Devolution and the Limits of Tory Statecraft

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Abstract: This article examines the territorial statecraft of the Conservative Party both internally and in the coalition government since 2010. Using Bulpitt’s statecraft framework alongside some more recent work on UK intergovernmental relations, it argues that the Conservative Party has pursued broadly the same strategy as the previous Labour administration: centre autonomy management. Thus, as long as the devolved administrations and Welsh and Scottish Conservatives stick to their low politics remit, territorial policy divergence and autonomy remain mostly irrelevant to the centre. In terms of intergovernmental relations, the Conservatives have handled territorial politics in coalition reasonably well. However, the recent Scotland Act and the Commission on Welsh Devolution point towards a future of sharing Treasury control over UK public finances. With the centre’s governing autonomy increasingly compromised, the Conservative Party faces the challenge of creating a new strategy which allows it to pursue its priorities.

Key words: Conservative Party; devolution; multi-level governance; sub-national parties; Welsh politics; Scottish politics
necessitate the centre being dragged into negotiation with the periphery on areas of high economic policy. Its room for manoeuvre in this area will for the first time be constrained. A new Conservative territorial strategy will therefore be required. However, it is by no means certain that the Conservative Party has the capacity or desire to attempt anything beyond a threadbare defence of increasingly compromised central autonomy.

This article begins by outlining the prism through which Bulpitt suggests we should view UK territorial politics. It combines his Conservative-centred analysis with more recent work on the Labour Party’s territorial statecraft and, more generally, on intergovernmental relations within the UK. The informal and bilateral nature of the UK’s intergovernmental arrangements has suited the Conservative Party in coalition and it is relaxed about policy divergence in the devolved governments and in its Welsh and Scottish branches. The article then examines the Conservatives’ territorial strategy towards Scotland and Wales in the coalition government. It places the challenges facing the Conservative Party in context and then analyses its actions since 2010 in three broad areas: party organisation; intergovernmental relations; and the future of devolution.

Finally, this article considers the reasons for the lack of Conservative engagement with questions of territorial politics. The road along which devolution is heading suggests increasing and unprecedented territorial penetration of the centre. Aside from a few strident voices, the Conservatives have promoted a strong (and genuine) pro-Union message (Aughey, 2011: 172). However, this has been in a context of a post devolution ‘dual polity’ which is under strain. Thus, while Randall and Seawright (2012) provide a useful framework against which to judge the success of a centre autonomy strategy for the Conservatives in coalition, this article suggests that the changing context of devolution renders such a strategy increasingly untenable.

Territory, power and Conservative and Labour statecraft

Parties at the centre face a number of challenges in dealing with territorial management. The Conservative Party has to deal not only with its own internal structures, but also since 2010 with the demands of intergovernmental relations within the UK. In order to analyse the Conservatives’ territorial strategy in government since 2010, this article combines Jim Bulpitt’s (1983) Tory-focused statecraft perspective with more recent comparative scholarship on intergovernmental relations within the UK (McEwen et al., 2012). Thus, it aims to examine the specific tension between what appears to be the Conservative Party’s overall macro-level bias towards maintaining the centre’s autonomy with the everyday problems of government and the UK’s evolving devolution arrangements.

Bulpitt suggests four models of centre-periphery relations (Bulpitt, 1983: 67-68). In the coercive power model the centre achieves what it wants by the threat or use of coercion; however, Bulpitt (1983: 67) emphasises that centres rarely possess the capability necessary to entirely control the periphery in this way. Under a centre authority model peripheral forces accept that the centre has the legitimate right to command them to follow its instructions, allowing the centre to achieve its aims. The capital city bargaining model suggests that the structure of the state allows peripheral groups and governments to use the institutions of the centre to pursue their goals (perhaps through ‘colonising’ those central levers of power which concern them most). Finally, in the central autonomy model the centre seeks the space to avoid the distractions of peripheral issues in order to pursue what it regards as matters of “high
pspolitics’. Thus ‘the centre will act like a garrison state, seeking to insulate itself from peripheral interests by restricting the extent to which they can penetrate its fortress’ (Bulpitt, 1983: 68).

According to Bulpitt, the Conservative Party in the 20th century pursued a statecraft strategy which was concerned primarily with maintaining the centre’s autonomy. This involved the core aim of achieving majority Conservative governments at Westminster. The party may have made use of clients for electoral benefit, but crucially, in office, the party sought to wall itself off from peripheral and external constraints. Thus ‘in brief, what the Conservatives wanted to achieve in government was a relative autonomy for the centre [Cabinet and senior civil service (Whitehall)] on those matters which they defined as ‘high politics’ at any particular time (Bulpitt, 1986: 27).

Bradbury (2006: 577) argues that New Labour followed the same centre autonomy strategy in government as the Conservative Party when devising and managing the new devolution arrangements. Peripheral matters were hived off to be debated in territorial parliaments and assemblies; potentially controversial issues like negotiations over territorial finance were placed on auto-pilot through the Barnett formula; and, in general, as Bradbury (2006: 578) points out, ‘the scope of the devolved institutions was limited to essentially distributive and regulatory policies in areas generally previously covered by the former territorial offices of state.’ Devolution was thus designed to be strictly a low politics affair. It democratised functions the centre had previously decided could be safely be given a more territorial character without compromising its autonomy (McGarvey and Cairney, 2009: 244). As Gallagher (2012: 199) concludes: ‘Devolution involved a big reorganisation of government but the costs of change were remarkably low.’

Matters of high politics or English domestic policy were shielded from interference or negotiation with the periphery (Keating, 2010: 223). Budgets continued to be written in the Treasury and approved by the House of Commons. The Scottish and Welsh governments could argue for more generous settlements like previous Scottish and Welsh secretaries, but Whitehall retained ultimate control. For accounting purposes, there is not a great deal of difference between the Scottish block grant and the budget for another Whitehall department (see HM Treasury, 2012: 55). For instance, the Treasury rules about whether Scotland and Wales can use end year flexibility to carry forward unspent funds to the next financial year are exactly the same as those for other Whitehall departments. The Treasury retains the final say (Gallagher, 2012: 207). Crucially, there was no possibility of Scottish or Welsh policies constraining or contaminating high political matters or major English domestic reforms. The fact that Wales chose to abandon market-based reforms in public services was of little consequence to the English health or education departments who pursued their own reforms regardless (Bradbury, 2006: 578). Now, far from worrying about policy divergence, ministers at the centre are keen to contrast their approach with what they see as the inferior Welsh alternative (see, for instance, the Prime Minister: HC Hansard, 2013, 5 June).

The automated nature of the Barnett formula and the low politics functions of the devolved administrations have contributed to the informality and pragmatism which characterises the UK’s intergovernmental relations since devolution. Matters such as fiscal transfers and welfare which cause friction in other countries are less contentious in the UK: the Barnett formula is not subject to annual renegotiation and both Scotland and Wales have been keen to develop welfare regimes which they see as more generous than the English system (McEwen et al. 2012: 334-335).
This logic of bilateralism and informality is not in general resisted by the devolved administrations which value privileged access to the centre. Thus, even the SNP government pursues an ‘insider’ strategy in dealing with Whitehall. As Cairney (2012: 241) points out, projecting an image of governing competence ‘is not consistent with a strategy of continuously venting its frustration with the power of the UK government.’ The SNP prizes Whitehall knowledge so highly that in 2010 an English permanent secretary was appointed to head the civil service in Scotland. As Parry (2012: 301) concludes: ‘Far from being a check on the policy autonomy of the Scottish Government, the unified service became a facilitator of the intergovernmental projection of the Scottish position.’

Overall, the UK government’s relaxed attitude to territorial low policy divergence and the pragmatic strategies pursued by the devolved administrations have resulted in a subnational environment which is not taxing for the centre. Thus, upon coming to office in 2010, the Conservative Party inherited a set of arrangements which did not involve making painful concessions. Centre autonomy in terms of devolution had largely been achieved. Before the more recent Scotland Act and the proposals of the Silk Commission, some of the key elements of a Tory statecraft strategy were in place. The arrangements meant that domestic policy in Scotland and Wales could be ignored because it did not interfere with the party’s priority of governing alone at Westminster.

This also explains why the Conservative centre was so relaxed about the idea of the Scottish Conservative Party breaking away to form a new separate party of the centre-right in Scotland. During the 2011 Scottish Conservative Party leadership election when one of the candidates proposed such a move, no objection in principle was raised by the centre and, even among the candidates who opposed breaking away, there was no question of the Scottish Party’s ability to do it. The centre simply assumed that the UK Conservative Party would continue as before and merely lose a loss-making division. As Keating (2010: 369) points out, this also explains English elites’ relaxed attitude towards Scottish independence: they are confident ‘their own polity will carry on regardless.’

Conservatives in government: the coalition’s territorial statecraft
Aughey (2011) suggests that Cameron brought a threefold territorial strategy into coalition: a clear Unionist commitment, a ‘respect’ agenda and an attempt to forge a UK-wide mandate. On the first two of these areas, it is difficult to argue that the prime minister has not succeeded; on the third, only the increase in Conservative MPs in Wales can be said to have contributed. Overall, the Conservatives in government since 2010 have pursued a strategy of quiet containment and muddling through. Due to processes set in motion by the previous government, many aspects of policy towards Scotland and Wales were already out of the Conservatives’ control and they have merely responded to events (Aughey, 2011: 174).

However, the Conservatives’ statecraft strategy in relation to the regions of the United Kingdom is becoming increasingly threadbare. They have a limited vision for the future of the United Kingdom and may find it increasingly difficult to continue to pursue a centre autonomy strategy as devolution evolves and starts to penetrate the centre. Here we examine the Conservatives’ territorial statecraft in government in Scotland and Wales in three main areas: party organisation and management; intergovernmental relations; and the future of devolution.

Scotland
Despite having been stridently opposed to devolution before 1998, the Conservative Party found to its surprise that the latter day ‘dual polity’ created by the Labour Party in fact suited it reasonably well. Indeed, elites at the centre were arguably more relaxed than in the Labour Party about territorial branches pursuing different policies (although this in part may be explained by the Party’s electoral weakness in Scotland and Wales). The Conservatives at the centre gave their territorial branches considerable freedom in devolved areas, but maintained a clear split between the politics of the centre and the periphery. This strategy also suited the Welsh and Scottish Conservative parties who did not push for more autonomy during this period and in the main steered clear of commitments on high politics matters. Overall, Detterbeck’s (2012: 204) detailed study of territorial party politics views the Scottish and Welsh Conservatives as ‘autonomist-type’ parties which enjoy considerable freedom and can be considered more autonomous than the territorial branches of Spain’s PSOE or PP.

Apart from a few lonely voices, the Scottish and Welsh branches of the Conservative Party have a long history of opposition to devolution. Their preference was to be governed by a Conservative territorial secretary of state and their efforts were focused on contributing seats to a Westminster majority government. In opposition (1997-2010), the Conservative Party restructured itself to reflect the new reality of devolution. This has resulted in highly-autonomous territorial branches of the Conservative Party in Scotland and Wales.

The party in Scotland acquiesced in the statecraft goals of the centre. Much of the literature on sub-national parties points to territorial demands for further autonomy (see, for instance, Detterbeck 2012: 42, Van Houten 2009: 140-141, Hopkin 2003: 230). It is interesting to note therefore that the Scottish Conservatives have never been in a position of demanding autonomy that the centre is reluctant to grant. Indeed, when given the chance to separate entirely in 2011, they rejected it (Convery, 2012). This may in part reflect a belief, shared with UK party elites, that high politics matters should be decided by Conservatives at the centre in what might be termed ‘a fifth nation’ (Aughey, 2010: 271). It may also latterly reflect a desire to circumvent Conservative weakness in Scotland. Policy-making is much more likely to be on the centre-right if it is controlled by UK government departments. It is unlikely, for instance, that Iain Duncan Smith’s welfare reforms would see the light of day in Scotland, were they not still controlled by the UK Department for Work and Pensions (for a highly critical Scottish Parliament committee report, see Welfare Reform Committee, 2012). This is the case even when departments are led by Labour ministers. Centre-right policies are more likely to be implemented by Westminster than by the Scottish Parliament where policy-making is dominated by professional interests (McGarvey and McConnell, 2012).

From the UK party’s perspective, its attitude to the Scottish Conservatives since devolution might be characterised as one of benign neglect. The Scottish Tories have been for the most part left to their own devices. Unlike in the territorial Labour Party there have been no major arguments about territorial leadership selection (Hopkin, 2009: 186-187). Thus, perhaps somewhat surprisingly given its history of heavy centralisation and more recent uncompromising Unionism, the Conservative Party’s Scottish organisation has adapted reasonably well to the challenges of devolution. Not only has significant autonomy been given to the Scottish Conservatives; there is also a relaxed attitude at the centre towards the Scottish branch.
taking a different policy path within the limits of the devolution arrangements. For instance, when the Scottish Conservatives decided to support free personal care in Scotland in 2002, this did not cause any problems with the centre. Moreover, the Scottish Conservatives, whether because of lack of interest or deference, have never strayed into bold thinking on constitutional or fiscal matters which have the potential to interfere with the autonomy of the centre.

**Intergovernmental Relations**

David Cameron signalled a clear departure from both previous Conservative and (more recent) Labour attitudes to devolution. He promised to implement a ‘respect agenda’, noting that ‘devolution is about attitudes, not just institutions’. Thus he said that: ‘I would be a Prime Minister who would work constructively with any administration at Holyrood for the good of Scotland, and I would be in regular contact with the First Minister no matter what party he or she came from’ (Cameron, 2009). Similarly, he told the Scottish Conservative conference in 2012 that, ‘you can be even prouder of your Scottish heritage than your British heritage - as many in Scotland are - and still believe that Scotland is better off in Britain’ (Cameron, 2012a). However, although this may be presented as reflecting a strong commitment to the Union and perhaps an attempt to atone for past mistakes, it is also in part an obvious (indeed perhaps the only) way for a Conservative prime minister to proceed to govern parts of the UK where his party’s electoral mandate is weakest.

Since the 1980s, Conservative prime ministers have struggled with the question of how to staff the Scottish Office. A potentially very awkward situation about the appointment of a Secretary of State for Scotland was avoided in 2010 thanks to the coalition with the Liberal Democrats (Randall and Seawright, 2012: 113; Mitchell and van der Zwet, 2010: 722). The Liberal Democrats’ 11 seats in Scotland made one of their number an obvious choice for the Scotland Office. Scotland’s only Tory MP, David Mundell, serves as a junior minister there. However, had there been a Conservative majority, David Cameron would have had no choice but to appoint a minister to the Scotland Office who did not represent a Scottish constituency.

The first issue to confront this coalition Scotland team was the Scotland Bill. In 2007, alongside Labour and the Liberal Democrats, the Conservatives set up the Calman Commission on Scottish devolution. This inquiry examined how devolution might be improved in light of the experience of the first decade and in light of the SNP’s narrow victory at the 2007 Holyrood elections. The final report recommended a modest increase in the Scottish Parliament’s powers over some domestic matters. Most significantly, it proposed further devolution of tax powers so that 10 pence in the pound of income tax was set and raised in Scotland (see Calman Commission, 2009: part three). Despite some internal dissent about pandering to the SNP’s priorities, the Scottish Conservatives supported these changes. The UK Conservative Party 2010 manifesto committed to implementing this further transfer of powers to Scotland (Conservative Party, 2010: 83). The broad thrust of the Calman proposals became law in the Scotland Act 2012.

Politically, it would have been extremely awkward to oppose these measures. The Conservatives played a full part in their formulation and the Calman Commission enjoyed cross-party support. Distancing themselves from the report’s conclusions could have reinforced the impression that the Conservatives were anti-Scottish. However, support for the Calman proposals has not translated into a coherent Conservative approach to the challenge of devolution. In the event it did not do much to improve the Conservatives’ image in Scotland; nor did it demonstrate a set of
principles which the Conservatives were applying to Scotland in order to further their interests and keep the United Kingdom together. It was an obvious and easy way to fill a gap in political thinking: granting relatively painless concessions from the centre but finding the strategy inadequate when it is overtaken by events. The Prime Minister thus found himself in a position of championing a Bill which received lukewarm support from all quarters: the SNP saw it as a first step; Unionist-minded Conservatives in Scotland disliked the transfer of powers but saw it as the price of looking ‘pro-Scottish’; and more radical voices on the centre-right in Scotland (and England) thought the fiscal powers did not go far enough to deal with English resentment or Scottish dependency.

The measures in the Scotland Bill were swiftly overtaken by the election of an SNP majority government in 2011. This called into question the Conservatives’ entire strategy towards Scotland and guaranteed a referendum on independence. The Prime Minister’s response has predictably been to make speeches defending the Union. What he has not chosen to do is outline a vision for Scotland’s place within the United Kingdom. This means that policy tends to be rewritten every time the Prime Minister visits. The most egregious example of this occurred in February 2012 and captures many of the political dangers of Cameron’s approach. In a speech to business leaders in Edinburgh (whose tone was otherwise broadly well received – see, for instance, *The Scotsman*, 2012, 17 February) the Prime Minister said that ‘when the referendum is over, I am open to looking at how the devolution settlement can be improved further. And, yes, this does mean considering what further powers could be devolved’ (Cameron, 2012b). This was interpreted in Scotland as a new position for the Conservative Party. It also appeared not to have been cleared with Ruth Davidson, the Scottish leader, who promised during her election campaign that the Scotland Bill was a ‘line in the sand’ in terms of further powers. There was further confusion when it emerged that neither the Prime Minister nor the Scottish Conservatives were clear about exactly which powers he was referring to. Conservative policy on Scotland is thus constantly subject to ad hoc adjustments, to burnish the main argument of a speech or to help with appearing relaxed about Scottish aspirations. It does not emerge out of a strategy to make Scottish aspirations work for Conservative interests. In this sense Prime Minister is behind the curve and must always react to events.

The Edinburgh Agreement (Scottish Government, 2012), signed by Alex Salmond and David Cameron in October 2012, represents the something of a triumph in intergovernmental relations for both sides. This agreement commits the Scottish and British Governments to working together to facilitate a referendum on Scottish independence. The UK Government agreed to temporarily devolve the necessary powers to the Scottish Parliament to legislate for such a referendum and the Scottish Government agreed that the referendum would be conducted under the supervision of the Electoral Commission. Most significantly for the SNP, the agreement also commits both governments to negotiations in good faith about a post-independence Scotland.

The pragmatic approach of both governments towards this issue again highlights the informal and bilateral character of the UK’s intergovernmental relations. The UK Government accepted the Scottish Government had a mandate to hold a referendum; the Scottish Government accepted that the water-tight status of such a referendum required the permission of the UK Government. For the Conservatives, again this reflects a relaxed attitude at the centre towards the secession of Scotland. Signing the Edinburgh agreement involved no concessions which impeded the centre’s autonomy, despite the centre condescending to negotiate with peripheral
interests on the highest of political matters. Either Scotland stays in the Union and the agreement expires, settling the independence question for a generation, or it leaves and Scotland can entirely be discounted. The more difficult questions for the Conservative Party are, however, posed by Scotland remaining the UK.

*Future of Devolution*

Despite having declared that the Scotland Act 2012 was a ‘line in the sand’ in terms of further powers for the Scottish Parliament, Ruth Davidson, the leader of the Scottish Conservatives, announced in April 2013 that she was establishing a new working group to consider further devolution to Scotland after the referendum. She explained that her change of heart had occurred due to the issue dominating the agenda. Again, as in 1997, Lord Strathclyde was tasked with chairing a panel to consider future options for the Scottish Conservatives. It was not clear how far this move was sanctioned by the UK Conservatives, but it is difficult to imagine that they did not have some input into the announcement when the final decision on whether to grant these powers rests entirely with the Westminster Parliament. Ultimately, the UK Conservative Party at the centre will decide how much the Scottish Conservatives can plausibly promise on constitutional matters.

Lord Strathclyde is joined by two MSPs from different wings of the devolution debate in the party: Annabel Goldie, who may be considered more sceptical on further devolution, and Alex Fergusson, who has argued forcefully for a new Conservative position on the future of the United Kingdom to be outlined before the referendum. He supported Murdo Fraser’s leadership campaign which proposed to split the Scottish Conservatives from the UK party. It is not therefore clear how radical a set of recommendations this group will produce. This review is also being carried out in isolation from other debates about the future of the UK, most notably in Wales.

It is significant that having been so anti-devolution for so long the Conservatives decided to be open about the devolution of further powers to the Scottish Parliament. The problem is that this public stance masks deep internal divisions and a lack of thinking about the type of devolution the Conservatives want Scotland (and the United Kingdom) to have. Instead of thinking from first principles about a Conservative vision for devolution, the Conservatives have been swept along in the pro-devolution tide without a compass by a mixture of guilt and expediency.

*Wales*

*Party Organisation and Management*

The Welsh Conservative Party has never enjoyed the same level of autonomy or separate identity as the Scottish Conservatives. A path for its post-devolution future was therefore less obvious in 1998. It has remained more closely integrated into the UK Conservative Party than the party in Scotland (Fabre and Mendez-Lago, 2009: 108). This can in part be explained by the fact that the party in Wales never existed as a separate entity (Fabre, 2008). The post-devolution structure in Wales provided for a Welsh Party Board and a leader of the Conservative Party in the Welsh Assembly. However, to this day, the leader of the Welsh Conservative Party is technically still the leader of the UK Conservative Party.

The policy autonomy of the Welsh Conservatives, however, is similar to that enjoyed by the Scottish Conservatives. Whilst controversial matters are sometimes the subject of robust discussion with the UK party, overall a Welsh AM concludes that
the Welsh Conservatives have the final say over policy matters (interview with Conservative AM, 27 February 2012). The Welsh Conservatives’ manifesto requires the UK Party’s approval, but final decisions remain in the hands of the party in Wales (Detterbeck, 2012: 180). This has led to distinctive positions on, for instance, education and business taxation (Welsh Conservative Party, 2011). Overall, as Detterbeck concludes, ‘while keeping formal control, and hence the power to intervene, the centre gives substantial leeway to the ‘Celtic fringe’’ (Detterbeck, 2012: 222).

However, the Welsh Conservative Party has pursued a strategy which is more explicitly based on national identity and differentiation. They have deliberately emphasised their Welshness through a strong commitment to the Welsh language and policy distinctiveness (see, for instance, Bourne 2005). This strategy is not necessarily the path that would have been pursued under solely UK leadership. Nevertheless, the UK party centre has been happy to leave the Welsh Conservatives to differentiate themselves both because it does not interfere with high political matters and because it has produced electoral results. The only prominent member of the Welsh Conservative Party who ventures forcefully into high political matters is David Melding AM. However, his proposals for a federal United Kingdom have not thus far had much impact on the central party leadership (Melding, 2009).

**Intergovernmental Relations**

Despite winning 8 seats in Wales overall at the 2010 general election, the Conservatives still chose to appoint Cheryl Gillan, who represents an English constituency, as Secretary of State for Wales. Scotland’s having only one Conservative MP who immediately became a member of the government effectively removes a layer of interests in the party to be consulted. In contrast, in Wales there are six backbench Conservatives.

The Coalition was faced firstly with the prospect of the referendum on transferring full legislative powers to the Welsh Assembly. This would trigger the implementation of Part IV of the Government of Wales Act 2006. After some initial reluctance, during which it was suggested that a future Conservative government might only legislate for a referendum in its second term, a commitment to holding the referendum was included in the 2010 manifesto (Conservative Party, 2010: 67). Welsh Conservatives pointed out to senior party figures that refusing to legislate for a referendum requested by a two-thirds majority in the Welsh Assembly might be unwise. There was thus a pragmatic agreement that the Conservatives at Westminster would not stand in the way of such a referendum request (interview with Conservative AM, 2 March 2012).

Upon taking office in 2010 the new Secretary of State for Wales, Cheryl Gillan, said that she discovered much ‘unfinished business’ on her desk in relation to preparations for the referendum and suggested that her predecessor, Peter Hain, had been dragging his feet on the issue (BBC News, 2010). The Conservatives certainly faced less internal opposition to the measures than the Labour Party who did not expect the agenda to move as swiftly towards a referendum (Wyn Jones and Scully, 2012: 22). However, their pragmatic response to the prospect of a referendum can also in part be explained by the extremely limited ways in which the centre would be affected by a positive result. The legislative powers transferred related only to low politics matters (most of which were already under the Assembly’s control) and as Scully and Wyn Jones (2011: 119) point out, ‘Welsh devolution is still rather less far-reaching than granted to Scotland or, indeed, Northern Ireland.’ Moreover, the
Government of Wales Act 2006 had in fact already conceded the principle that the Welsh Assembly should have primary law-making powers; the implementation of Part IV merely enhanced these powers and extended them to new areas (Wyn Jones and Scully, 2012: 21-22). Thus this concession from the centre could hardly have been more painless.

Some research suggests that relations between the Welsh Assembly Government have improved since the Coalition government came to power. Wyn Jones and Royles’s (2012) interviews with Welsh Government officials suggested a more helpful approach was emerging in Whitehall. However, ‘the explanation proffered for this was that Wales was no longer being caught in the London-Edinburgh crossfire as the new UK government adopted a less hostile position towards the SNP government than its Labour predecessor’ (Wyn Jones and Royles, 2012: 265).

Future of Devolution
The main post-referendum Conservative initiative on Wales was the establishment of the Commission on Devolution in Wales (widely referred to as the Silk Commission, after its chairman, Paul Silk). The Commission’s remit is twofold: to consider the financial arrangements for the Welsh Assembly (part I) and to consider whether any further powers should be devolved to it (part II). It published the first part of its report in November 2012. This recommended significant new tax-raising powers for the Welsh Assembly, similar to those proposed by the Calman Commission in Scotland and legislated for in the Scotland Act 2012. This includes a system of sharing income tax between Cardiff and the UK and devolving borrowing powers (Commission on Devolution in Wales, 2012). The UK Government has indicated that it will publish its response to these recommendations in summer 2013.

However, in its submission to the second part of the Commission’s work concerning powers for the Welsh Assembly, the UK Government strikes a notably less enthusiastic tone than the Welsh Conservatives. For instance, it does not support the removal of the requirement for the UK Government’s permission for the Assembly to approve on-shore energy projects over 50 megawatts (HM Government, 2013: 100). In contrast, the Welsh Conservatives’ submission notes their longstanding support for the transfer of such powers (Welsh Conservative Party, 2013: 4). Indeed, even in areas where the Welsh Conservatives are less keen on radical change immediately, they do not rule out supporting reforms in the future. Their reasons for opposing a more explicitly separate Welsh legal system, for instance, are practical rather than philosophical (Welsh Conservative Party, 2013: 6).

Territorial statecraft, Cameronism and the Big Society
Traditional views about the constitution and the nature of parliamentary sovereignty make it difficult for some in the Conservative Party to engage imaginatively with debates about the future of devolution (Keating, 2010). However, part of the problem is also that territorial devolution does not fit easily into the Cameron modernisation agenda. Its constitutional scope tends to be limited to questions of localism and human rights. Thus, while much thought and energy was expended on the Localism Act, this involved only devolution to local councils and communities; it ignored the territorial dimension of the UK. Much of the Conservative writing on the Big Society is also explicitly concerned with devolving power downwards through co-ops and employee ownership (see, for instance, Norman, 2010).
In his book about the future of the coalition, the Conservative MP for Grantham and Stamford, Nick Boles, states that instead of solely focusing on the percentage of GDP consumed by the state, ‘Liberal Conservatives are more interested in the power of the state and its lack of accountability’ (Boles, 2010: 37; see also Boles, 2001). However, this has not been extended to apply to Scotland or Wales where potentially a Conservative case for greater fiscal accountability could be thrashed out based on the same principles. Thus while Thatcherism could only devolve economic and not political power, it seems that Cameronism seeks only to extend localism to public services and local government. On a recent visit to Scotland, for instance, the Prime Minister encouraged Scotland to follow England’s example by adopting policies like free schools (Scotsman, 2012, 20 April). Leaving aside the fact that headlines like ‘David Cameron tells Scotland to copy English reform’ may be unhelpful, it is not even clear that there is any appetite for such reforms in Scotland, even if the Conservatives were in a position to introduce them. Instead, it might be more fruitful for a Conservative to engage in a debate about creating the correct fiscal incentives to make Scotland think more carefully about public sector productivity. The Strathclyde Commission may begin to do this, but it is being carried out separately from the Silk Commission and wider debates about the status of the West Lothian Question (Commission on the Consequences of Devolution for the House of Commons, 2013) and English devolution (Political and Constitutional Reform Committee, 2013: section 2).

The statewide Conservative Party has not considered the links between the principles it claims guide its policies and its attitude towards Scotland and Wales where it is still stuck in a mind-set of agreeing case-by-case concessions, rather than (as in the case of elected mayors in England, for example) thinking about what might best serve its interests in the long term. Thus the Commission on Welsh Devolution was agreed as part of the Coalition Agreement and the Scottish working group on further devolution was set up in response to the issue dominating the agenda. They are both being carried out separately, without much regard for the issues which affect the whole of the United Kingdom. Ultimately, these groups can propose whatever the like: the final decision on the future shape of devolution rests in office with the UK Conservative Party. However, beyond keeping the union together, its position on these issues is vague and it is not clear how far it is willing to accept the increasingly compromised central autonomy which would accompany the deepening of fiscal devolution. The Conservatives have undoubtedly gone to great lengths (particularly in Scotland and especially through the Edinburgh Agreement) not to repeat the mistakes of the past and to be seen to be governing Scotland and Wales with respect. After signing the Edinburgh Agreement the prime minister emphasised that, ‘I always wanted to show respect to the people of Scotland - they voted for a party that wanted to have a referendum, I've made that referendum possible and made sure that it is decisive, it is legal and it is fair’ (BBC News, 2012). Nevertheless, beyond dealing well with day-to-day intergovernmental and intra-party relations, the Conservatives lack a longer-term strategy. A bias towards centre autonomy sits uncomfortably with support for further devolution in the UK.

**Reaching the limits of centre-autonomy management**

Until now, devolution in the UK has for the most part shielded the centre from taking difficult decisions. The Conservative Party has embraced a set of arrangements which allows it to isolate the priority of Westminster office from territorial interference. Its internal arrangements and behaviour in government reflect a relaxed attitude towards
policy divergence and a lack of philosophical engagement with issues of national identity. However, the evolution of devolution points towards increasing territorial penetration of the centre in ways which will make a Tory statecraft based on achieving centre autonomy difficult to sustain.

The recent Scotland Act transferred powers over some taxes and other areas. However, its significance lay in how it began to map out the architecture for a fiscally-decentralised United Kingdom. HM Revenue and Customs must now work out how to collect different rates of income tax in different parts of the UK (Trench, 2012). Transferring powers wholesale to the Scottish Parliament or Welsh Assembly is relatively easy and painless. Giving the Scottish Parliament the power to ban air guns, for instance, has no impact on centre autonomy. However, the new arrangements now threaten to delve into areas which breach the key assumptions of a centre autonomy style of statecraft. Devolving entire areas means hiving them off to unimportant peripheral interests: shared responsibility implies being dragged into negotiation with the periphery. Thus the power to vary income tax and to borrow money requires co-operative working between the Treasury and the devolved administrations. The implications of changes in rates of income tax for Scotland (or Wales) will need to be considered when formulating broader macro-economic strategy for the UK. The power granted under the Scotland Act 2012 to the Scottish Parliament to create any new taxes it likes with the UK Government’s permission implies detailed discussion, negotiation and consideration of the consequences for England, particularly in the north. Now that the principle of separate tax rates and revenue-raising in Scotland has been conceded, it is not difficult to see how this new fiscal architecture for the UK could lead to increasing decentralisation of financial matters. In short, the Treasury will find it difficult to continue to account for Scotland as simply another UK government department. In Wales, the recent first report of the Silk Commission envisages similar tax and borrowing devolution for the Welsh Assembly (Commission on Devolution in Wales, 2012).

The other key element which has allowed a something akin to a ‘dual polity’ to continue is the auto-pilot nature of the Barnett Formula. Although the Coalition Government has noted the concerns expressed about the operation of the formula by the Holtham Commission, it insists that any changes to the system can only be carried out when the public finances are on a sounder footing (Randall and Seawright, 2012: 118) However, eventually the Barnett Formula will have to be replaced. Any successor mechanism for allocating funding to the UK’s regions is unlikely to be as opaque, flexible and impervious to peripheral negotiation as Barnett. For instance, the House of Lords Select Committee on the Barnett Formula felt the need to recommend that its replacement be ‘comprehensible’. It notes that ‘although the formula is clear in its method of calculating the proportion of incremental changes to the block grant, the basis on which the baseline – and therefore the block grant as a whole – rests is not’ (House of Lords, 2009: 38). Moreover, it is likely that a replacement formula will have to be much more sensitive to the needs of the devolved regions. A formula based on regular re-assessments of need, or at the very least one that considers needs in a way that the current formula does not, has the potential to involve much greater peripheral penetration of the Treasury and its public spending processes. Overall, having been one of the least developed aspects of the devolution arrangements (Watts, 2007: 257) developments in financial matters have now set the UK on a path which is likely to lead to increasing fiscal decentralisation.

Conclusion
The analysis presented in this article suggests three broad conclusions about Conservative territorial statecraft in the coalition government in 2013. First, following Bulpitt’s logic, it should not have been surprising that the Conservative Party dealt well internally with the challenge of devolution. Conservatives in Scotland and Wales still placed a high premium on being in power at Westminster and in this sense shared the statecraft goals of the centre. Alongside in Scotland a dearth of Conservative political thought, this common goal led to reluctance to rock the boat. Moreover, for the most part, the sub-national Conservative Party retracts a strong Unionist bias and the traditional Conservative loyalty to a centralised and powerful leadership at the ‘fifth nation’ level (Aughey, 2010). Almost complete policy autonomy could therefore be granted to its territorial branches on low politics matters without compromising the centre’s prerogatives. That the Scottish Conservative Party supported free personal care for the elderly was of little consequence. If, as in Scotland, the territorial party is also weak, it is not surprising that it should slip off the centre’s radar altogether.

Secondly, the path along which devolution is heading will make it increasingly difficult for the Conservative Party to maintain a post-devolution ‘dual polity’ which walls off English domestic policy and high economic and foreign policy. We are thus reaching the end of an era of ‘cheap Unionism’ where supporting the territorial aspirations of Scotland and Wales involves no uncomfortable concessions from the centre. As Alistair Darling puts it, there is no more ‘low hanging fruit’ for devolution (The Scotsman, 2013, 14 May). Beyond the tactful ‘respect’ agenda, thinkers at the centre of the Conservative Party have failed to engage with this new reality and with questions of national identity. Indeed, elites at the UK centre and in the Conservative Party arguably find the independence of Scotland and Wales preferable to the compromised central autonomy implied in a more explicitly federal UK (Keating, 2009).

Thirdly, in this context, it may be too soon to assess how much the Conservative Party is willing to compromise in defence of the Union. Randall and Seawright (2012: 109) correctly note that: ‘While some on the right, for example Simon Heffer, saw a greater electoral prize in becoming an English nationalist party the party’s leadership refused to countenance compromising the Union for electoral advantage.’ Similarly, Aughey (2011: 172) argues that Cameron’s deep personal Unionist commitment ‘must never be discounted.’ Here it is suggested that such a pro-Union position has in fact thus far involved a continuation of centre autonomy and few, if any, compromises. In short, the extent of the Unionism of David Cameron and the Conservative Party has not yet been tested.

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