in seeking to steer selection outcomes. As one former party official reflected, the party-union relationship 'was a close, continuing and long-term one in which people had invested effort and which operated according to the norms of compromise, mutual accommodation, mutual support and give and take in which both sides avoided pressing demands which the other would find offensive' (interview). If the unions had a strongly favoured candidate, party leaders might hesitate to press the claims of one of their own chosen. The process was thus characterised by both bargaining and muscle-flexing as well as by the application of the rules.

Thus agents of the centre did have some influence over final outcomes but, crucially, working in conjunction with regional elites. The national party neither sought nor was able to *control* the process. Hence it seems reasonable to classify it as intermediate – the Scottish and Welsh parties had delegated powers to set the ground-rules under the ultimate authority of the NEC. Where conflicts occurred (as, most notably, in Scotland) they followed a horizontal, ideological (and other) cleavages *within* the territorial parties and *not* a centre-periphery cleavage.

Leadership Selection

A party's leader is its public face, personifying the party, as well as the major wielder of power. Hence the leadership selection procedures provide a key indicator of the distribution

of power (Janda, 1980: 110). The three Scottish leadership selections took place with little evidence of central intervention. The leading candidates for First Minister – Dewar, McLeish and McConnell – have all been regarded as politically ‘reliable’. Dewar was a major power broker in his own right and was the inevitable and uncontested choice for First Minister. Although McLeish’s win in 2000 (over McConnell) was unexpectedly tight, his supporters were simply seeking to consolidate the young MSP’s status as the next leader but one. When McLeish was forced to resign after little more than a year, McConnell was elected unopposed. Even if a candidate deemed to be politically objectionable had been in the running, the national leadership would have understood that any overt English intrusion would have been counter-productive.

In Wales central Labour intervention did occur but it was driven by complex motives. Blair and others at the centre considered that the transition to the devolved administrations was best achieved by the then Scottish and Welsh Secretaries of State simply transferring to the new post of First Minister. In Scotland this transition occurred seamlessly but in Wales, months before devolution, the then Welsh Secretary (Ron Davies) was forced to resign (for reasons of personal indiscretion) and Blair appointed a new Secretary (Alun Michael). Blair persuaded a not entirely enthusiastic Michael to seek nomination as founding First Minister. He had a high opinion of the Cardiff MP (having worked closely with him in opposition) and a correspondingly poor opinion of the other candidate, Rhodri Morgan (then a Westminster MP). His championing of Michael over Morgan was supported by the Welsh Executive. Thus Michael’s candidacy was not a straightforward matter of the centre forcing him on a reluctant Welsh party. Indeed Morgan and Mungham go so far as to argue that ‘the principal designers of Labour’s crisis were those who controlled the party machine

in Wales. For their own reasons they were determined to stop Morgan [whom they saw as a middle-class upstart from Cardiff] at any cost' (Morgan and Mungham, 2000: 129).

They may be overstating the matter – after all one of Labour's shrewdest political operators, Neath MP Peter Hain (since elevated to the cabinet) was charged with organising Michael's campaign, which he did with skill and tenacity. Notwithstanding, if the Welsh Executive had opposed Michael's nomination and blocked the use of block union votes to achieve the nomination, even Blair and his allies, especially the then aggressively centralising Labour General Secretary (Margaret McDonagh), may have hesitated. Indeed Alun Michael's forced departure, within ten months of the Assembly's foundation, after he failed to win over the support of his Labour Assembly colleagues, illustrates the dangers of excessive central influence and the importance of any regional Labour leader having a local support base (Thomas and Laffin 2001).

These events seem to substantiate Eldersveld's contention that centralised control is dysfunctional, exacerbating rather than abating conflict. After the humiliations suffered by Blair over Morgan (and, even more, Ken Livingstone in London) and unfavourable publicity over 'control freakery', the leadership opted for a more flexible approach to party management, at least along its territorial dimension. The Rhodri Morgan incident may well be regarded as a display of aggressive central intrusion very early in the devolution process, but which is unlikely to recur. If so, and if judgement was made mainly on the Scottish experience, we would be inclined to conclude, on the basis of our research (and other findings), that the leadership selection system conforms more closely to the decentralised than to the intermediate mode.

The formulation of party policies and electoral programmes

To what extent have Labour ministers in the devolved administrations acquired autonomy from the centre and developed distinctive policy profiles? Would devolution give rise to widening, territorially-defined policy divergences? (Mitchell and Seyd 1998)? And, if so, would this simply amount to rule by a national elite being replaced by rule by regional elites?

In 1997 Labour's policy machinery was completely revamped. Prime responsibility for UK policy development was vested (notionally at least) in the National Policy Forum. Similarly, the Scottish and Welsh Policy Forums (SPF and WPF) were entrusted with policy development for their territories: 'The SPF produces detailed policy reports that are discussed, debated and voted upon at Scottish Conference' (Scottish Labour Party, 2003). These policy forums have two-year policy cycles. After the first year, consultation documents are presented to Scottish and Welsh Conferences who discuss and approve them. In the next year, the SPF and WPF submit detailed reports to conference which may include majority and minority reports with different policy positions, conference debates them but can only reject not amend them. The Policy Commissions – comprising ministers, SEC or WEC representatives, the regional policy forum and elected representatives – consider submissions from constituencies and others, and are empowered to amend Policy Forum reports. Amendments receiving between 25 and 50% support in the Forum must be presented to Conference as alternative positions, although this has proved exceptionally rare. These processes are overseen by the respective Joint Policy Committees, drawn equally from the SEC or WEC and Scottish or Welsh Labour ministers. Whereas prior to devolution the Scottish or Welsh Party Conference had a merely advisory function, they are now sovereign bodies determining, by a two-thirds majority of a card vote, which policy items (as long as they pertain to devolved matters) shall form the Party programme and therefore be available

for inclusion in the manifesto. The final drafting of the manifesto is the responsibility of a committee drawn equally from representatives (respectively) from the SEC and WEC, and Parliamentary/Assembly Labour Groups. The joint meetings are also empowered to 'define the attitude of the Party to the principal issues not covered by the manifesto' (Scottish Labour Party Rules and Standing Orders Clauses 11, 15)

What is the policy-making significance of the policy forums? At the British-level, Kelly contends that the forums allow for: 'a conspicuous measure of party democracy' given 'that unity can no longer be imposed from above, but can be achieved only by reflecting, and shaping, rank-and-file opinion' (Kelly 2001: 334; but see Shaw 2002). The Scottish party claims that devolution was 'inherent in the Labour Party's policy-making process' and that institutions representing all stake-holders within the party now have the capacity to settle policy (Scottish Labour Party, 2003). In contrast, Hassan argues (for Scotland) that the forums are 'widely seen by party members as a top-down process, involving greater centralization and management by the party leadership of relations with party members' (2002: 148).

The first point meriting emphasis is the novelty and, therefore, the fluidity of the new procedures in the kindergarten years of devolution. Questions of 'who rules' - 'who gets what for whom' - are usually answered by tracing the outcome of conflicts between protagonists. So far, overt conflict has been rare. Hence it is difficult to determine the relative power of the various stakeholders. The few instances of serious disagreement may attest to the high degree of party consensus coupled with the leadership's willingness to incorporate a wide array of views. Conversely, it may reflect the ability of the leadership to avoid overt conflict, by marginalising opponents, stifling unwanted demands and controlling the agenda.

The ability to ‘mobilise bias’, and thereby shape policy outputs, is (as the neo-elitist school claims) a function of actors’ ability to shape rules and manage the decision-making process (Schnattschneider 1960). From this perspective, however formally democratic a decision-making system may appear, an elite with the capacity to structure its rules and procedures will ensure that its voice will prevail on key issues. To what extent do the Scottish and Welsh Policy Forums conform to this ‘neo-elitist’ model? Scottish and Welsh ministers enjoy an authority, prestige and resources greater than any other stakeholders, not least they can tap their departments’ knowledge and expertise. They are strategically placed to act as ‘gatekeepers’ able to filter demands and secure policies that they deem to be ‘deliverable, affordable and within the remit of a devolved administration’ (interview, MSP).

The one exception is the affiliated trade unions, traditionally more embedded in the party in Scotland and Wales than in much of England. Indeed the only major clash in the Scottish party was over an issue which set unions against the party leadership – the Private Finance Initiative (the two other major differences did not surface within the Policy Forum: free personal care for the elderly, because of timing, and the long-running sore of the pledge – insisted upon by the Liberal Democrats - to extend PR to local elections). PFI is a means of funding public infrastructure projects whereby a public authority contracts to purchase services from a private sector consortium of construction companies, bankers and service providers. The Scottish Executive has followed London in relying increasingly on PFI for its capital investment projects in schools, hospitals and prisons. The public sector unions argue that PFI-constructed facilities are expensive and involve serious deterioration in pay and conditions. Led by Unison, they submitted numerous amendments at the relevant policy commissions. Some concessions were made but not enough to avert a major clash at the 2002 Scottish Labour Party Conference when union hostility to PFI meant that Policy Forum

policy documents were only narrowly approved (interviews with party and trade union officials). Soon after, the Executive did agree that the employees transferred to the private sector via PFI agreements should maintain their conditions of service. Yet tensions remain as the unions in Scotland, no less than in England, have been unable to derail the PFI juggernaut. They complained of the absence of procedures which would have enabled them to *amend* policy documents rather than being left with the unpalatable choice of accepting or rejecting them *in toto*. Party officials claim that the unions had plentiful opportunities to press their views whilst the union counter that the leadership was determined (as nationally) to railroad PFI through (interviews with party and union officials).

What of the role of the Forums in shaping the party manifestoes? In Scotland the Manifesto Development Team (comprising Executive ministers appointed by the First Minister, senior Scottish Policy Forum members and the Scottish Labour Chair) determined which policies should be included in the manifesto. The preparatory work has been mostly carried out by smaller groups chosen by the First Minister. Thus the manifesto very much bore their signature with only relatively minor concessions attributable to rank-and-file pressure (interviews, party and union officials). Other commentators have arrived at a similar conclusion of ministerial dominance (Clark, 2002: 5; Hassan, 2002: 148). Similarly, in Wales the JPF had responsibility for drawing up the manifesto but, in practice, ministers dominated the manifesto drafting process (Laffin, Taylor and Thomas, 2004). Final Policy Forum reports despatched to Conference have, so far at least, very much reflected the preferences and priorities of administration leaders. One former senior aide to one of Scotland's First Minister's reflected that in his experience 'the Scottish Labour party policy forum process didn't contribute a great deal' to policy development with a 'limited impact upon the manifesto' (interview).

Another incident points to the limited role of the Policy Forums. Scottish Labour was initially reluctant to emulate the market-oriented approach to public sector ‘reform’ crafted in Westminster. The then Scottish Health Minister rejected ‘consumerism’ in the health service, suggesting that patient choice was not of great importance to the Scottish public (*Herald* 28 September 2003). In mid-2004 the Executive abruptly changed tack and more market-friendly schemes were floated in the (Scottish) Policy Forum (and elsewhere). According to party rules these could only be put into effect after incorporation into the next (2007) election manifesto. However, within months the (new) health minister was negotiating contracts with private health care providers – due to be signed in 2005 - for some operations and new private sector treatment centres (*Scotsman* 24 November 2004). The revamped approach was spun as marking ‘a major break in policy within the Scottish party’ promising ‘some of the most sweeping changes to public services in a generation’ (*Scotsman* 4 July 2004). But this change had not been formally approved by the Forum, and was not in the 2003 Manifesto and therefore not endorsed as party policy.

Thus the Edinburgh and London parties-in-office have come closer into line but there is no evidence (as far as we can judge) that the realignment was *produced* by pressure from the centre. Indeed, significant central-regional conflicts have been surprisingly rare. The main exception was in Scotland over the McLeish administration’s decision to implement universal free personal care for the elderly, and reject Westminster’s means-testing approach. This elicited a furious response from Number 10 which initially sought to reverse the decision. (interviews with MSPs and ministerial aides). But this was not a straightforward rift between Scottish and London Labour since the former was bitterly divided over a policy which triggered off ‘one of the most turbulent debates in the Scottish party’s recent history’, and ‘a

huge amount of trauma' (interview MSP). Scottish Labour would probably have followed the Westminster line had not the Liberal Democrats (supported by all other parties at Holyrood) insisted on the policy. What would happen if a Labour-dominated Executive drove through a policy on a controversial issue against London's wishes we can, at present, only speculate.²

Unexpectedly, given Scotland's traditional 'leftism', Welsh Labour has exhibited greater independence measured in terms of willingness to diverge from Labour policies in Westminster. Like Scotland it did not follow central government's lead on specialist schools or foundation hospitals and has introduced significantly fewer PFI projects than England and Scotland. Wales, too, has adopted a less target-dominated approach to public service reform, considerably modifying the testing regime in schools and the performance management culture imposed on local government, whilst the Welsh health service has also been reorganized along different lines to the English health service. Notably, Westminster ministers largely accepted the Welsh Assembly Government's health reorganization plans and incorporated them into Westminster legislation, the opposition came from Welsh MPs critical of a reorganization at a time of lengthening hospital waiting-lists (interviews with Welsh MPs). Rhodri Morgan has attempted to articulate a Welsh way, emphasising a cooperative rather than a market-driven public sector reform model (Morgan, 2004). Tellingly, neither Number Ten nor Westminster Labour ministers have seen this as a challenge to Labour unity. Indeed, many of Morgan's reservations about market-driven public sector change are shared by Westminster ministers – not least Gordon Brown who has well-known reservations about foundation hospitals and variable higher education fees. Welsh ministers and advisers interviewed in the course of this research downplayed any interpretation that implied any serious dissent from central party policy, pointing out that

these policies reflected pragmatic policy adaptations to local circumstances. Welsh ministers do seem, compared with their Westminster counterparts, more open to professional opinions and research, such as that of educationalists over the testing of children. Presumably, too, Welsh ministers have felt less committed to certain New Labour policies and made their own decision – reflecting their electoral circumstances and particular local conditions - to change policy tack. For the most part, the Westminster government has accepted and even accommodated these decisions in its legislation (Laffin et al., 2005).

Tentatively we can reach two conclusions. Firstly, the Westminster Government has adopted a permissive attitude to policies pursued in Scotland and Wales as long as they threaten no major political embarrassment (as free personal care to the elderly did) to the national party. Secondly, the broadly similar ideological outlook of the three administrations means that very few (if any) serious disagreement over major issues of principle have occurred so the actual balance of power has not yet been really tested. Thirdly, the norms of cohesion and loyalty coupled with electoral considerations and a desire to make devolution work to inhibit the expression of open conflict.

Our (provisional) conclusion is that, so far, policy power relations on the vertical level accord most closely to the intermediate category. On the horizontal, within the two parties, we would place them closer to the *elite-driven* than the *pluralist*. This suggests an emergent pattern, in the policy sphere, of territorial cleavages being contained by a high level of inter-elite collaboration grounded in a broad ideological consensus and a shared conception of the appropriate role of national and sub-national government. We might even hazard the thought that the real cleavage is between the majority of unions and constituencies, on the one hand, and the parliamentary establishment in the three administrations, on the other.

Control over Finance and Administration

In the early 1960's Magnus Magnusson could refer to Labour in Scotland as 'just a branch office' of the British Labour Party (Wood, 1989: 102). The party's administrative apparatus in both Scotland and Wales was under the direction of the centre and senior officials were appointed by the NEC, though with some input from the Scottish and Welsh ECs. Whilst the Scottish and Welsh party general secretaries often acted as intermediaries between the regional and national levels of organizations, they were ultimately national party officials acting as political managers 'fixing conference votes and arm-twisting over difficult questions such as the Clause IV vote at Scottish conference in 1995 and the devolution referendum decision in 1996' (Lynch, 1996: 17).

Since devolution the Scottish and Welsh executives have had more input in the appointment of their secretaries and the two secretaries (and not London) appoint other officials. Despite delegating considerable powers over rule-making and adjudication to the SEC and WEC, the NEC does retain final authority. 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, Clause X (5)). For example, the power to amend the Scottish or Welsh party rules is vested in their Conferences, yet this is subject to NEC approval (e.g. Scottish Labour Party Rules clause 18). An example surfaced in 2003 when the Government faced the prospect – in the run-up to the Iraq war – that a politically very embarrassing resolution calling for Britain to abjure any armed intervention would be passed. Officials ruled that since foreign policy was outside Scottish jurisdiction the resolution was *ultra vires*. In fact the constitutional position was more ambiguous: whilst the right to *determine* foreign policy matters was vested in the

national party there was no obvious reason why the Scottish conference should forfeit its right to *discuss* them. One MP recalled: ‘suddenly someone started saying that the Scottish conference should only be discussing Holyrood matters. This was new to us’ (Anne McKechnie). A senior MSP added, ‘McConnell was virtually told to back Blair over Iraq’ (interview).

If an organization depends upon centrally-distributed funds, its capacity to set its own priorities is muted. The Scottish and Welsh Labour parties have traditionally been poorly resourced with limited research, press and campaigning staff. Welsh Labour has just two staff, apart from the General Secretary and some clerical staff, including a single policy officer, though the Scottish party is a little better staffed. Both remain financially heavily reliant on the national party both for their administrative and electoral costs, for example almost the entire cost of the 1999 Scottish elections was funded centrally (Lynch and Birrell, 2004: 179-80). It is partly for fear of financial insecurity (coupled with anxiety lest their avenue for career advancement would be narrowed) that the party staff in Scotland is adamantly opposed to organizational devolution (interview party official).

Both general secretaries remain formally responsible to the London Head Office. Of course, a range of power-holders (notably the First Ministers) have to be consulted and, where relevant, their approval secured. But ultimate authority lies neither with them nor (whatever the formalities) the NEC (in practice) but with the Prime Minister (interviews with senior party officials). To this extent Scottish and Welsh general secretaries remain territorial managers operating on behalf of the centre. However, the injection of new resources to support the work of ministers and members in the Parliament and Assembly have enabled parliamentary and executive-based advisers and researchers (not formally accountable to the

central party) to be appointed to support the Labour Groups and ministers. The two party groups are also supported by small secretariats whose main function is party liaison (both regional and national) and Labour Parliamentary/Assembly support staff researchers. The expansion of these new policy advice and expertise facilities has created a potential resource-base independent of London. But they remain dwarfed by the resources available to Labour ministers in Westminster. Thus for now the party – in this dimension – dovetails most closely with the centralised model. However, if Labour loses power in London, yet retains power in Scotland and Wales, in so far as the Scottish and Welsh leaders would then enjoy greater access to policy development resources and their own governmental platforms, they would have the potential to take on a greater leadership role in the British Labour Party and even challenge the central leadership of the Party.

Conclusion

In seeking to identify the forces shaping the balance of territorial power in the Labour party, we applied a three-fold classification between centralised, intermediate and decentralised to the four dimensions of power – candidate recruitment, leadership selection, policy formation, and funding and administration. The picture that emerges is a complex one which we present in tabulated form.

- INSERT TABLE 2 HERE -

This pattern substantiates fully neither the oligarchy or stratarchy hypotheses. Thus our findings do not support two major assumptions in the literature: that the national party necessarily seeks power over the regional parties (as Downs, 1998 assumes) and that the

centre-periphery will overshadow other cleavages. Candidate selection did prove to be a contentious issue but reflected a mix of ideological, inter-generational and other issues within the two parties rather than central-periphery tensions, supporting Scarrow et al. (2000) rather than Hopkin (2003). Our research does not support Downs' conclusion that national elites made 'conscious attempts to communicate instructions and influence strategy in the subnational institutions to which their respective parties gain entry' (Downs, 1998: 269). The NEC does retain final authority over the range of functions but, in practice, it has allowed the Scottish and Welsh party executives considerable autonomy. In particular, candidate selection outcomes reflected ideological rather than centre-periphery cleavages. Despite the controversy over Number Ten 'control freakery', there is no evidence to support an 'iron law of oligarchy' thesis if that means the supremacy of a cohesive, tightly-structured and all-powerful elite.

What of the stratararchy thesis? This anticipated that the greater the disparities between the structure of party competition at different territorial levels, the greater the pressure for territorial decentralisation. Strategic autonomy and flexibility for sub-national party elites is more likely to be conducive to the cohesion and electoral effectiveness of the party as a whole than tight central control. A corollary of this hypothesis is that the stronger the challenge from regionalist or nationalist parties, the greater the pressure upon a party to develop internal arrangements that facilitate autonomy and the acquisition of a distinctive regional profile. As Hopkin argues, party leaderships have a strong incentive to bolster the electoral appeal of their regional branches, including by 'allowing regional party organisations to adopt differentiated party programmes, discourses and campaigning strategies in an attempt to develop an ethno-regionalist "face"' (Hopkin, 2003: 232).

However, our findings do not unequivocally support the stratarchy thesis – that elite control is dysfunctional and that parties, in response to electoral and organisational challenges, will develop multi-polar systems of power with a plurality of more or less autonomous elites. This could plausibly be said to apply to leadership selection. In the areas of candidate selection and policy formation the picture is mixed. Most telling of all is the retention by the national party of control over the party organisation and the reliance of the two regional parties upon the centre for adequate funding.

What appears to have occurred is a functionally-based distribution of powers and responsibilities set within a broad measure of policy consensus which has facilitated a quite smooth transition to post-devolution intergovernmental relations. Very few cases of serious friction with Westminster have occurred, primarily because all (despite occasional verbal reservations) broadly shared London's ideological outlook. Although Scottish (at least initially) and Welsh Labour ministers have been cautious over Blairite market-orientated reforms, this reflects primarily – in the best traditions of territorial management - a recognition that adjustments must be made for distinctive local circumstances and traditions. Where important policy divergences have occurred – as over higher education tuition fees, and free personal care for the elderly – these have been presented (accurately) as the price of coalition with the Liberal Democrats.

What stratarchical trends that have occurred within the party take the form of 'elite pluralism' rather than genuine power decentralisation. The Scottish and Welsh Labour parties have moved from being traditional, centralized parties with a single hierarchical organization focused on a dominant centre, an elitist or 'one-partyist' party (McAllister, 1981), to more stratarchical parties with less uniformly hierarchical organizations. Obviously, devolution did

create the potential for such a transformation, yet it was not a sufficient condition. It could simply have embedded traditional style political elites in Scotland and Wales. However, the proportional representation electoral system adopted for elections to the devolved bodies ensured that Labour would *not* become the perpetual government of Scotland and Wales. The combination of coalition government plus different electoral and party systems confronts Scottish and Welsh Labour with a different set of pressures and strategic choices than the Party nationally and they require freedom to manoeuvre to respond effectively to those choices. Furthermore, the centrally-driven organizational changes within the Labour party, especially one-member-one-vote, plus twinning have had a significant impact by forcing a widening of the recruitment pool for candidates so fostering the generational shift in Scottish and Welsh politicians, producing more gender-balanced Labour groups with younger candidates, and, most important, one lacking the socialisation experience of Westminster. This is bound, in due course, to have some effects though the form will depend on institutional developments.

Scottish and Welsh Labour ministers have not encountered major problems in securing acceptance of their policy agenda within their parties. The Scottish and Welsh Policy Forums and conferences perform useful consultative and legitimating functions but except over those issues where the unions have chosen to assert themselves (an important qualification) they have not operated as the motor of policy. What has been striking (given Labour's history) is the weakness of rank-and-file opposition to ministerial policies. The constituency parties, the traditional power bases of the left, have been quiescent, reflecting the serious decline in grassroots activism characteristic of the party right across Britain. Increasingly ossified structures are losing their capacity to act as a countervailing power to the party-in-office.

Not surprising, then, no strong pressures have arisen within the Scottish and Welsh parties for a ‘federalisation’ of the British Labour party.³ However, two important caveats have to be raised. Firstly, the UK devolution settlement is extremely asymmetrical. If devolution had been extended to the English regions (at present, very unlikely) the pressures and constitutional logic for a federalisation of the party would have been immeasurably greater. Secondly, any possible resurgence of the left, which might lead to it gaining control over key political institutions in the devolved areas, would be major concern for the national leadership and that might prompt their intervention in Scottish and Welsh Labour. One former very senior Holyrood minister told us that whilst Downing Street was prepared to allow ‘a bit of slack’ it was very reluctant ‘for it to be unduly stretched’ (interview).

The stratararchy thesis anticipated a Labour party pushed by divergent competitive pressure into a more ‘autonomist’ direction (Hopkin, 2002) that has not so far materialised. In part, because of Labour’s success (so far) in containing the nationalist threat and in part because Labour party cohesion (a desire to avoid destabilising initiatives within the party) cuts across territorial interests. The Scottish and Welsh parties *have* developed their own policy processes (within a nationally-determined structure) and *do* enjoy considerable freedom through specific delegations and, in practice, to select candidates and conduct regional-level elections, as implied by the logic of territorial party competition. Labour elites in the devolved areas can thus be portrayed as the new territorial managers - with their own power bases, interests and goals but functioning within a larger, unitary, system of authority. On the one hand, a new group of politicians has emerged – politicians whose careers are within specifically Scottish and Welsh institutions and who, therefore, have a vested interest in extending the powers and autonomy of their legislatures. But Labour remains a unitary party.

In short there is a balance between centrifugal and centripetal impulses. Is it stable? We suggest, probably not. The potential exists for the two parties to adopt a more left-inclined political trajectory than in England partly because the gravitational pull of party competition is much more to the left, partly because the more proportional electoral system values all votes more or less equally rather than privileging the floater in the marginal constituency and partly because both share a more deeply rooted social democratic tradition and interests than England.⁴ The key factor precipitating change is the appearance of a threat sufficiently serious to jolt the party into new ways of thinking and organising. Thus centre-periphery dynamics would switch onto a different track if Labour were to be in government in Cardiff and Edinburgh – with all the advantages that access to governmental resources and prestige affords – but in opposition in London. Equally, if Labour were to be thrown out of office (unlikely but conceivable in Scotland if not in Wales) and haemorrhaged votes to an ‘alternative’ social democratic coalition composed of the Liberal Democrats, the SNP and the Greens (with backing from the Scottish Socialist Party), then we could anticipate a fundamental rethink of Labour’s existing territorial constitution. Hence it may be that in the future the Labour party’s own constitutional and political settlement will come under increasing strain.

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Table 1: Labour Party Candidate List Applicants Scotland and Wales 1999

	Scotland	% seats	Wales	% seats
Applications	534	414	438	730
Interviewed	326	253	315	525
Panel	167	129	164	273
Seats contested	129	100	60	100

Source: Scottish and Welsh Labour parties

Table 2: Territorial power in the Labour Party

	Centralized	Intermediate	decentralised
Candidate recruitment		*	
leadership selection			*
policy formation		*	
Finance & administration	*		

¹ This article draws on the findings of a study of the 'The Role of the Parties in Inter-governmental Relations after Devolution' supported by the Economic and Social Research Council's Devolution and Constitutional Change Programme: Grant No. L219252116 (D279), conducted during 2002-04. Accordingly it draws on interviews with Scottish and Welsh General Secretaries and their staff, about 35 interviews with Westminster MPs (including former ministers) and over 30 interviews with Scottish and Welsh ministers and members of the Scottish Parliament and Welsh Assembly. Two of the authors also attended

meetings of the Labour Policy Forums in Scotland and Wales. The article also draws on extensive documentary analysis of newspaper reports, party documents and policy papers published by the Scottish Executive and Welsh Assembly Government.

² One MSP however complained ‘London can’t let go... Unofficially we have to pass policy developments past London. Even for devolved issues. We still don’t have power to settle the manifesto without London’s approval’ (interview). Other MSPs disagreed.

³ Our research also indicates that the national Labour party leadership would resist such a federalisation, not least as they see Scotland and Wales as peripheral to the main challenge of sustaining their electoral support in ‘Middle England’ (Laffin et al. 2004).

⁴ In Scotland and Wales the balance of political forces tilts significantly more to the left than in England, reflecting the electoral frailty of the Conservative party and rising competition from the left (especially in Scotland – in the 2003 elections the total Green and Scottish Socialist Party representation rose from two to 13). Already the combination of coalition government plus different electoral and party systems confronts Scottish and Welsh Labour with strategic choices quite distinct from those facing the party nationally and they require freedom to manoeuvre to respond effectively.