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The Party Politics of Political Decentralization

A dissertation submitted in partial satisfaction
of the requirements for the degree
Doctor of Philosophy in Political Science

by

Kathryn Tanya Wainfan

2018

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ABSTRACT OF THE DISSERTATION

The Party Politics of Political Decentralization

by

Kathryn Tanya Wainfan

Doctor of Philosophy in Political Science

University of California, Los Angeles, 2018

Professor Michael F. Thies, Chair

In this dissertation, I ask why certain types of parties would agree to support creating or empowering sub-national governments. In particular, I focus on nationalized parties – those that gain support from throughout a country. Political decentralization can negatively impact nationalized parties in at least two ways. First, it reduces the amount of power a party can enjoy should it win control of the national-level government. Second, previous studies show that political decentralization can increase party denationalization, meaning regional parties gain more support, even during national-level elections.

I argue that nationalized parties may support decentralization when doing so reduces the ideological conflicts over national-level policy among voters whose support they seek. By altering political institutions, a party may be able to accommodate differing policy preferences in different parts of the country, or limit the damage to the party's electoral fortunes such differences could create.

I primarily focus on the case of Scottish devolution in the United Kingdom, tracing the evolution of the British Labour Party's attitudes towards the issue. I argue that devolution became an integral part of the New Labour platform because it allowed the party to moderate its economic policies to cater to English preferences without losing Scottish votes to the Scottish National Party.

I then develop a formal model representing the challenges a nationalized party faces when trying to win votes in more than one region of a country. I show that a party may be able

to win votes using a combination of policy and political decentralization when it would be unable to do so using a single national-level policy alone. Furthermore, I hypothesize that a nationalized party should be more likely to support political decentralization when the preferences of voters in different regions diverge from each other. After applying this model to the United Kingdom, I explore some of its implications using the cases of decentralization in Spain and Belgium.

The dissertation of Kathryn Tanya Wainfan is approved.

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2018

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CHAPTER 1

Introduction

Since the 1970s, several Western European democracies have either created sub-national governments, or substantially empowered existing sub-national institutions. Belgium transitioned from a unitary state in 1970 to a fully federal country by 1993. In 1999, the United Kingdom created devolved legislatures in Scotland and Wales, and reinstated the Assembly in Northern Ireland. When Spain transitioned to democracy in the late 1970s, each region had the right to create its own parliament. In the following forty years, many of Spain's regional governments have negotiated increases in their powers.

These sorts of institutional reforms are carried out by national-level governments, which presents us with a puzzle. Why do central governments voluntarily give away power? More precisely, modern democracies are organized around and run by political parties, so it is important to take into account the motivations of parties when trying to explain why democracies choose to change political institutions. Operating with the basic assumption that parties want to wield as much power as possible, a party's decision to initiate political decentralization is doubly puzzling. First, decentralization reduces the power a governing party can wield at the national level. Second, by empowering regional governments, decentralization can encourage the growth of regional parties (Chhibber and Kollman, 2004; Brancati, 2008). Regional parties, in turn, may be able to leverage their local voter base and their new-found governing experience into successful campaigns for national-level representation. So, by decentralizing power, nationalized parties may end up fragmenting the party system, reducing their own dominance in the national legislature, and thereby weaken their likelihood of winning national power. In short, devolution shrinks the size of the prize of national governance and may make it harder to win that prize in the first place.

I argue that nationalized parties sometimes offer power to regional governments when voters in different regions cannot be satisfied through a single, national-level policy alone. This occurs when policy preferences in the region are incompatible with those in the rest of the country, and a party that seeks support nationwide cannot satisfy both sets of preferences with a one-size-fits-all policy at the national level. By altering political institutions to devolve some decision-making authority to regional governments, a party may be able to accommodate differing policy preference in different parts of the country or limit the damage to the party's electoral fortunes that such differences could create.

Thus, decentralization effectively allows a party to produce a single national-level policy but realize different regional-level outcomes. This increases the nationalized party's chances of gaining national-election votes in each region while still enjoying control over the policy space that remains under the purview of the national government. In the long run, the danger that regional parties might gain a national-level foothold and force nationalized parties into coalitions may be real. But democratic politics rarely prioritizes the long run. In the short run, devolution may constitute the best option for a nationalized party seeking national-level power, but faced with incompatible demands across regions.

1.1 Decentralization and Devolution Defined

Questions about the meaning, value, and process of governmental decentralization have been the focus of considerable study and analysis. Over the past 50 years, both democratic and authoritarian countries have been decentralizing their governance. As with most political institutions, no two countries institute the concept in the same way. Thus, when one wants to study decentralization, defining what particular aspect we are interested in can be difficult.

Treisman (2007) breaks down decentralization into six categories. Vertical decentralization is the number of tiers or levels of government a country contains. Decision-making decentralization accounts for the levels at which various policy decisions are made. Appointment decentralization focuses on which tier of government selects officials. The more appointments that come from higher tiers of government to lower tiers, the lower the ap-

pointment decentralization. Electoral decentralization measures the proportion of government tiers that directly elect executives or, in the case of parliaments, legislators who then choose an executive from within the legislature. Fiscal decentralization measures “the way tax revenues and public expenditures are distributed among the different tiers (11). Finally, personnel decentralization concerns the distribution of administrative resources, particularly employees, at different levels of government.

Schneider (2003) distinguishes between two different conceptualizations of decentralization. One way of thinking about decentralization is in terms of institutions receiving power and resources. Alternatively, decentralization can be considered in terms of power that is taken away from the central government. He argues that the second approach, while less common, is a better way of understanding decentralization because regardless of where the power goes, it must come from the center. As does Treisman, Schneider distinguishes among different classifications of centralization, presenting three subcategories: fiscal, administrative, and political. All of these types of decentralization refer to the amount of power in a given category is ceded from the central to lower-level governments.¹

Many explanations or descriptions of decentralization assume, at least implicitly, that the extent of decentralization is uniform across a given country; both Treisman and Schneider present data analysis using a country as the basic unit of analysis. However, there has been a recent trend, particularly in Europe, of preferentially decentralizing powers to some regions but not others (Congleton, 2006; Zuber, 2011). Zuber (2011) The Spanish

¹Rodden (2004) differentiates between decentralization and federalism. He writes that “[f]ederalism is not a particular distribution of authority between governments but rather a process – structured by a set of institutions – through which authority is distributed and redistributed (489). Decentralization allows central governments to exercise control over lower levels of government through the allocation or revocation of power but the concept does not address the reciprocal relationship how lower levels of government can control the central. Federalism resolves this disparity by implying that “for some subset of the central governments decisions or activities it is necessary to obtain the consent or active cooperation of the subnational units (489). Most accept a less restrictive set of circumstances that Rodden to classify a country as federal. Riker (1964) defines federalism as “a political organization in which the activities of government are divided between regional governments and a central government in such a way that each kind of government has some activities on which it makes final decisions (101). Riker’s definition does not specifically distinguish between decentralization and federalism, though it is possible to imagine a decentralized system that does not contain regional governments. Lijphart (1979) differentiates the two concepts based on the central government’s ability to reclaim devolved power. A federal system, therefore, is one in which the power of the subnational units cannot be taken away without their consent.

experience provides an apt example. Typically, power is asymmetrically devolved to regions that predominantly contain minority groups. This gives the minority regions a sense of self-determination. However, other regions may then begin to demand decentralization which will reduce the asymmetry of power, causing minority regions to demand yet more decentralization.

1.2 Why Decentralize?

There are several common arguments in favor of decentralization. Many have to do with efficiency. Riker (1964) argued that federalism was an alternative to empire when there was a need to aggregate different areas over a large distance under a single government. Simply from a practical standpoint, it would be hugely inefficient to try to manage the day-to-day needs of all of the regions in a significantly large country. Indeed, many of the worlds largest countries are either federal or significantly decentralized.²

The efficiency argument also pertains to the provision of public goods. Different regions can have different demands for various public goods as well as different costs for providing them. Instead of implementing a one-size-fits-all national policy, the central government can devolve powers to local governments, which will then tailor the level of public goods they provide to the unique circumstances of their region (Hamlin, 1991; Oates, 1999).

Another common argument in favor of political decentralization involves preserving limited government. By delineating the powers awarded to each branch of government, local governments can prevent central ones from overstepping and thereby defend their citizens from abusive central rulers. Similarly, if local governments are abusing their power, citizens can move to a different region with less oppressive policies within the same country. This is considerably easier than moving to a new country (Treisman, 2007). Furthermore, decentralization can allow voters to exercise a more nuanced accountability by holding the officials in each level of government responsible for their respective tasks (Rodden, 2006).³

²These include Russia, China, the United States, Australia, and India.

³This argument assumes a certain level of electoral decentralization.

Decentralization may result from state-building or state-preserving motivations. The United States, Australia, Canada, and the former Yugoslavia are among the many federal countries forged from unions of several previously sovereign units. These units gave up some of their individual sovereignty in exchange for other benefits such as collective security or economies of scale. Stepan (1999) calls this process “coming-together federalism. Given that regions in these types of states chose to give up power, the relevant question is less “why decentralize? and more “why centralize?”

In contrast, other countries began as unitary systems and decentralized over time. Typically these countries have always been multicultural, even if unitary. Spain and Belgium are exemplars of such “holding-together federalism, a compromise between unionists and would-be separatists. Similarly Lijphart (1979) studies consociational federalism, in which minority interests in plural societies can be protected by creating subnational governments that primarily represent a specific ethnicity or interest. Stepan and Lijphart specifically address federalism as a means of the coming or holding together of states, but their arguments apply as well to states that are non-federal, but nonetheless decentralized.

A new branch of literature is beginning to examine the party political motivations behind decentralization. To begin with, political parties can increase the salience of regional issues, thereby encouraging decision makers to put the issues on the agenda. Many instances of territorial institutional change have coincided with efforts by regionalist parties to achieve local self-governance (Toubeau and Massetti, 2013).

Different types of parties can have different motivations that can lead to decentralization. Opposition parties in the national government may express support for devolution, particularly for regions in which they are electorally strong, in an effort to woo voters away from regional parties (Sorens, 2009; Mazzoleni, 2009). It is not clear how effective this strategy is, however, as there is evidence to suggest that decentralization actually increases the electoral success of regional parties and support for secessionist movements (Brancati, 2008; Massetti and Schakel, 2013). O’Neill (2003) argues that political parties with concentrated pockets of support and low expectations of gaining the national presidency will be more likely to want

to decentralize.⁴ This allows the parties to enjoy significant power in certain regions without having to gain national office.⁵

1.3 How Does Decentralization Happen?

My study does not challenge any of the received wisdom concerning the tradeoffs implied by a decentralized form of government. Instead, I focus on the conditions under which devolution is likely to occur. Even if, on balance, a decentralized institutional structure would be superior to a centralized one in certain contexts, it is not automatic that devolution will follow.

I draw on the literature that connects institutional structures to party systems. Chhibber and Kollman (2004) find a strong relationship between the concentration of power at the national level and the nationalization of party systems. As power becomes more concentrated at the national level, politicians have increased incentives to coordinate across regions, and party systems tend to become more nationalized (Brancati, 2008; Hicken, 2009). Alternatively, as power is deconcentrated and local politics becomes more important, party systems tend to become less nationalized and regional parties have greater success.

The logic linking power concentration with party nationalization proceeds as follows. A party label serves as an ideological shortcut for voters by creating a “brand name” for a group of politicians (Downs, 1957; Cox and McCubbins, 2005). When choosing which party to join, a candidate must decide what message she wants to send to the voters. The party nationalization literature argues that parties will want to organize based on the level of government that voters care about most. As the national-level government holds more political power, the voters should be more likely to cast their votes based on parties’ national-level policies. In such a case, candidates can benefit from coordination across districts.

⁴See Sorens (2009) for a similar argument regarding parliamentary systems.

⁵This argument requires that these parties must gain some power in the central government before they can initiate these reforms. O’Neill acknowledges this, but argues that it is possible for parties to gain the presidency through unique or fluke circumstances while simultaneously believing they have little chance of winning again in the next election.

Economies of scale allow candidates from the same party to communicate their messages more effectively and efficiently, increasing the probability of gaining votes.

Cross-district coordination can also provide benefits for candidates once elected, because of the advantages to belonging to the largest group in the government. In a parliamentary system, the largest party usually becomes the formateur, earning the first chance to form a government. The common pattern of allocating cabinet portfolios relative to a party's seat share in the parliament also provides an incentive to consolidate into a larger group (Gamson, 1961; Chhibber and Kollman, 2004; Brancati, 2008; Hicken, 2009). When campaigning, candidates want to signal to voters that they are likely to be part of a governing party and joining a large party helps to communicate this. As these incentives align and cross-district coordination increases, party systems become nationalized (Chhibber and Kollman, 2004; Hicken, 2009).

If power is concentrated at the national level, even politicians running in regional or local elections benefit from attaching themselves to a national party label. Alternatively, if power is allocated mostly to sub-national governments, voters may cast their ballots based predominantly on local issues. In these instances, there are fewer advantages to coordinating beyond the local level. In a reversal of the pattern seen when parties nationalize, national-level politicians may wish to take sub-national party labels to communicate the sub-national groups they will be serving with if elected (Chhibber and Kollman, 2004).⁶

The party nationalization literature treats political institutions – specifically, the concentration of policy-making power – as the key explanatory variable to predict party system organization, taking institutions as exogenous. But institutional structure, while “sticky, is not fixed. In fact, I argue that institutional structures, even those enshrined in constitutions, are endogenous to party strategies. Short of revolution, decentralizing institutional changes

⁶Authors have established the correlation between the centralization of power and the nationalization in several ways. Chhibber and Kollman (2004) compare the number of parties nationally and in each district. Countries with more nationalized party systems should have a relatively equal number of parties at both levels. They find that as economic decision-making power becomes more centralized at the national level, the difference between the numbers of parties locally and nationally declines. Looking at the reverse pattern, Brancati (2008) shows political decentralization increases the vote shares of regional parties in national-level elections. Hicken (2009) finds that party systems nationalize if power is concentrated at and within the national-level government.

must be enacted by national governments, and by extension, by the party or parties that control national governments. Why would the party that has just won the prize of controlling all decision making in a centralized power structure choose to surrender some of that prize by devolving power to sub-national governments? It would seem that nationalized parties should be reluctant to reduce the powers of the national government. However, decentralizing institutional reforms in Western Europe have often been proposed or supported by the very parties that stand to lose the most from them. Why?

In this dissertation, I argue that despite the potential long-term drawbacks to nationalized parties, decentralization can be beneficial in the short term as an electoral strategy when faced with different competitors in different regions. If a nationalized party competes with more than one opponent, it may find its policy platform pulled in mutually exclusive “directions. By trying to create policy to compete with one party in one region, the nationalized party may move its platform away from the preferences of voters in another region and risk losing votes to its competitors there. By devolving certain decision-making powers to sub-national governments, effectively removing some irreconcilable policy decisions from the national agenda, a party can offer a range of political outcomes to different regions. With the traditional assumption that voters support incumbents if they feel their policy preferences satisfied, the devolving party increases its chances of winning votes in the devolved regions and thereby retaining power at the national level.

1.4 Plan of the Dissertation

In the next chapter, I present a narrative history of the British Labour Party and its stance on Scottish devolution over time. I argue that Labour’s support for devolution increased as it faced growing pressure from the Scottish National Party (SNP) in Scotland but the Conservatives remained Labour’s main competition in England. Unable to challenge both the left-leaning SNP and the right-wing Conservatives with policy alone, the “New Labour platform introduced in 1994 moved Labour’s national-level social and economic policies closer to those of the Conservatives but also implemented devolution of many of these issues to

Scotland.

I generalize my argument in chapter 3 with a formal model exploring the strategic logic driving a nationalized party's decision to devolve power. From this model, I hypothesize that nationalized parties should be more willing to introduce decentralization as the preferences of voters in different regions diverge from one another. In chapter 4, I return to the British case, using the lens of the formal model to explain the Labour party's evolving strategies.

I expand beyond the United Kingdom in chapter 5 and examine decentralization in Spain and Belgium. I argue that Spain's nationalized parties may use decentralization as a way to ensure minority government survival. I find that minority Spanish governments at the national level are more likely to devolve powers to regional governments than their majority counterparts, particularly when the Catalan regionalist party supports the government during an investiture vote. Alternatively, the Belgian case illustrates a different solution to the problems parties face when trying to accommodate differing regional preferences – party denationalization. As political disagreements between Flemish and Francophone Belgians increased in the 1960s and 1970s, Belgium's nationalized parties found themselves unable to address the concerns of each group simultaneously and split into independent regional parties. Finally, in chapter 6 I recapitulate my argument and suggest extensions for further research.

CHAPTER 2

A History of British Devolution

The United Kingdom is a so-called “country of countries” with four constituent parts— England, Scotland, Wales, and Northern Ireland. England, with roughly 83% of Britain’s population historically held the majority of power both economically and politically. During several periods British history, tensions arose due to the power imbalance between England and other countries in the U.K. While some of these tensions resulted in violence in the past, in recent years conflicts mostly have taken place within the political sphere.

2.0.1 Background

The United Kingdom has a bicameral national-level parliament, with the House of Commons as the lower house and the House of Lords as the upper chamber. The House of Commons serves as the main legislative body after reforms in the early 20th century that removed much of the House of Lords’ power. Members of the House of Commons are elected via plurality rule. The non-partisan Electoral Commission sets constituency borders such that MPs represent roughly equal proportions of the population.¹ This also means that, since World War II, MPs representing English constituencies occupied roughly 80% of seats in the Commons.

Since 1945, two nationalized parties dominated Westminster— the center-left Labour Party and center-right Conservatives, also known as the Tories. Nearly every government from the end of World War II enjoyed a single-party majority, each led by either a Labour or

¹For many years, Scottish and Welsh MPs represented relatively fewer people per constituency than English MPs but within each country, MPs represented approximately the same number of constituents.

a Conservative prime minister.² In Scotland, the Scottish National Party gained prominence in the 1970s and led governments in Scotland since 2011. The Welsh Nationalists, *Plaid Cymru*, play a role in Welsh politics but never posed a significant threat to Labour.

Debates over Scottish Home Rule, and later devolution, entered British politics periodically for at least 140 years. Nonetheless, it took until 1999 to establish devolved legislatures in Scotland and Wales.³

In this chapter, I trace the evolution of the attitudes and policies towards devolution within the Labour Party— one of Britain’s main nationalized parties— focusing primarily on Scotland.⁴ I argue that as partisan preferences among voters in Scotland and England diverged, the Labour Party faced competition from opposite ends of the political spectrum in each region. In particular, I argue that the policies implemented during the Conservative governments from 1979 to 1997 widened the gap in preferences between the median Scottish and English voters. Furthermore, because the Conservative governments during this period achieved majorities in the House of Commons without support from Scottish MPs, Conservative strategists could focus their campaign tactics to target Labour seats in England. In contrast, the strong Conservative support among English voters increased the importance of Scottish seats in the House of Commons for any prospective Labour government. Increasingly during this period, Labour’s main competition in England came from the Conservative party, which advocated strong free market policies and minimal social spend-

²In February, 1974, the Labour Party formed a single party minority government. After elections in October, 1974, Labour gained a slim majority, but lost majority status in 1976 due to by election defeats. From 2010 to 2015 the Conservatives and Liberal Democrats formed a majority coalition government. Lastly, in 2017, the Conservatives formed a minority government, supported by the Northern Irish Democratic Unionist Party.

³After the Irish War of Independence from 1919 to 1921, Northern Ireland remained part of the United Kingdom. The British government created the Parliament of Northern Ireland in 1924 with the power to legislate on a wide range of issues. Due to increased sectarian violence in the 1960s, the British government suspended the Parliament of Northern Ireland in 1972. Part of the peace agreement, signed in 1998, included the establishment of a Northern Irish Assembly.

⁴While I briefly address Welsh devolution, I do not include Northern Ireland as part of my argument. Northern Irish politics diverges significantly from politics in the rest of the United Kingdom— Britain’s nationalized parties do not run in Northern Ireland, instead, unique Northern Irish parties formed based on Unionist/ Republican cleavages rather than the economic and social cleavages in England, Scotland, and Wales. Devolved institutions in Northern Ireland serve to create cooperation between Unionists and Republicans following more than two decades of violent conflict.

ing. In Scotland, the Scottish National Party threatened Labour from the left. Therefore, to win elections Labour policy needed simultaneously to move to the right to win England but stay leftward to win Scotland. In order to win power, Labour's leader Tony Blair radically reformed the party. As part of a "New Labour" Blair and his team moderated many of the party's economic and social policies. In addition, the party's manifesto included a promise to create devolved legislatures in Scotland and Wales. Devolution provided Labour policy makers with the ability to move two directions on one political dimension. Labour appealed to Scotland and Wales by devolving certain policy areas to the control of regional assemblies while at the same time winning England by moderating economic and social policies in its national-level policies.

2.1 Scottish and English Relations

The United Kingdom formed in 1707 when the Parliaments of England and Scotland each passed the Acts of Union, agreeing to merge the two kingdoms into a single political entity.⁵ The agreement granted protections for the Church of Scotland and maintained Scotland's legal system, distinct from English common law (Kellas, 1989). Since then, the British government sometimes implemented policies acknowledging Scotland's unique position within the Union. In 1885, the government created the Scotland Office, giving the Secretary of State for Scotland ministerial responsibility for all domestic matters as they affected Scotland (Tomaney, 2000).⁶

⁵From the death of Elizabeth I in 1603 until the Acts of Union, the kingdoms of England and Scotland shared the same monarch but remained separate countries, each with its own parliament. English monarchs effectively controlled Wales from the 13th century, the Laws in Wales Acts in 1536 and 1543 integrated Wales into the English legal system (Members' Research Service, 2007)

⁶While the creation of the Scotland Office increased the potential to accommodate differing preferences between English and Scottish voters when they arose, the Office remained part of the national-level British government. This meant there was no obligation for the Secretary of State for Scotland to represent a Scottish constituency.

2.2 The Home Rule Movements and Nationalist Parties

In the late 19th century, the Scottish Home Rule Association formed to advocate for a Scottish Parliament. Members of the group perceived increasing English dominance in British politics and advocated creating a Scottish Parliament to counteract this (Lloyd-Jones, 2014). In 1888, Home Rule for Scotland became the official policy of the Scottish Liberal Party, the dominant political force in the country at the time. The first bill for Scottish Home Rule came to the floor of the House of Commons in 1889, with several more in the following 25 years. While a bill proposed in 1913 reached a second reading, none made it to a final third reading (Keating and Bleiman, 1979). After World War I and the formation of the Irish Republic, the Scottish Home Rule and devolution movements suffered several identity crises and resulting political conflicts. Should Scotland have Home Rule or Dominion status? Was the goal economic freedom, increased autonomy, or complete independence? Should the movement be an independent entity or subsets of groups and parties in Scotland (Keating and Bleiman, 1979; Mitchell et al., 2012)?

Following the Industrial Revolution, Scotland's economy relied significantly on capital goods and heavy industries such as steel production and ship building. These sectors saw significant decline during the Great Depression. The combination of industrial decline and internal emigration to England meant that by the mid 1930s, Scottish income per capita was 87% of that in England (Keating and Bleiman, 1979). The Scottish National Party (SNP) formed in 1934 when two nationalist parties joined together.⁷ SNP candidates ran in six Scottish constituencies in the 1935 election but failed to gain any seats. The SNP failed to provide credible plans to address economic issues and so gained few votes in elections. (Begg and Stewart, 1971). Additionally, support for nationalism likely decreased in the 1930s in the face of increasingly fervent nationalist rhetoric on the European continent.

Labour's stance on the Home Rule issue gradually shifted from relatively favorable to indifferent or even antagonistic. As the economic depression took hold, Labour policy shifted

⁷The National Party of Scotland, founded in 1928, primarily consisted of students, particularly those at the University of Glasgow. In contrast, the Scottish Party, founded in 1932 aristocratic roots, gaining its support in certain parts of the Highlands among land owners (Begg and Stewart, 1971).

away from supporting Home Rule. Instead, members of the Labour Party argued that the Scottish economy needed resources from the rest of the U.K. to rebuild. The poor performance of the SNP in 1935 accompanied by an increase in the powers of the Scotland Office in Parliament meant support for Scottish nationalist movement as a whole declined (Finlay, 2004).

2.3 Post WWII Changes

The height of two-party politics in Great Britain followed the Second World War as the Conservative and Labour Parties competed for control.⁸ Indeed, these two parties accounted for no less than 89% of votes during elections between 1950 and 1959.⁹

In 1945, the newly elected Labour government responded to the massive infrastructural damages during World War II by implementing strong, centralized state-planning to rebuild and provide social services. Support for devolution in Scotland decreased as Labour's policies proved successful. The Labour Party formally opposed devolution during this time, citing instead the need for centralized planning to sustain and grow the British economy (McLean, 2004). In Scotland, SNP candidates opposed the centralizing proposals of the Labour Party, but had few suggestions to replace them. Instead, the SNP's platform seemed to present a Scottish Parliament as a panacea (Lynch, 2002).

The 1950s brought significant support for the Conservatives in Scotland. As more voters held skilled jobs and felt greater economic security, Labour's traditional base of support declined (McLean, 2004). In 1955, Conservatives spun Labour's dedication to nationalization of major industries as anti-Scottish, weakening Labour support in Scotland (Cameron, 2010). As a result, the Conservatives won a majority of votes in Scotland, the only party to do so between 1945 and 2015.

⁸Until 1965, the Conservative Party did not run in Scotland. Instead, the Unionist Party, which had its own finances, officers, and members ran in Scotland and took the Conservative whip in the Parliament (Hopkin and Bradbury, 2006). In my analyses, I treat the Scottish Unionist Party as the Conservative Party.

⁹When including the Liberals, this figure rises to 99%.

By the early 1960s, the post-war boom disappeared– the recession particularly effected heavy industries so the Scottish economy suffered. In addition, Conservative governments in the 1950s introduced legislation aimed at reducing the size of the public sector. The combination of lower employment and less job security along with a reduced public sector to cushion these blows decreased support for the Conservatives in Scotland and the Labour party began its rise as the dominant party in Scottish politics (Cameron, 2010).

Labour policy still focused on centralization, with Labour’s leaders operating under the assumption that talk of devolution and Scottish nationalism resulted from economic concerns, rather than an inherent desire for Scottish autonomy (Keating and Bleiman, 1979). Thus, Labour’s leaders believed the gains from a successful economy based on “regional planning” would limit support for Scottish nationalists.¹⁰ Indeed, this view characterized much of Labour’s attitude towards Scottish nationalism until the 1970s. In 1963, the Scottish Conference of the Labour Party published its “Signposts for Scotland”. In it, the authors declared that “[e]very thinking Scot knows in his heart what Scotland needs now is the socialist policy of planned industrial expansion,” (McLean, 2004, p. 39).¹¹

At the same time, Labour leaders highlighted Scotland as a distinct entity when the move suited them politically. While in opposition from 1959 through 1964, Labour shadow ministers accused the Conservatives of neglecting Scottish economic concerns. Labour governments also implemented distinct administrative policies for Scotland on several key government functions including education, housing, and the NHS (Dorey, 2008).

¹⁰The policy included creating regional planning boards under the guidance of the Ministry of Economic Affairs and, in Scotland, the Secretary of State for Scotland. These planning boards were not limited to Scotland, but to be implemented throughout the U.K. The 1964 manifesto also proposed creating a Secretary of State for Wales to oversee Welsh regional planning boards among her other duties (The Labour Party, 2000).

¹¹Until 1994, the Scottish branch of the Labour Party was called the Scottish Council of the Labour Party, in 1994, the group became the Scottish Labour Party.

2.4 Return of the Devolution Debate, 1967 - 1979

Support for the SNP grew starting in the mid 1960s. In 1967, the SNP candidate won a by election in Hamilton and became the second MP in the party's history.¹² Labour strategists considered Hamilton a safe seat– the Labour candidate in 1966 won nearly two-thirds of the vote (Cameron, 2010).¹³ Therefore, the SNP's victory the next year sent a threatening message to the Labour Party in Scotland.

Other SNP successes during this period caused concerns for those within Scotland's nationalized parties. Scottish Nationalists fared well in the 1968 council elections and other by elections for parliamentary seats. While Hamilton had been a Labour dominated constituency, the Conservatives suffered many setbacks from the SNP's increased popularity. In 1966, the Conservatives earned their lowest vote share in Scotland in nearly 30 years. Nonetheless, many in the Labour leadership saw the SNP as a threat. In the October 1974 election, the SNP came second in 35 of the 41 seats Labour won in Scotland. Michael Foot, Scottish MP and then Secretary of State for Employment, said that he was more concerned about the SNP's strong showing in Labour constituencies than the 11 seats the SNP gained in 1974 (Cameron, 2010).

There is some question among political analysts regarding the timing of the SNP's rise in popularity, as no clear impetus directly connects to a rise in overall nationalist sentiment in Scotland during this period (Hutchison, 2001). Across all of Great Britain, class and religious-based partisan alignments began to diminish (Butler and Stokes, 1974). This meant that Labour and Conservative leaders could no longer rely on retaining seats in their traditional strongholds. Additionally, voters experienced growing disillusionment with both Labour and the Conservatives. The Tories, losing ground in Scotland since the 1955 victory,

¹²The first SNP MP was elected in April 1945, following the death of the Labour MP for Motherwell, James Walker. During World War II, the leaders of the major U.K. parties agreed to not compete with the incumbent party during by-elections. Therefore, only candidates from the SNP and Labour ran. The SNP candidate won 51.4 % of the vote against Labour's 48.6%. Labour regained the seat in the general election three months later. (Addison, 1973)

¹³No SNP candidate ran in Hamilton during the general election. In 1966, the Labour candidate received 71% of the vote, reduced to 41.5 % in 1967. The Conservative candidates went from 29% to 12.5% (Cameron, 2010).

had a growing image as an English party. Opinion research commissioned by the Conservative Party found that “[The party] is thought to be out of touch, a bastion of ‘foreign’ (English) privilege, Westminster orientated, [and] associated with recalcitrant land owners.” (Cameron, 2010, 283). Adding to this growing disillusionment, neither Labour nor Conservative governments provided the social policy or economic benefits their leaders promised. Unemployment rose throughout the U.K. during this period, particularly in Scotland (Ben- nie et al., 1997). The dominance of two-party politics diminished throughout Great Britain in the 1960s and 1970s as this disillusionment grew. The Liberal Party received a greater share of votes in England during the 1960s compared to the previous decade. In Scotland and Wales, nationalist parties provided an alternative anti-establishment vote (Cameron, 2010).

Specific to the SNP itself, local SNP leaders and political candidates were generally much younger than their Labour or Conservative counterparts. This may have appealed to the younger voters, a larger proportion of the electorate as the post-war generation came of age (Mitchell et al., 2012). With the discovery of oil off the Scottish coast in 1969, the SNP gained a new issue to rally around.¹⁴ The wealth that could accrue from these oilfields provided Nationalists with a counterargument to the belief that an independent Scotland was not economically viable. The SNP’s famous campaign slogan “It’s Scotland’s Oil” highlighted the party’s argument that the English-led government in Westminster deprived Scotland of money that could be put towards revitalizing the Scottish economy and provide for improved social services and housing (Lee, 1976).

Fearing further encroachment of the SNP into Scottish politics, in 1968 Labour Prime Minister Harold Wilson announced that the government would form a Royal Commission to investigate constitutional changes to the British government’s structure. The government formed the Kilbrandon Commission to examine the functioning of the government in relation to the “several countries, nations, and regions of the United Kingdom” and to consider whether changes to the “local government organisation [and] the administrative

¹⁴These oilfields technically lie in international waters but a series of bilateral treaties in 1965 effectively gives the U.K. control of the area (Lee, 1976).

and other relationships between various parts of the United Kingdom” would be beneficial (Daintith, 1974). Many believe that the Labour leadership created the commission primarily so that it would appear to be addressing nationalist concerns without actually having to do anything— Scottish Secretary Willie Ross reportedly believed the Commission would help “kill devolution” (Drucker and Brown, 1980). First, it took more than four months between the government’s announcement and selection of commissioners. Second, the wide-ranging remit of the Commission suggested the government had few specific ideas or concerns on the issue. Additionally, the government made no effort to coordinate the committee’s actions with two ongoing inquiries into the structure and functions of local governments in England and Scotland (Drucker and Brown, 1980; Bogdanor, 1999).

The commission took evidence from many representatives of Scottish Labour but found little support in favor of creating a devolved legislature. Scottish Labour Secretary Willie Marshall denied a need for a Scottish assembly because he believed Scotland did not have a unique political culture. Labour’s Scottish Executive submitted an official statement to the Commission saying that a devolved legislature in Scotland would only be a short-term solution to rising nationalism and would “inevitably create the wrong intellectual environment for the methods we require” (Dorey, 2008, 216). Instead, the party argued, the best solutions came from “firm government from Westminster” and allowing greater power for existing local governments (*Ibid.*).

The commission also investigated the potential repercussions of a Conservative-controlled Scotland Office in Westminster despite declining support for the party in Scotland. John Pollock, the Chair of Scottish Labour dismissed the situation, calling it “hypothetical and almost impossibly extreme” (McLean, 2004). Twenty years later however, Scottish Labour warned against a “doomsday scenario” in which the Conservatives stayed in government without having any seats in Scotland.

The commission’s broad remit meant that the final report published in fall 1973 had varied and unclear recommendations. In general, the majority report indicated a belief that the people could benefit from the creation of devolved assemblies in Wales and Scotland, However, it was crucial that “the essential unity of the United Kingdom” remained. Therefore,

the commissioners rejected outright the idea of independence for either nation. The report stated that most Scottish and Welsh citizens were proud of being both Scots or Welsh as well as British, and independence would thereby deny these citizens a part of their identity (Drucker and Brown, 1980).

The commissioners also rejected the idea of federalism, in which “sovereignty is decided between two levels of government... Each within its own sphere exercises its power without control from the other and neither is subordinate to the other” (Drucker and Brown, 1980). There would be several problems associated with a federal Britain, the authors argued. First, the commissioners pointed to the difficulties sub-national governments were having in existing federal systems. Because the national-level government typically had stronger tax-raising powers, sub-national governments found themselves dominated by the national level. Second, because England is so much bigger than Scotland or Wales, federalism could lead to English domination. Finally, the commission believed that implementing federalism would necessarily require creating a written constitution—this was not compatible with the long-standing unwritten British Constitution (Drucker and Brown, 1980).

The majority of commissioners recommended creating single chamber Assemblies, elected by single transferable vote or alternative vote with fixed four-year terms. These legislatures should have the power to determine policies in the issue areas expressly allowed.¹⁵ The British Parliament, however, would keep the right to veto or impose legislation under “exceptional circumstances”. The commissioners felt that the easiest issues to devolve were those already under the purview of the Scottish or Welsh Office but that the most challenging issues would likely be centered around trade and industry or social security.

The commissioners from the majority report did not believe devolution was appropriate for England but this left the question of what roles Scottish and Welsh MPs should take in the House of Commons. The report included a recommendation to give all MPS full rights within the Commons—determining which issues certain MPs could be excluded from on the basis of devolution would simply be too complicated. However, the report also noted that Scottish

¹⁵The alternative is to reserve powers for the central government and allow regional assemblies to legislate on all other matters.

and Welsh citizens were technically *over* represented in the House of Commons because each English MP represented more people than each Scottish or Welsh MP. Given that English MPs vastly outnumbered MPs from other parts of the U.K., the commissioners saw little objection to the situation. However with Scottish and Welsh devolution implemented, the commissioners believed that a larger proportion of the schedule in the British Parliament would be devoted to matters that only affected England. Thus, the issue of relative under representation of the English could become more pressing. The relative workloads of MPs from different regions would also change. Devolution would lessen the load for Scottish and Welsh MPs regarding certain constituency-level concerns— these issues could be addressed by representatives in the devolved assemblies. In turn, these MPs would be able to take on more responsibilities in the House of Commons, giving them more power in the policy-making process. Therefore, the commissioners suggested reducing the number of MPs from Scotland and Wales but declined to state by how much, saying that it should be relative to the powers devolved (Royal Commission on the Constitution, 1973).

Days before the release of the report, the Labour Party published a booklet again opposing devolution. The timing of the report's release created a challenge for policy makers in the Labour party. With an election due early the next year, decision makers had little time to decide on the party's response to the commission's recommendations. On the one hand, supporting devolution as laid out in the report might stave off the threat from the SNP. On the other hand, testimony to the commission clearly indicated that many in Scottish Labour opposed such constitutional revisions. Therefore, supporting devolution risked angering Labour's existing supporters in Scotland. Thus, what could be gained on one side from the SNP might be lost on the other to the Conservatives or Liberals. Instead, the Labour leadership did nothing. No mention of devolution or the Kilbrandon Commission made its way into Labour's election manifesto in early 1974. Indeed, the document included only one mention of Scotland, promising that "[r]evenues from Scotland will be used wherever possible to improvement conditions in Scotland and the regions elsewhere in need of development" (The Labour Party, 1974).

The results from the general election in February left Labour 17 seats short of a majority

and Labour's leader Harold Wilson formed a minority government. Despite gaining control of the government and 20 seats in England, Labour's Scottish results were not auspicious as the SNP increased its vote share by more than 10% as compared to 1970.

With the survival of minority government by no means assured, new elections loomed. Ignoring the devolution question would only give fuel to the Scottish National Party, and Labour could not afford to lose any seats in a future election. The Queen's Speech in laying out the government's agenda for the parliamentary session included a commitment to publish a White Paper and a bill on devolution.

In June, 1974 the minority Labour government published a discussion paper laying out five possible plans for devolution and gave citizens one month to submit their input. In August, the members of Labour's National Executive Committee voted to overturn the party's policy and instead support establishing devolved assemblies (Jones and Keating, 1982).

Three weeks before the October 1974 election, the government published a White Paper laying out its basic proposals for devolution. Both Scotland and Wales would be granted directly elected Assemblies, but elected via the majoritarian first-past-the-post system rather than the more proportional single transferable vote system members of the Kilbrandon Commission favored. Legislative powers would be devolved to the Scottish Assembly, but the Welsh Assembly would only have executive powers. Additionally, the White Paper proposed that the number of Scottish and Welsh MPs could remain unchanged in the House of Commons. Additionally, the government said that the Secretaries of State for Wales and Scotland would remain in the Cabinet (Bogdanor, 1999).

In its February manifesto, the Labour Party ignored the issue of devolution. In October however, Labour promised to create directly elected assemblies in Scotland and Wales. Labour gained 20 seats total, including four in Scotland resulting in a three seat majority in the House of Commons. Scottish seats, therefore, were crucial to the Labour Party's ability to maintain a majority government.

After consultation with many committees and government departments, the Government

published a White Paper in November 1975 laying out its plan for devolution in more detail. There were several problems with the White Paper that would be highlighted as devolution legislation progressed. Lord Crowther-Hunt, member of the Kilbrandon Commission and the consulting Constitution Unit attributed these problems to apathy among the government's ranks. Government ministers often failed to attend the many committee meetings held to discuss the options available, thereby leaving much of the decision-making power to members of the civil service (Drucker and Brown, 1980). Indeed, the move to create devolution seemed to be one of pragmatism rather than principle. While the Scottish Conference of the Labour Party debated the issue of devolution, the matter was never discussed in a national Labour Conference (Drucker and Brown, 1980). Wilson reportedly found the issue "boring", an opinion shared by many other in the upper echelons of the Labour Party (Jones and Keating, 1982).

In its White Paper, the government pledged to maintain the "political and economic unity" of the United Kingdom, defining political unity to mean that "the Government of the day must bear the main responsibility to Parliament for protecting and furthering the interests of all" (Lord President of the Council, 1975, par. 19). In particular, the government should be responsible for ensuring national security, maintaining international relations and relations with the EEC, maintaining a framework for law and order, and ensuring the basic rights of British citizens. Economic unity included monetary and trade policy as well as Government control of national taxation and total public expenditure. Indirectly addressing the SNP's stance that North Sea Oil revenues should go towards Scotland, the paper stated that financial resources should be distributed "not according to where they come from but according to where they are needed" (Ibid, par. 20).

These proposals included something for everyone to dislike. Strong pro-devolutionists found fault with the the lack of financial control within the proposed assemblies. Anti-devolutionists believed the provisions gave away too much power and that devolution was the first step in a path towards the breakup of the U.K. (Drucker and Brown, 1980). Some English MPs, particularly those representing northern constituencies, expressed concerns that devolution for Scotland and Wales would reduce support for economically deprived

areas in England and favored implementing devolution to English regions as well.

In the end, the government, under the leadership of Welsh MP James Callaghan from 1976, released a Supplementary Statement to the White Paper in August 1976. In it, the government altered its policies by proposing that the Cabinet Secretaries for Scotland and Wales have less power over devolved assemblies than originally recommended. Additionally, the district magnitude of the assemblies would be raised to two in most constituencies and three in larger ones

On November 29, 1976 the Leader of the House of Commons, Michael Foot introduced the Scotland and Wales Bill, but many inside the Labour Party still held reservations. So many MPs felt a need to give their input that the beginning of the bill's second reading, the Speaker of the Commons indicated "it would have been easier for me on this occasion if right hon. and hon. Members who did not wish to speak had dropped me a line" (*Hansard*, 13 December 1976 col 974).

Several major themes developed during these debates. Unfortunately for the government, many of the issues that arose had opponents on both sides. Ultimately, MPs who supported the bill often did so reluctantly, either because it was the most they could get or because the alternative was worse.

The overarching issue was a question of whether the government should implement devolution at all. Several argued that, even if the powers the assemblies were granted were small to begin with, it was the thin edge of the wedge. Nationalists would invariably demand more powers for the assemblies and the ultimate result could be the dissolution of the United Kingdom.

Alternatively, MPs from the Liberal Party along with Welsh and Scottish nationalists claimed that the proposals did not go far enough. The Liberal leadership favored devolving financial authority to the assemblies as well as electing representatives for the legislatures via proportional representation (Bogdanor, 1999). Proportional elections clearly gave an advantage to the Liberals as compared to first-past-the-post. Liberal candidates were often disadvantaged by first-past-the-post system used to elect members of the House of Commons.

First-past-the-post systems favor larger parties and parties whose voters are geographically concentrated (Taagepera and Shugart, 1989). For example, in October, 1974 the Labour Party won half of the seats in the House of Commons with only 39% of the total votes in the country. Alternatively, Liberal candidates garnered 18% of the votes in the same election but only won 2% of seats. Therefore, allowing proportional representation in the Assemblies was likely to significantly boost the Liberal Party's power at the expense of the Labour and the Conservatives. Devolving financial authority to a proportionally elected assembly would further strengthen Liberal influence. This fits with some authors' arguments that opposition parties will favor devolution when the leadership believes there is a low possibility of gaining power nationally (O'Neill, 2003; Mazzoleni, 2009; Sorens, 2009).

MPs expressed two concerns regarding the financial implications of devolution. The first concern related to the cost in general—many Conservatives said devolution would cost more than if all decisions were made at national level. The second was the issue of taxation. The bill did not devolve any tax raising powers to the Assemblies. Instead, their budgets would come from yearly block grants from the Government. Some argued that without taxation powers, the Assemblies would have very little control over the policies they could make. Others argued almost the opposite—without taxation powers, the Assemblies would be able to make policies without regard to the potential financial consequences.

As Leader of the Opposition, Margaret Thatcher disagreed with the devolution in part because it would split the Royal Prerogative. The Royal Prerogative describes a set of powers that the Monarch may exercise at her sole discretion. Over time, these powers have mostly been delegated to the Cabinet, but not to the Parliament as a whole. Thus, the Cabinet is able to exercise certain powers without Parliamentary approval (Ministry of Justice, 2009). Granting executive powers to a Scottish Assembly, therefore, would be changing a “basic reserve power in the constitution” (*Hansard*, 13 December 1976 col 1002).

Debates on the bill also frequently brought up the “West Lothian question” – coined after West Lothian MP Tam Dalyell. Dalyell, a Labour MP and staunch anti-devolutionist repeatedly raised the question of the role that Scottish MPs would play in the House of Commons after devolution. With no devolution for England, Scottish and Welsh

MPs would be able to influence legislation that only applied to England but English MPs would not have similar powers over Scottish and Welsh policy.

The government's difficulty in passing the bill came in part because it tried to introduce both Scottish and Welsh devolution with the same piece of legislation. Problems arose because of the differences between each country's legal history and the opinions of its voters and MPs.¹⁶ In general, members the Scottish wing of the Labour Party favored devolution than their Welsh colleagues. Similarly, polls indicated that a majority of Scottish voters favored devolution but a majority of Welsh voters did not. The differing sets of powers for the Scottish and Welsh Assemblies complicated the bill and introduced more issues for debate. Several MPs also raised concerns about what would happen if, during a referendum, voters in one region approved devolution and voters in another rejected it. Would it be legal for only certain portions of the bill to become law, or would another have to be introduced and passed?

It is also important to note that these debates took place during the early years of a period of violence in Northern Ireland known as the Troubles. When the Republic of Ireland split from the United Kingdom in 1922, six of the island's northern counties remained part of the U.K. as the country of Northern Ireland. The British Government created the Parliament of Northern Ireland in with control over a wide range of issues. A series of discriminatory practices meant that Protestant loyalists held control of the Parliament and local councils, despite a near even split between Catholic republicans and Protestant unionists in Northern Ireland as a whole (Mulholland, 2002).¹⁷

The Troubles began with the formation of the primarily Catholic Northern Ireland Civil Rights Association (NICRA) in 1966. Along with other loosely formed groups, the NICRA organized protests around Northern Ireland, some of which resulted in riots and police brutality. In response, an extreme wing of loyalists launched counter-demonstrations and mounted

¹⁶The Welsh have no significant history of an independent church or legal system, fewer issues were to be devolved to the Welsh Assembly than to the Scottish Assembly

¹⁷These practices included gerrymandering of council and parliamentary constituencies, selective franchise, housing policies, and unofficial employment policies. See Mulholland (2002) for an in-depth description.

campaigns against the more moderate unionist groups in power. This started a process of polarization and realignment of political parties in Northern Ireland (Arthur, 1996). Paramilitary groups on both sides also began campaigns of violence against both the government and civilians. In 1969, the government deployed the military in an attempt to restore and keep peace. These efforts not only failed but exacerbated the situation when soldiers killed 13 protesters during a protest on what came to be known as “Bloody Sunday” (Arthur, 1996; Mulholland, 2002).

The British government suspended devolution in Northern Ireland by implementing direct rule in 1972. This gave the Secretary of State for Northern Ireland control over many policy areas, most notably security policies. The Northern Ireland Constitution Act of 1973 abolished the Parliament of Northern Ireland but set forth plans for a reformed Northern Irish Assembly. The Assembly had fewer devolved powers, particularly regarding the justice system and law enforcement and included several consociational checks. Representatives to the Assembly came via proportional representation rather than the previous first-past-the-post system. Additionally, there was a grand coalition requirement— the Executive required the support of both Unionist and Republican parties. Similarly, committees had to reflect the partisanship the Assembly and committees were given a larger role in the legislation process (Buckland, 1981).¹⁸

Assembly elections took place at the end of June 1973— unionist factions won 49 of the 78 seats but many refused to cooperate with republican parties to create a government. In November, a set of unionist, republican, and neutral parties agreed to form a government. Their power, however, was short lived. While many factors led to the Assembly’s downfall, a general strike of unionist workers served the final blow after they stopped work to protest the implementation of a proposal for greater cooperation between Northern Ireland and the Republic of Ireland. In May 1974, unionist members withdrew from the government, causing its collapse (Buckland, 1981; Mulholland, 2002).

¹⁸Other non-legislative consociational mechanisms included periodic referenda on the “border issue”— whether Northern Ireland should be a part of the Republic of Ireland or the U.K.— and institutional paths for cooperation between Northern Ireland and the Republic of Ireland.

The British government's last attempt to save devolution in Northern Ireland came from a Constitutional Convention of elected delegates. By April 1976 the parties reached stalemate with no clear consensus. In May 1976, the Secretary of State for Northern Ireland suspended the convention and re-initiated directed rule (Dixon, 2008)

These events clearly colored many MP's opinions on devolution for Scotland and Wales. Trevor Skeet, Conservative MP argued in favor of devolution, saying that "[t]here is a possibility that what happened in Northern Ireland will happen in Scotland, in that if the SNP cannot get what it wants will take it by force" (*Hansard*, 14 December 1976, col 1458).

During its the committee phase, the Bill once again faced challenges from many sides.¹⁹ A group of backbench Conservative MPs known as the "Union Jack group" proposed 338 amendments to the bill in an attempt to kill it (Drucker and Brown, 1980). The government also agreed to include a referendum amendment to would allow voters in Scotland and Wales to vote on the creation of devolved assemblies in their countries. The amendment helped to reduce resistance from some of Labour's MPs, particularly those in Wales. Opinion polls indicated that a majority of people in Wales opposed devolution, so a referendum reduced the odds of Welsh devolution (Bogdanor, 1999; Mitchell, 2009).

Over the span of ten days, the Commons only managed to address four of the bill's 115 clauses. To avoid further delay, the government tabled a guillotine motion to force the bill out of the committee stage and into a final vote. The motion failed with 314 MPs voting against it and 285 in favor. Twenty-two Labour MPs joined the dissenting ranks with a further 15 abstaining (Mitchell, 2009). In a system where it is the norm to have divisions without a single MP voting against their party, such a rebellion by backbench Labour MPs on this high-visibility issue created a significant problem for the party.

The government spent significant time and political capital on legislating for devolution, but this effort alone failed to mollify many in Scotland. A series of by-election defeats meant that the Labour Party no longer held a majority of seats in the Commons. The SNP and Plaid Cymru supported the minority government while the Scotland and Wales Bill was still

¹⁹Debates during second readings focus on the overall nature of the bill and the principles involved. MPs debate more detailed issues and propose amendments during the committee phase.

in play, but withdrew their support after the bill's failure. Therefore, the Labour government needed the support of the Liberal Party to remain in power. A poll released shortly after the Scotland and Wales Bill's defeat showed how tenuously the government maintained its position— 36% of voters in Scotland supported the Scottish National Party (Bogdanor, 1999). In England, polls indicated growing support for the Conservatives (Drucker and Brown, 1980). If the government were to fall call new elections, Labour's prospects looked poor. Given the increasing support for the SNP however, ignoring devolution until the next election was a risky strategy but another high profile government defeat could lead to its end.

The Labour government held talks with the Liberal leadership to introduce separate bills for Scottish and Welsh devolution introducing the Scotland Bill in November, 1977. The proposals for a Scottish Assembly remained largely the same— a single chamber without taxation powers. The largest change was the inclusion of a final referendum on the matter— previous legislation allowed the government to implement devolution without a final plebiscite. Allowing a referendum solved many of the problems that the Government had faced during its earlier attempt. First, it mollified the MPs who had supported a referendum amendment to the Scotland and Wales Bill. More importantly, it allowed anti-devolutionist Labour MPs to vote for the bill without actually expressing support for devolution itself. A vote for the bill could be a vote to let the people decide, rather than an expression of support for devolution (Bogdanor, 1999). Along with the referendum, some Labour MPs likely supported the bill because many found it doubtful that the Government could withstand another high profile defeat, and the polls were not in Labour's favor (Jones and Keating, 1982).

To avoid a repeat of the conflicts during the committee stage of the Scotland and Wales Bill, the Government preemptively guillotined the Scotland Bill. Nonetheless, MPs in the House of Commons and Peers in the House of Lords passed several amendments. Conservative Peer Lord Ferrers proposed an amendment addressing the West Lothian Question. The provision applied to House of Commons decisions on issues devolved to Scotland but not England. If legislation on one of these issues passed in the House of Commons but depended on Scottish MPs to do so, an Order could be implemented requiring a second vote in the Commons after two weeks. While not explicitly mentioned in the proposal, proponents

implied that Scottish MPs should be encouraged to abstain in the second vote. The first vote on the amendment in the House of Commons resulted in a tie, following convention, the Speaker of the House broke the tie by rejecting the amendment.²⁰ The amendment was returned to the Lords, passed by the Lords again, and sent to the House of Commons. This time, the amendment passed by a single vote (Bogdanor, 1999).

The Commons also approved an amendment proposed by the Liberal MP for the Orkney and Shetland Isles that allowed the islands to opt out of devolution, even if the rest of Scotland voted to introduce it. In the House of Lords, Lord Kilbrandon attempted to implement some of the Commission's recommendations by introducing an amendment to elect representatives by MMP. While the proposal passed in the House of Lords, the House of Commons rejected it (Mitchell, 2009).

Labour MP George Cunningham, a Scotsman representing an English constituency, introduced what would become the most important amendment to the bill. The "40-percent rule" required the Secretary of State to introduce a repeal order before Parliament if fewer than 40 percent of the total Scottish electorate approved the referendum. During the debate, Mr. Cunningham argued that the measure should be implemented for three main reasons. "First, it is a major constitutional change. Second, it is on which the parties themselves are divided within themselves. The division of opinion on the subject is not congruent with the divisions between political parties. Third, it is in practice an irrevocable step" (*Hansard*, 25 January 1978 col 1467). Internal party divisions mattered in this case, Mr. Cunningham argued, because the Commons could not determine the will of the population based on their votes for MPs. Where the parties had clear and different positions on an issue, a vote for an MP from a given party could be interpreted as support for the issue. However, because with no such situation regarding devolution, no clear mandate existed.

Some devolution proponents argued against the 40% rule, saying the requirement gave too much power to voters who chose to abstain, or that 40% was an arbitrary figure. Proponents

²⁰Traditionally, Speakers are obliged to vote in a way that preserves the status quo. In terms of amendments to proposed legislation, her vote should leave the bill in its original form (House of Commons Information Office, 2010)

of the amendment countered that if, as devolutionists claimed, the Scottish people strongly favored devolution, the rule would hardly matter. Only 317 of the Commons' 635 members voted on the amendment— the government opposed it, but many Labour backbenchers refused to vote against the measure and instead abstained. The Conservative frontbench also chose to abstain, though many other Conservative MPs voted in favor of the amendment (Bogdanor, 1999).

The third reading of the Scotland Bill passed in July 1978 and set the referendum for March 1, 1979. Numerous factions campaigned during the referendum. While the Labour government officially supported devolution, Labour MPs campaigned on each side of the issue. The various “yes” campaigns told differing messages. On the one hand, the SNP and pro-independence groups supported a yes vote by arguing that an assembly could be the first step towards an independent Scotland. At the same time, Labour and Conservative devolutionists claimed the opposite— that devolution could mollify independence supporters and prevent the dissolution of the United Kingdom. These differences meant the groups lobbying for a “yes” vote had difficulty cooperating and coordinating (Cameron, 2010).

The devolution project faced further challenges during the winter of 1978— a period that would come to be known as the “winter of discontent”. Regardless of the referendum results, a new general election had to be held by October, 1979. In the final vote, 51.6% voted in favor of a Scottish Assembly. However, with a turnout of 68.7%, only 32.9% of registered voters voted yes. Since this failed to meet the 40% threshold, the Scotland Act had to be overturned.

From 1976 to 1979, devolution took up a huge part of the parliamentary schedule and created major rifts within both the Conservative and Labour parties, though the Labour Party showed more significant divisions. The three-year Callaghan government suffered 35 defeats in the House of Commons, more than any government since 1945.²¹ Votes on devolution related issues accounted for 15 of these losses. In 13 of the devolution defeats, backbench Labour MPs provided the deciding votes to defeat the government (Bogdanor,

²¹The Government's minority status doubtless contributed to this high number.

2004; Boothroyd, 2017).

The referendum also helped end the Labour government five months early. On March 28, 1979 the Conservative Party proposed a motion of no confidence. Margaret Thatcher told the Commons that “[t]he timing of the motion arises from the Government’s inept handling of the result of the referendums of the Scotland and Wales Act” (*Hansard* 28 March 1979 col 461).. MPs from the Scottish National Party chose to support the motion. The SNP’s leader in Westminster, Donald Stewart rejected the Government’s decision to let the issue of devolution lie. Mr. Stewart noted that, although the Conservative Party had no official commitment to devolution, the Scottish people would “educate” Mrs. Thatcher on their desire for devolution.

2.5 Thatcherism

In the 1970s, the devolution issue caused divides within both of Britain’s nationalized parties. Similarly, voters in Scotland and Wales expressed relatively weak support. However, when Labour came to power in 1997, its members almost universally supported devolution. Significantly more Scottish voters also supported a devolved legislature in their region— three quarters of voters cast their ballots in favor of devolution in 1997. Margaret Thatcher and her governments led a major shift in economic and social government policies in the 1980s that I argue widened the gap in preferences between the median Scottish and English voters. Furthermore, uninterrupted Conservative government remained in Britain for 18 years. As the Conservative Party lost favor with Scottish voters yet remained in government, rhetoric emphasizing the English government’s control of Scotland found increasing favor among Labour and SNP politicians. Indeed, Cameron (2010) argues that “Scottish reactions to Thatcherism were the essential building blocks for the renewed demand for Scottish Home Rule (320)”.

From WWII, both Labour and Conservative governments adopted similar economic and welfare policies, known as the “postwar consensus” in British politics. In general, British governments adopted a Keynesian approach to economic policy aimed at maintaining high

employment, through government borrowing and spending if necessary (Hickson, 2004). However, faced with growing inflation and government debt, the postwar consensus began breaking down in the 1970s. Instead, the Conservative Party under Thatcher's leadership espoused a brand of economic liberalism, favoring private spending and monetary policy focused on reducing inflation rather than maximizing employment. The policy proved widely popular in many parts of England during the 1980s as they saw their quality of life improve but also extremely unpopular throughout most of Scotland and Wales.

Thatcher's economic restructuring impacted certain regions and classes more than others. In particular, the negative repercussions hit regions with high working class populations or those reliant on nationalized industries. Much of Scotland fell into these categories, creating high unemployment and economic difficulties.

Labour leaders initially attempted to counter Thatcher's brand of extremism with their own but in doing so demolished their support in England. Because English MPs make up such a large proportion of MPs in the House of Commons, a party must win a significant portion of English seats to form a single-party majority government, even after winning every seat in Scotland and Wales. Each of Thatcher's governments held a majority in the Commons, even without the few Conservative MPs representing Scottish and Welsh constituencies, so the unpopularity of the government's policies in these regions posed little electoral threat. By focusing solely on gaining seats in England, Conservative strategists could tailor their strategies to target Labour. Alternatively, any viable Labour government would contain MPs from England, Scotland, and Wales, meaning policy makers within the Labour Party needed a strategy to win against both Conservative candidates in England and SNP candidates in Scotland. As the Conservative platform shifted to the right and SNP policy solidified on the left, Labour faced competition from both sides of the political spectrum and policy makers found themselves unable to do so successfully.

Another key development during this time was the way different groups interpreted the idea of an electoral mandate. When the electoral franchise began expanding in the early 1800s and the Cabinet began to exercise greater control over the parliamentary agenda elections focused more on party labels than individual candidates. Eventually, this gave rise

to the idea of an electoral mandate for a specific party and its electoral platform (Cox, 1987). Constitutional scholars argued that when a party won a majority of seats in the House of Commons, the voters gave their permission to the leaders of that party to enact the promises set out in the party's manifesto.²² In the 1980s, some Scottish groups claimed that holding a majority in the House of Commons was insufficient for democratic legitimacy. Because the Conservative candidates won neither a majority of seats nor votes in Scotland, the Thatcher government had no "Scottish mandate" and could not legitimately impose Conservative manifesto promises on Scottish citizens. Thatcher, however, countered that several Labour governments achieved majorities in the Commons without a majority of English seats and continued to legislate on Scottish matters while opposing any measures to devolve power (Cameron, 2010).

2.5.1 Labour's Conflicts

The devolution debates exemplified the divisions among members of the Labour party over several issues— the Conservative victory exacerbated these dramatically. The practicalities of campaigning and governing meant that, in general, local Labour parties tended to be more left-leaning than the national-level parliamentary party. Starting in the late 1970s, this divide widened as more radical "new left" groups such as the Labour Coordinating Committee (LCC) and Militant Tendency gained support and influence within the party. Left-wing groups saw the previous government's failures, particularly those during the Winter of Discontent, as a betrayal of socialist ideals. Because Labour candidates lost seats in more moderate constituencies, the Parliamentary Labour Party (PLP) also shifted to the left. With MPs from more moderate constituencies removed from office, the median PLP member shifted to the left (Crines, 2011; Thorpe, 2015).²³

In 1973, a group of Labour MPs formed the Campaign for Labour Party Democracy

²²For in-depth examinations of government mandates, see Lijphart (1999) and Powell (2000).

²³Williams (1983) notes that MPs from more moderate constituencies were more likely to be from the "talking professions" such as journalism or teaching. In general, MPs from these professions also tended to have more moderate political opinions.

(CLPD). The CPLD won several important victories during the 1980 party conference, most notably, Labour MPs became subject to mandatory reselection, meaning they had to be renominated by the constituency party to run in each election. Because local Labour Parties tended to be more left-wing than the parliamentary Labour establishment, this could keep the party from pulling too much to the right (Shaw, 1994). The group also pushed to change the electoral rules for Labour Leader. Previously the purview of the PLP, the CPLD and many grassroots movements advocated establishing a broader electorate during leadership selection. Delegates to the Labour conference in 1980 voted to establish an electoral college that included trade unions and constituency parties as well as the PLP. However, decisions regarding the exact composition of the electoral college had to be delayed until 1981 (Thorpe, 2015).

James Callaghan attempted to remain Labour leader following the 1979 election but resigned following the Labour Party conference in 1980. Though reportedly planning to retire soon, the upcoming implementation of the electoral college probably hastened Callaghan's decision (Thorpe, 2015). By retiring before the party worked out the details of their new electoral system, Callaghan allowed the PLP to be the sole electors for his replacement. Denis Healey, former Chancellor of the Exchequer, seemed the obvious successor. Many saw Tony Benn as the leader of the left-wing faction of the Labour Party, but Benn chose not to run, partially because he felt he would not be accepted by the Parliamentary Labour Party. Deputy Labour Leader Michael Foot announced his candidacy in the wake of pressure from union leaders and more left-leaning MPs (Drucker, 1981; Thorpe, 2015). Foot's supporters argued that electing Healey would do nothing to address the clear frustrations of many union members and constituency Labour Parties (CLPs). The first ballot of the PLP gave Healey a plurality of votes with Foot second. Following Labour's selection rules, the two candidates with the lowest votes were removed from the next round of voting— both endorsed Foot following their removal and Foot won on the next ballot. The PLP then appointed Healey as deputy leader at Foot's request (Drucker, 1981).

In August 1980, three former cabinet members from the Labour Party— David Owen, Shirley Williams, and William Rogers— published an open letter expressing concern regarding

Labour's shift to the left. Another former cabinet minister, Roy Jenkins, joined this group in 1981 after completing his term as President of the European Commission. The authors wrote that the factionalism within the Labour Party led the party towards "inflexible policies based on bureaucratic centralism and state control, policies that offer no improvement in the quality of life here in Britain and that appeal only to a minority of party supporters.". In the letter, these MPs also expressed concerns about the proposed changes to Labour's constitution because they would reduce the role of the Parliamentary Labour Party, and give too much power to the far Left and the NEC (Owens et al., 1980). These concerns however, failed to appeal to enough Labour members and following the decision to introduce an electoral college in leadership elections, this "gang of four" announced their resignation from the Labour Party to form the Social Democratic Party (SDP). In less than a year an additional 26 Labour MPs, along with one Conservative joined the SDP (Cronin, 2004).

Labour MP Gerald Kaufman famously called the 1983 Labour manifesto "the longest suicide note in history," and indeed the 1983 general election marked a low point in Labour's electoral history. The party's manifesto contained promises for unilateral nuclear disarmament and the re-nationalization of industries. The manifesto also stated that "[i]n Scotland, the people have shown their support for devolution in a referendum and at successive elections". Therefore, the manifesto set out plans to establish a directly elected Assembly with tax raising powers (The Labour Party, 1983).

Michael Foot resigned following the disastrous election, triggering the first leadership election under the electoral college rules.²⁴ Tony Benn lost his seat, removing one of the major far-left players in within the Labour Party. Neil Kinnock, the more moderate of the leftist candidates won the leadership race, gaining a vast majority of votes in the union and

²⁴Under this system trade unions and other groups affiliated with Labour had 40% of the vote and constituency parties and the parliamentary party each cast 30% of votes. Each group could decide how to aggregate its votes, these aggregated votes would then be used in an exhaustive ballot system to select the final winner. The exhaustive ballot system requires a candidate to have an absolute majority of votes. If no candidate reaches a majority in the first round, a second round of voting occurs with the least popular candidate from the first round removed. This process repeats until a candidate receives a majority of votes. (Drucker, 1984). The electoral college system meant significantly more influence for the more extreme factions of the party both directly, through nomination and selection powers, and indirectly by forcing Labour MPs to declare their leadership votes publicly (Jones, 1996; Quinn, 2004).

constituency party blocks and a near majority in the PLP (Thorpe, 2015).

Kinnock and his team began a process of modernizing the Labour Party that would culminate in Blair's introduction of New Labour in 1994. However, the earlier years of Kinnock's tenure particularly exemplifies the pressures Labour faced from both sides of the political spectrum. On the one hand, Thatcher's popularity among English voters and Labour's poor performance suggested a need to move policy to the right. On the other hand, Labour's left wing exercised considerable power in the party and worked to keep the party's policies on the left.

The Thatcher government also reduced financial support for local councils. When some councils, mostly in Labour strongholds, began to raise local tax rates to make up for the shortfall, the government passed the Rates Act 1984, which capped the property taxes certain councils could impose. These policies not only reduced the power of Labour politicians but also helped to fuel divisions within Labour. Councils with strong Militant factions refused to obey the law, while Kinnock urged them to do what they could without breaking the law. When the Thatcher government gave in and offered an additional 30 million pounds in subsidies to the Liverpool council, Kinnock's position seemed nullified (Cronin, 2004).

On the ideological front, Kinnock introduced measures to reduce the policy making power of the National Executive Committee, which contained many of the stronger voices favoring the "hard left". Instead, the Labour frontbench, traditionally the more moderate of Labour's membership, gained greater policy-making power (Shaw, 2000).

During this time, Kinnock and other Labour strategists began moving Labour's economic policies towards the center, though with significant qualifications. In 1986, Labour published a statement supporting "social ownership", arguing that common ownership of industry did not have to mean state ownership but that common ownership remained a goal of the party (Hill, 2001; Shaw, 1994). Kinnock acknowledged that "the market is potentially a powerful force for good" and Labour should be focused on "managing the market" rather than directly controlling it (Jones, 1996, 88).

Some union leaders also acknowledged the need for pragmatism in Labour's platform.

The leader of the Trade Unions Council (TUC) argued in favor of a “New Realism” focused on reestablishing the strength of the unions by listening more carefully to union members (Cronin, 2004).

On the electoral side, Labour invested in creating a larger party machinery, expanding the Leader’s Office and hiring outside policy advisers and creating “directorates” for research, organization, and communication designed to increase Labour’s campaign effectiveness. Labour strategists worked to target voters more specifically with the help of opinion polls and focus groups (Cronin, 2004).

The 1987 election produced mixed results for Labour. When Thatcher first announced it, many Labour members feared the party would come in third, with Alliance— a coalition between the Liberals and the SDP— as the new second party in British politics (Shaw, 2000; Cronin, 2004). However Labour emphatically remained the main opposition with 229 seats compared to Alliance’s 22.²⁵

Labour’s professionalized campaign strategy no doubt contributed to its relative success. Strategists worked with Labour’s members and groups to produce a unified campaign message and hired professional advertising agencies to transmit these messages. Nonetheless, Labour’s platform, or lack thereof, proved unpopular with many voters. In the four years since the previous election, Kinnock had begun to build the coalitions necessary for policy reform, but many policies remained nebulous or unchanged. This made the Conservative’s portrayal of Labour as the “loony left” harder to counter (Shaw, 1994; Cronin, 2004).

As Labour’s traditional base of support continued to decline, some government policies exacerbated the situation. The total proportion of working class citizens fell by 10 percent between 1981 and 1991 (Brand et al., 1994). Higher unemployment, deregulation, and privatization all contributed to declining union membership during this period. In addition to the problems created by the reduction in party membership, Labour also faced a financial problem (Thorpe, 2015). A portion of dues from many unions went to the party, so fewer

²⁵Again, Britain’s first-past-the-post electoral system benefited Labour and hurt Alliance. Nonetheless, if Alliance had gained more votes than Labour, even without a greater seat share, there would have been significant reputational consequences.

members meant less income.²⁶

In the early 1980s, legislation introduced “Right to Buy” provisions giving residents of local council-owned properties the opportunity to purchase their homes at a discount (Murie, 2015). The legislation also required local councils to sell these houses to residents wanting to purchase them. The government’s goals with this policy included helping to create a “property owning democracy” and reducing public spending. The policy was also inherently political—owner-occupiers tended to vote Conservative more than renters in council supported housing.²⁷ In 1981, more than half of all residents lived in publicly owned housing, compared with only 26% in England (Cameron, 2010). Labour-led councils often balked against the measure—intentionally making it difficult to complete the purchase process or causing delays (Thorpe, 2015).

2.5.2 The Situation in Scotland

In the early 1980s, the government implemented several policies that acknowledged Scotland’s distinctiveness. Following the repeal of the Scotland Act, the government led cross-party talks to discuss whether “the present system of government in Scotland could be improved by changes in the procedure, powers, and operational arrangements for dealing with Scottish Parliamentary business” (Mitchell, 1990a, 106). Two major policies resulted from these talks. First, the Scottish Grand Committee— a committee made up of all Scottish MPs— would meet occasionally in Edinburgh, rather than in Westminster. Second, the government established the Scottish Affairs Select Committee to address Scottish issues, along with other Departmental Select Committees (Mitchell, 1990a).

Neither policy met with much success. Most viewed the Scottish Grand Committee’s meetings in Edinburgh as token affairs, and little developed from them. Appointments within the Scottish Select Committee also created tensions within the Conservative Party

²⁶Labour partially this addressed by increasing union dues (Thorpe, 2015).

²⁷Evidence shows that renters are indeed much less likely to vote for Conservative candidates in general elections, however, it is not clear if there is a causal relationship to this pattern.

when the government allowed the Labour Party to choose the committee's chair. In response, the Conservative MPs on the committee appointed an unofficial "majority group leader," a position only seen in the Scottish Select Committee (Mitchell, 1990a).

Particularly during the earlier years of Thatcher's premiership, the Secretary of State for Scotland had more leeway than many of his colleagues in the cabinet. George Younger, Secretary of State for Scotland from 1979 to 1986, spoke of his ability to allocate funds to various areas of policy as they related to Scotland. However, as with other measures to recognize Scottish uniqueness, this power seemed more symbolic than anything else. Much of the Scotland Office's budget went to ongoing schemes the government capped total expenditures (Mitchell, 1990a).

While not necessarily targeting Scotland specifically, several Thatcher-era policies created disproportionately negative impacts on the Scottish economy. The Scottish economy relied significantly on nationalized, or partly nationalized industries. As the government began to sell off its shares in nationalized industries, Scottish unemployment rose. In the early 1980s, the strong pound, combined with a global recession and the Thatcher government's policies further impacted the already ailing Scottish economy. By 1981, unemployment in Scotland, accounted for 13 percent of the national total, despite the region having less than 8 percent of the population (Stewart, 2009). The government also refused bail out ailing industries, forcing the closure of several manufacturing plants in industrial areas of the United Kingdom, including Scotland. The government acknowledged the harsh consequences of its policies, but argued that Britain's long term economic success required such changes (Cameron, 2010).

By the mid 1980s, the Thatcherite agenda made its way into the Scottish Office, despite voting patterns in Scotland rejecting such a direction. Government ministers expressed intolerance for what they saw as special treatment for Scotland at the expense of the English. As Chancellor of the Exchequer, Nigel Lawson claimed that many Scottish people were "sheltered from market forces and exhibit a culture of dependence rather than that of enterprise". Thatcher noted that the Scottish way of life came from subsidies from the "marvelously tolerant English" (Mitchell and Bennie, 1995).

Labour's 1987 election manifesto once again included a commitment to create a Scottish Assembly, but Kinnock did not emphasize this during the campaign. Kinnock, a Welsh MP, had strongly opposed devolution under the pre-Thatcher Labour government. Nonetheless, the rhetoric around devolution began to change. Instead of being a blatant response to the electoral threat from nationalist parties, pro-devolution campaigners framed devolution as a way of protecting Scotland from Thatcher (Mitchell, 1998).

In the later part of 1986, members of Scottish Labour discussed the possibility of a "Doomsday scenario" where Labour won a majority in Scotland but the Conservatives remained in government. This scenario became a reality after the 1987 election as Labour won 50 of Scotland's 72 seats and the Conservative total dropped from 21 to 10. With such little representation, government leaders had difficulty filling all of the positions required in the Scotland Office and the Scottish Select Committee. Leaders in both the Scottish Labour Party and the SNP pointed to this difficulty as a sign of the lack of Conservative mandate in Scotland. In response, the government chose to suspend the Scottish Select Committee, dismissing it as a "complete irrelevance" (Stewart, 2009). English MPs also began to frequent question time for the Secretary of State for Scotland in the House of Commons, frustrating some Scottish MPs from other parties (Stewart, 2009).

2.5.3 The SNP

In the 1979 general election, the SNP's vote shares decreased by nearly half—going from 30.4% of Scottish votes in October, 1974 to 17.3% in 1979. However, the SNP's decline did not necessarily bode well for the Labour Party. Data from the Scottish Election Study presented in table 2.1 shows that Labour candidates lost as many votes as they gained from previous SNP voters. Additionally, 10.76% of Conservative support came from former SNP voters.

Like Labour, the SNP also faced an identity crisis during this period. Similar to many nationalist parties, the SNP started as a niche party—focusing solely on the issue of Scottish autonomy (Meguid, 2008). However, following the 1979 devolution defeat, and an ant-

Table 2.1: 1979 Votes based on 1974 votes (as % Party Votes)

| <i>1979 Vote</i> | <i>1974 Vote as % 1979 Party Vote</i> | | | | | |
|------------------|---------------------------------------|--------|---------|-------|---------|---------|
| | Conservative | Labour | Liberal | SNP | No Vote | Total % |
| Conservative | 67.71 | 8.97 | 6.73 | 10.76 | 5.863 | 100 |
| Labour | 2.04 | 82.86 | 2.45 | 5.71 | 5.83 | 100 |
| Liberal | 8.77 | 21.05 | 45.6 | 14.04 | 6.94 | 100 |
| SNP | 4.08 | 14.29 | 1.02 | 68.37 | 12.24 | 100 |

| | <i>1974 Vote as % Total 1979 Vote</i> | | | | | |
|--------------|---------------------------------------|-------|------|------|------|-------|
| Conservative | 24.2 | 3.21 | 2.4 | 3.84 | 2.4 | 35.74 |
| Labour | 0.08 | 32.53 | 0.96 | 2.24 | 0.08 | 39.26 |
| Liberal | 0.08 | 1.92 | 4.17 | 1.28 | 0.96 | 9.13 |
| SNP | 0.64 | 2.24 | 0.16 | 10.7 | 1.9 | 15.71 |

N=624, Source: Scottish Election Study, 1979

devolutionist government, the SNP lost its reason for being, at least for a time. During their 1979 conference, SNP delegates approved a resolution to not engage in devolution discussions or negotiations with other parties (Mitchell, 1990b).

Mitchell (1990b) identifies three major conflicts among SNP members in the early 1980s: party versus movement, left versus right, and gradualist versus fundamentalist. The party vs. movement conflict exemplifies the problems niche parties can face as they enter mainstream politics. As SNP candidates gained seats in Westminster or in local councils in Scotland, these politicians found themselves dealing with socio-economic and class-related issues— issues that purely nationalist movements could avoid.

The left versus right conflict arose because the SNP lacked clearly articulated policies

beyond Scottish nationalism. Because of this, SNP candidates left themselves open to attacks based on policy from both Labour and Conservative campaigners. While most interpreted the SNP's policies as relatively leftist, as the need for more clear and comprehensive policy stances arose, disagreements between the party's members arose regarding how leftist those policies should be. The SNP's deputy leader, Margo MacDonald, argued that working-class voters voted yes in the 1979 devolution referendum while middle class voters tended to vote no. Therefore, to gain votes for SNP candidates, party policy makers should focus on appealing to more left-wing voters (Torrance, 2009). MacDonald along with other SNP members founded the '79 group with the aim of supporting independence, socialism, and republicanism (Torrance, 2009).

The advent of the '79 Group sparked serious and very public conflicts among the SNP leadership but it catalyzed a process of debate and policy reform within the SNP as a whole (Mitchell, 1990b). Stephen Maxwell, a member of the '79 Group, wrote that the SNP should be looking to "establish itself as the radical Scottish alternative to the Labour Party" by focusing on gaining the support of the urban working class (Torrance, 2009, 165). Some members also supported civil disobedience— during the 1981 party conference, Alex Salmond argued in order to protect Scottish jobs the SNP should support "direct action up to and including political strikes and civil disobedience on a mass scale" (*Ibid.*, 166). Indeed, some members of the group participated in acts of civil disobedience themselves. When six of members of the '79 Group broke into the building in Edinburgh that would have housed the Scottish Assembly, others in the SNP leadership denounced them and refused to support a proposed occupation (Torrance, 2009).

The '79 Group's reputation suffered further damage due to rumored links to Sinn Fein, the political wing of the paramilitary IRA in Northern Ireland. In 1980, the National Council of the SNP passed a motion announcing a policy of non-cooperation with the with Sinn Fein. When the '79 Group formed a Northern Ireland committee to discuss common issues in Scotland and Northern Ireland, they discussed inviting a member of Sinn Fein to speak. While the committee on Northern Ireland decided against the invitation, opponents seized upon the fact that they even considered the idea. Some media organizations also claimed

a link between the two groups due to a common goal of republicanism for their respective countries (Torrance, 2009).

The gradualist versus fundamentalist conflict had three basic groups. Pro-devolution members fell on the most gradualist end of the spectrum. Next came the “independence or nothing else” proponents, including the members of the ‘79 Group. While supporting civil disobedience and mass strikes, the ‘79 Group’s members only advocated peaceful means of protest. Alternatively, on the most fundamentalist side, a far-right group known as Siol Nan Gaidheal (SNG) supported direct militant action (Mitchell, 1990b).²⁸

In 1982, SNP leader Gordon Wilson spoke out against sub-groups within the SNP. In his conference speech, Mr. Wilson declared his belief “that the party will not recover its unity until all organized groups are banned”, calling such groups “divisive and harmful” (Torrance, 2009, 170). Later, the conference delegates voted to ban organized groups within the party. The ‘79 Group officially disbanded on August 30, 1982, but at the same time founded the Scottish Socialist Society (SSS). Because the SSS included members from other political parties, its organizers skirted the rules banning internal groups within the SNP (Torrance, 2009). Nonetheless, in September, the SNP expelled seven the ‘79 Group’s high profile members, after they refused to resign from the SSS (Torrance, 2009).²⁹

Also like the Labour Party, the SNP performed poorly in the 1983 general election and lost 5.5% of their previous vote share. In 54 cases, SNP candidates failed to gain even the 12.5% of votes required to keep their deposit. Unfortunately for Labour candidates, many of the swing voters coming from the SNP chose to vote for Alliance in 1983 (Lynch, 2002).

During the 1980s, Scottish Labour and SNP policies and campaign practices converged. Hoping to appeal to disillusioned Labour voters, leaders in the SNP emphasized the party’s socio-economic policies and also clearly presented as leftist. At the same time, Scottish Labour rhetoric portrayed a more explicitly nationalist stance (Brand et al., 1994).

²⁸While the ‘79 Group drew its member exclusively from the SNP, SNG did not. Nonetheless, many in SNG were also members of the Scottish National Party.

²⁹These members were readmitted a month later

By 1987, Scottish MPs held four of the top six positions within the Shadow Cabinet.³⁰ Nonetheless, Thatcher's government controlled policies throughout the United Kingdom. Pointing to their inability to effect change, SNP members branded the 50 Labour MPs elected in Scotland the "feeble fifty."

Adding fuel to the SNP's anti-Conservative rhetoric, Margaret Thatcher held strong anti-devolution positions, emphasizing British sovereignty in several policy areas. During the 1979 referendum campaign, Thatcher claimed that "A 'No' vote does not mean that the devolution question will be buried" (Bogdanor, 1999, 193) yet her government pursued strong anti-devolutionist policies. At one Scottish Conservative Conference, Thatcher expressed her support for the government's "decision to repeal Labour's Scotland Act" and that the government would "initiate all-party talks 'aimed at bringing the government closer to the people'" (Thatcher, 1993). Thatcher believed that devolution was not the way to accomplish this because it created a new layer of government and bureaucracy, making government more complicated and therefore further from the citizen. Instead, the Conservative Party supported "devolution to individuals" rather than to new layers of government (Mitchell and Bennie, 1995).

2.5.4 The Poll Tax

One of Thatcher's last major projects was the implementation of the "Community Charge", more commonly called the poll tax. It levied a flat-rate tax on every adult, as set by local councils, replacing variable domestic rates based on property value. Thatcher saw the poll tax as a way to reduce local government spending, since the burden of generating revenue could not be placed solely on the wealthy (Reitan, 2003). However, the poll tax's flat rate created a regressive system, costing poor citizens comparatively much more than wealthier ones. It also increased the tax burden of households with multiple adults and that of renters, as previously landlords paid the domestic rate. The scheme met huge opposition

³⁰The Shadow Cabinet is made up of spokesmen appointed by the Leader of the Opposition to mirror the government cabinet. Each shadow minister is responsible for monitoring and responding to their counterpart in the government.

throughout the United Kingdom, but reactions and responses in Scotland differed from those in England. Ultimately, the poll tax played a major role in Thatcher's ousting as leader of the Conservative Party and therefore as prime minister.

The poll tax came into effect in Scotland before it did in England and Wales.³¹ Some anti-Tory groups in Scotland claimed that the government saw Scotland as a testing ground for taxation policy in England and Wales (Barker, 1992). The 1981 Miscellaneous Provisions (Scotland) Act allowed the Secretary of State for Scotland to cap property taxes set by Scottish local councils of the government, deeming them "excessive and unreasonable". The government then implemented the policy in England four years later (McCrone, 1991).³² As with council home sales, rate-capping targeted areas with strong Labour support. Councils that needed to raise property taxes tended to be in poorer areas and also in larger cities, both places where voters generally favored Labour.

Next, the government implemented a reassessment of property values in Scotland in 1985 without a comparable program in England and Wales. The reassessment resulted in higher property values in Scotland and therefore higher domestic rates for Scottish taxpayers but not for English or Welsh ones.(Reitan, 2003). The move alienated many of the remaining Tory supporters in Scotland— middle class property owners— as they had higher taxes than their English counterparts.

Opinion polls found that majority of Scots believed themselves worse off under the poll tax than under the previous system. Because local governments used the electoral roll to help create the poll tax register, those who wanted to avoid payment often chose not to register to vote. Voter registration therefore declined as a result of the poll tax, particularly in poor or working-class areas, Labour's key areas of support (McCrone, 1991).

Both Labour and the SNP opposed the poll tax, but each party advocated different responses. SNP leaders used Labour's inability to prevent or successfully counter the poll tax as way to argue for Labour's powerlessness in general and press the need for a truly

³¹No poll tax was introduced in Northern Ireland.

³²None in the UK as domestic rates.

Scottish voice in politics. In its “Can Pay, Won’t Pay” campaign, members of the SNP told Scots to refuse to pay the tax (Lynch, 2002). Alternatively, policy makers in the Labour Party disagreed over the appropriate strategy. Some of the party’s more radical members supported a non-payment campaign while others expressed a reluctance to promote explicitly illegal actions. These varied stances did little to counter the SNP’s accusations of Labour’s inability to effect change. Officially, Labour led the “Stop It” campaign, designed to paralyze the implementation of the tax. It directed participants to return registration forms with questions or missing information. At the same time, some prominent Scottish Labour members pledged to refuse to pay the tax at all, despite Labour’s official policy. Labour-led councils in Scotland also found ways to delay collecting the tax and to avoid pursuing non-payers (Barker, 1992)

2.5.5 Devolution Developments

Although the last Labour government spent had considerable time and political capital on the devolution issue, the debates surrounding the Scotland and Wales Bills clearly indicated divisions among Labour MPs. Following the Conservative victory in 1979, some Labour members who opposed devolution wanted to keep devolution off the Labour agenda to reduce the already large number of public disagreements among the party’s members (Mitchell, 1998).

During their 18 years in opposition, Labour members gradually reached a unified stance in favor of devolution. Strategists faced a challenge as Labour needed to maintain its pride of place in Scotland but also gain in England. In 1982, an unnamed former Labour Minister told *The Scotsman* that the Labour was “certain to lose the next election in England. We will return even more Labour MPs from Scotland, but will be out of office down here [in England] for another ten years. We will have to play the nationalist card in Scotland. We will have to go for an Assembly with substantial economic powers— short of independence, but not much short.” (Baur, 1982, 11).

Before Margaret Thatcher, Labour’s campaigns for devolution focused on the argument

that it was the “will” of the Scottish people, citing increased votes for the SNP as evidence. Yet, support was limited in the 1970s. However, as successive Conservative governments survived without Scottish support, devolution could be portrayed as a measure to protect the Scottish people from Thatcher.

Kinnock himself opposed devolution— when the Scotland and Wales Bills worked their way through Parliament in 1977 and 1978, he spoke out against them several times. As Labour Leader, his attitude could best be described as ambivalent. Kinnock’s responses to the poll tax and other government policies in Scotland grew alienated members of the Scottish Labour Party. His first speech to the Scottish Labour Party following the poll tax contained no reference to devolution at all. He also failed to acknowledge the important roll of the Scottish Labour Party in the national party as a whole. In a later interview, he brushed off his dismissal of the devolution issue and also failed to support the idea of a Constitutional Convention for Scotland and rejected proposals that Labour should cooperate with other political parties in Scotland to oppose Thatcher’s policies (Deacon, 1990; Mitchell, 1998).

Against Kinnock’s preferences, members at the Scottish Labour Conference voted to take part in a Scottish Constitutional Convention along with the Liberal Democrats and other important groups in Scottish society in 1989. Both the SNP and the Scottish Conservatives chose not to take part. Mitchell (1998) argues that in the early 1990s the Scottish Constitutional Convention served much the same purpose as the Royal Commission set up by Harold Wilson in 1968: it provided the appearance of action without doing anything concrete. It also allowed Labour to take a leadership role and project itself as Scotland’s national party.

In March 1989 49 of Labour’s 50 Scottish MPs signed the Scottish Constitutional Convention’s “Claim of Right”. The document stated that its signatories supported the right of the Scottish people to “determine the form of Government best suited to their needs”. It also set the convention’s goals as agreeing on a “scheme for an Assembly or Parliament for Scotland”, to mobilize support among the Scottish people for their proposals, and then to ensure the government implemented its proposals (Mitchell, 1998).

The members of the Convention produced a series of proposals, published in 1990. The issue of potential taxation powers for a Scottish Parliament created lasting disagreements among the convention's members. Opponents of such a measure dubbed it the "tartan tax," arguing that a Scottish Parliament would mean increased taxes for Scottish residents.

The idea of Scottish independence also gained more traction during this time, thanks to the European Community. When the U.K. joined the European Community in 1972, many on the left opposed the measure, fearing that membership would weaken the labour protections present in the United Kingdom. Similarly, in the 1970s, Scottish voters favored membership in the EC less than English voters. However, as the Thatcher government removed these protections, and the EC often created stricter ones, some looked to the EC to implement more leftist policies. During the late 1980s, the average English stance on the EC declined, while more Scottish voters favored greater involvement. Most importantly, independence advocates said that the EC and its expanding remit gave an independent Scotland more tools for success.

2.6 New Labour

2.6.1 New Labour's Beginnings

Following the disappointing returns of the 1987 election, the Labour leadership commissioned a wide-spread policy review. In 1988, Labour published a report— *Labour and Britain in the 1990s*— designed to help strategists understand the nature of problem Labour faced— the report painted a bleak picture. Labour's previous electoral strategy had relied an assumption that the main problems in 1983 came from perceptions of the party's disunity as well as voter perceptions that the party was too extreme. Therefore, reforms between 1983 and 1987 centered around reforming the party's image in general through more professionalized campaigns and attempts to moderate or at least minimize the prominence of some of Labour's more extreme positions.

The report's authors found that, while Labour still faced image problems, the party

suffered from deeper, more fundamental challenges to success. Researchers calculated that nearly half of lost Labour votes came as a result of social changes such as reduced employment in the industrial sector, increases in skilled job, and a growing service sector. In their research, the authors also found a shift in voters' priorities away from collectivism and towards individualism. Thatcher's rhetoric credited individual hard work, rather than collective action, for upward mobility and success and many voters seemed to agree with this position. Consistent with these trends, the voters whom the researchers surveyed tended to rate controlling inflation and cutting taxes as more important to them than industrial relations or nationalization and disapproved of the tax increases required to achieve Labour's goals in these areas. Even voters who supported Labour's positions in the 1987 general election questioned a Labour government's ability to achieve them— during the 1987 election 56 % of voters feared an economic crisis if Labour gained control of the government (Shaw, 1994).

The leaders of the review created “Policy Review Groups” (PRGs), each focusing on a different aspect of Labour's platform. MPs dominated most of these groups, with members from the NEC and the leaders of some major trade unions also participating. Thus, the “soft left” wing of the Labour Party enjoyed a strong position during the reform process (Quinn, 2005). Several major ideological shifts resulted from these reviews including an increased emphasis on personal freedoms, rather than collective benefit.

Labour policy makers also acquiesced to the concept of a free market. In 1991, Kinnock explicitly acknowledged that command economies “do not work” (The Labour Party, 1991). Instead, a Labour government could to enable and support a free market by undertaking necessary tasks that the free market could not or would not (Heffernan, 2000). The party further distanced itself from Keynesian policies by promising to work for the “fullest employment possible” rather than setting full employment as a primary goal (Shaw, 1993). In particular, reformers proposed a role for government intervention in long-term preparation. Because private industries inherently focused on the short term, the government could bolster the market by focusing on long-term goals such as offering incentives for balanced regional growth, research and development, and training (Shaw, 1994).

In tandem with its anti-capitalist image, many saw Labour as the high tax party. Labour's internal research found that many voters supported the tax cuts under Thatcher's government and feared a Labour government would reverse them. Additionally, fewer voters saw poverty as an important social problem and therefore opposed redistributing wealth through taxation (Shaw, 1994). In response, members of the PRGs crafted a strategy to emphasize fiscal responsibility and minimal tax raises. The new platform opposed borrowing to pay for social services and acknowledged that some programs might need to be scaled back if they could not be funded properly. The proposals also included a promise of no net increase in taxation and increased taxes for only a small portion of the wealthiest taxpayers (Shaw, 1994).

Many public services, particularly the National Health Service still found favor among British voters. The main dissatisfaction among voters came from the growing inefficiencies and inaccessibility of these public services (Shaw, 1993). Therefore, the PRG for Consumers and the Community recommended policies based on providing services more efficiently and increasing accountability available to consumers rather than reducing them (Shaw, 1993).

2.6.2 The Failure of 1992

Despite maintaining a 50 seat majority in 1987, discord within the Conservative Party increased. The stock market fell dramatically in October, 1987 and the tax cuts designed to limit the impact of the crash combined with deregulation and increased property prices created an inflationary spiral. The Conservatives had won support in the 1980s because the government delivered improvements in the standard of living for many in the middle class, particularly in southern England. However, as these benefits disappeared, many Conservative MPs worried about the party's prospect in future elections. More concerns arose following the disastrous reactions to the poll tax, which included violence in England and Wales. Following very public dissension from Conservative MPs and constituency parties, Margaret Thatcher resigned as leader in 1990. Her replacement, John Major, supported many of Thatcher's policies but worked to give the Conservatives a more caring public im-

age through calculated policy changes such as a promise to repeal the poll tax and lift a freeze on child benefits (Bale, 2010).

When the election came due in 1992, Labour's chances seemed positive for the first time in over a decade. After the policy review, some of the more controversial and left-wing policies left the party's platform. An economic recession also worked to lower the Major government's popularity. Polls less than a month before the election suggested an almost even race between Labour and the Conservatives. However, on election day the Conservatives outpaced Labour by 7.6% of the popular vote and 65 seats. Labour's defeat cannot easily be attributed to a single factor, but most analysts agree that many voters still believed their standard of living would decrease under a Labour government. The media also played a role as it tended to portray Major and the Conservatives in a more positive light than Kinnock and Labour (Butler and Kavanagh, 1992; Heath et al., 1994)

Kinnock resigned as Labour Leader following the election and the Shadow Chancellor John Smith replaced him. A Scotsman, John Smith was in many ways the anti-Kinnock. Kinnock had little time to socialize with his front bench, Smith worked to create friendly relations with them. Kinnock often performed his best in front of crowds of supporters, while Smith's measured style worked best in parliamentary settings. Importantly, Smith's tenure in the Labour governments in the 1970s cabinet and as Shadow Chancellor before his leadership election helped build a reputation as a sensible, moderate politician. Also in contrast to Kinnock, Smith strongly supported devolution and made it a major focus during his short time as leader (Stuart, 2012).

The Scottish Constitutional Convention met again after the election to clarify and extend its previous proposals, publishing its final recommendations in 1995. The report committed a Scottish Parliament to cooperating with government departments at the national level and set out many issues the Scottish Parliament should have direct responsibility for. These included community care, health and social work, and education. To protect and extend Scottish culture parliament would also be responsible over issues of recreation, heritage,

sport, the arts, and science as “the purest of the nation’s character”.³³

The Convention’s report claimed that Scotland was the “only democratic country in the world with its own system of law but not legislature of its own to determine that law.” The Scottish Parliament could remedy this by overseeing legal and judicial matters.

After negotiations between the Liberal Democrats and Labour, the Convention’s report proposed a 129 seat parliament, with representatives elected using a mixed member proportional system.³⁴ Voters would have two votes— one for a single member constituency representative and another for a party list. Districts for the first-past-the-post tier matched those for elections to Westminster, and districts for the list tier corresponded to those in European elections, each list constituency would return 7 MSPs. Both Labour and the Liberal Democrats agreed to field equal numbers of female and male candidates and ensure that this distribution would take into account the attainability of the seats (Brown, 2000).

2.6.3 Regrouping

John Smith died unexpectedly in 1994, forcing a new leadership election. Rule changes adopted in 1993 gave all three blocks of Labour’s electoral college— unions, constituency parties, and the parliamentary party— equal weight, increasing the power of the parliamentary party and decreasing that of the unions (Alderman and Carter, 1995).³⁵ Tony Blair, a member of the Labour frontbench since 1987, won a majority in all three blocks of the electoral college during the election.

Since their defeat in 1983, many in the Labour Party had worked to reform the party’s image among the public. Nonetheless, the 1992 election showed that many still saw Labour as a divided party with poor economic credentials. Philip Gould, a key communications strategist in 1987 and 1992 set out a list of problems Labour modernizers needed to address

³³The report also proposed devolving regulatory powers with regards to the environment, subject to EU regulations and other international agreements.

³⁴In the U.K., this is known as the “Additional Member System”.

³⁵The rules also required unions to individually ballot their members, rather than allowing the union leadership to decide their votes.

before the next election. At a fundamental level, Labour had a problem countering the Conservative's simple message of lower taxes and smaller government. The problem stemmed from two major factors. First, Labour did not present a clear set of policies. Second, changes in voter demographics and preferences eroded Labour's traditional support and made it harder to gain new voters. By the 1990s, more voters explained their votes in terms of self-interest than in terms of societal or communal goals. Many of these voters feared higher taxes and interest rates under a Labour government as well as the potential economic consequences Labour's union ties. Finally, Gould noted that anti-Labour tabloids added to the party's negative image (Butler and Kavanagh, 1997).

While both Kinnock and Smith worked to reform Labour's policies, image, and organization, both were of the "old guard" as longtime MPs and former Labour government ministers. Tony Blair and many of his supporters had no such history (Heffernan, 2000). Blair and his compatriots led a concerted effort to significantly extend Labour's previous modernization reforms and, perhaps more importantly, to modernize Labour's public image. During the party's 1994 conference, Blair branded the party "New Labour" with the slogan "New Labour, New Britain" (Butler and Kavanagh, 1997).

In his first Labour conference speech, Blair proposed the repeal of Clause IV of the party's constitution, written in 1918, committing the party to work towards the "common ownership of the means of production, distribution, and exchange". Labour's policies had stopped pursuing common ownership decades before, but replacing Clause IV served as a significant symbolic gesture (Jones, 1996; Riddell, 1997). The level of press coverage surrounding the process also allowed this message of renewal to reach voters.

Many Scottish Labour members opposed this move. Before the Scottish Labour Conference in 1994, 24 of the 26 proposed motions opposed changing the party's constitution. After a heated debate, however, 58% of the conference delegates voted in favor of the change (Riddell, 1997).

Surveys and interviews with Labour MPs found that many, though not most, Scottish and Northern English MPs opposed Blair's modernization schemes. Others supported Blair

reluctantly, fearing the electoral consequences of a divided Labour Party and weakened leader. Many who resisted the change did so because they supported the symbolism of Clause IV rather than its actual substance. Other Labour members argued that the exercise had little practical use and distracted from the ultimate goal of defeating the Tories in the next election. Blair responded by saying that the change would provide a strong message to the public about the change in the Labour Party (Riddell, 1997; Fielding, 2003). Nonetheless, public opinion surveys indicated that most voters supported changing Clause IV, even if they were not previously familiar with it (Riddell, 1997).

While there were vocal opponents to the repeal, most of the debate surrounding Clause IV focused not on whether the section should be repealed but what it should be replaced with. Blair argued that the new clause should serve as a statement of purpose for the party, laying out its values rather than prescribing certain actions. Some wanted to keep at least some reference to public ownership, others argued over what parts of Labour's policies should be included.

In 1995, delegates to a special conference formally approved a new Clause IV. The new section defined Labour as a "democratic socialist party," supporting "a dynamic economy... with a thriving private sector and high quality public services, where those undertakings essential to the common good are either owned by the public or accountable to them." Decisions should also be "taken as far as practicable by the communities they affect." In addition, Labour would work to create an open democracy and just society, nurture family life, promote equality of opportunity, guarantee fundamental human rights, and maintain a healthy environment (Fielding, 2003).

The party's approval of the new Clause IV had two significant effects. First, as one of Blair's first major proposals, its approval gave Blair a mandate for more modernizing reforms. Second and more importantly, it marked a significant and clear break from the Labour Party of the past. Indeed, Blair called it an "ideological re-foundation of the party" (Jones, 1996).

2.6.4 New Labour's Ideology

New Labour's leaders embraced the concept of "ethical socialism," defined by a set of values rather than the pursuit of a specific economic system or outcome (Jones, 1996). Blair repeatedly expressed a belief that the Labour Party should move away from the rigid economic dogma of its past. Much of New Labour's rhetoric focused on building and supporting community, a strong retort to Margaret Thatcher's declaration that "there is no such thing as society" (Cronin, 2004).

New Labour also marked an undeniable acquiescence to many Conservative and Thatcherite policies. Labour leaders unabashedly endorsed the free market and globalization, both distinctively Thatcherite positions. However, in contrast to Conservative ideology, Gordon Brown and other Labour economic thinkers rejected the Thatcherite distinction between the market and the state. Instead, the state could help support and coordinate the market (?).

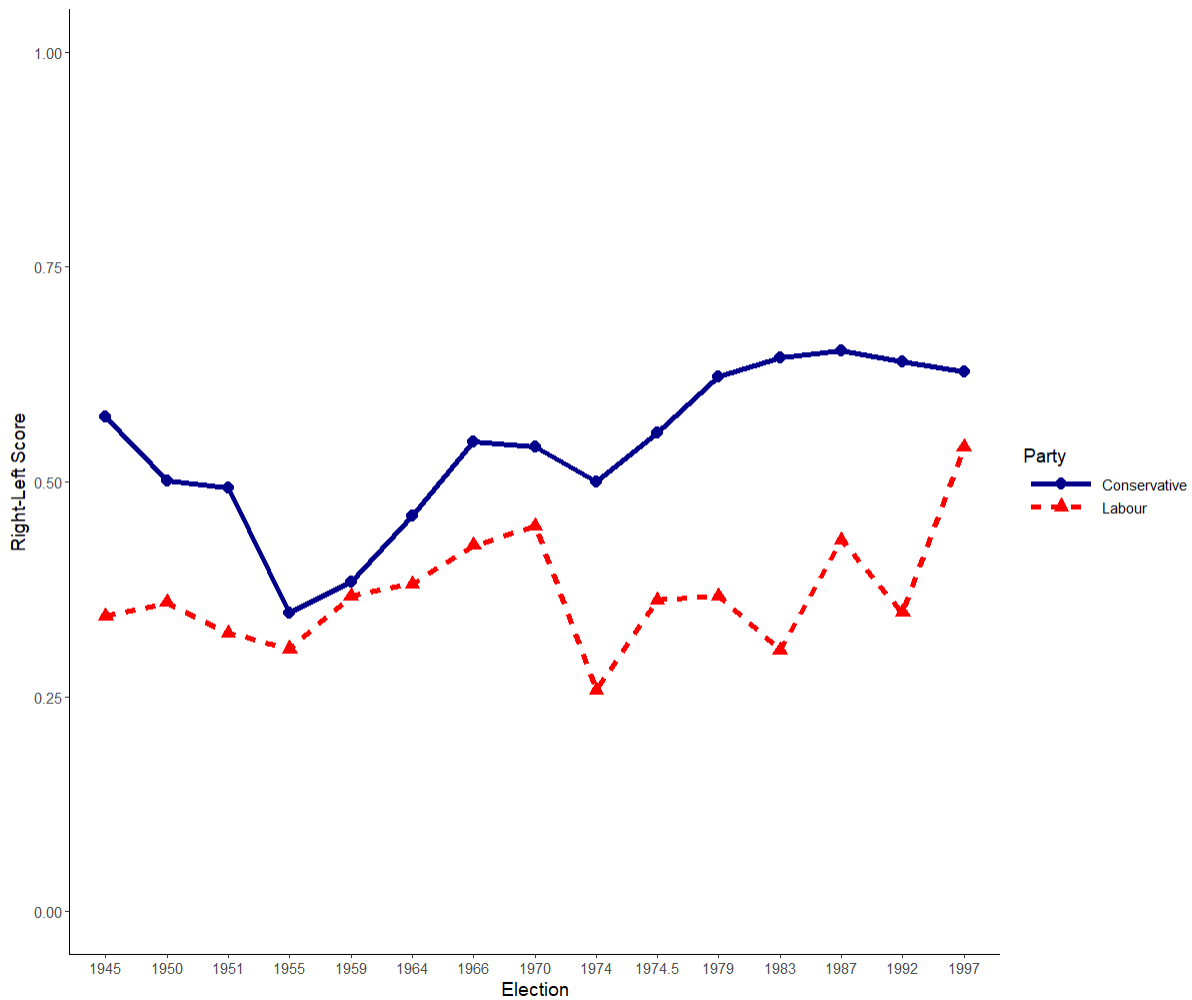
Policy makers also crafted Labour's economic positions to portray the party as fiscally responsible. Notably, Labour policy no longer aimed to achieve full employment through government spending as many voters feared increases in government spending would lead to increased inflation.

Data from the Comparative Manifesto Project, shown in figure 2.1 suggest that on a right/ left economic scale, New Labour's policies had converged with early Thatcher-era positions.

An analysis of these manifesto data presents two other changes patterns in Labour vs. Conservative positions. First, the proportion of Labour's manifesto supporting economic planing began declining after 1983 but dropped significantly after Labour's policy review in the late 1980s, as shown in figure 2.2. Additionally, 1997 marked the first time since 1970 that the Conservative Party's manifesto addressed economic planning more than Labour's. Second, as shown in figure 2.3, Labour's manifesto had relatively fewer positive references to welfare issues as Labour strategists tried to counter the party's image as high spending.

Figures 2.2 and 2.3 also show evidence for the "post war consensus" between 1955 and 1979, when Labour and Conservative policy makers held relatively similar views on eco-

Figure 2.1: Right-Left Manifesto Positions



Source: Comparative Manifesto Project. Data re-scaled to a 0 to 1 range.

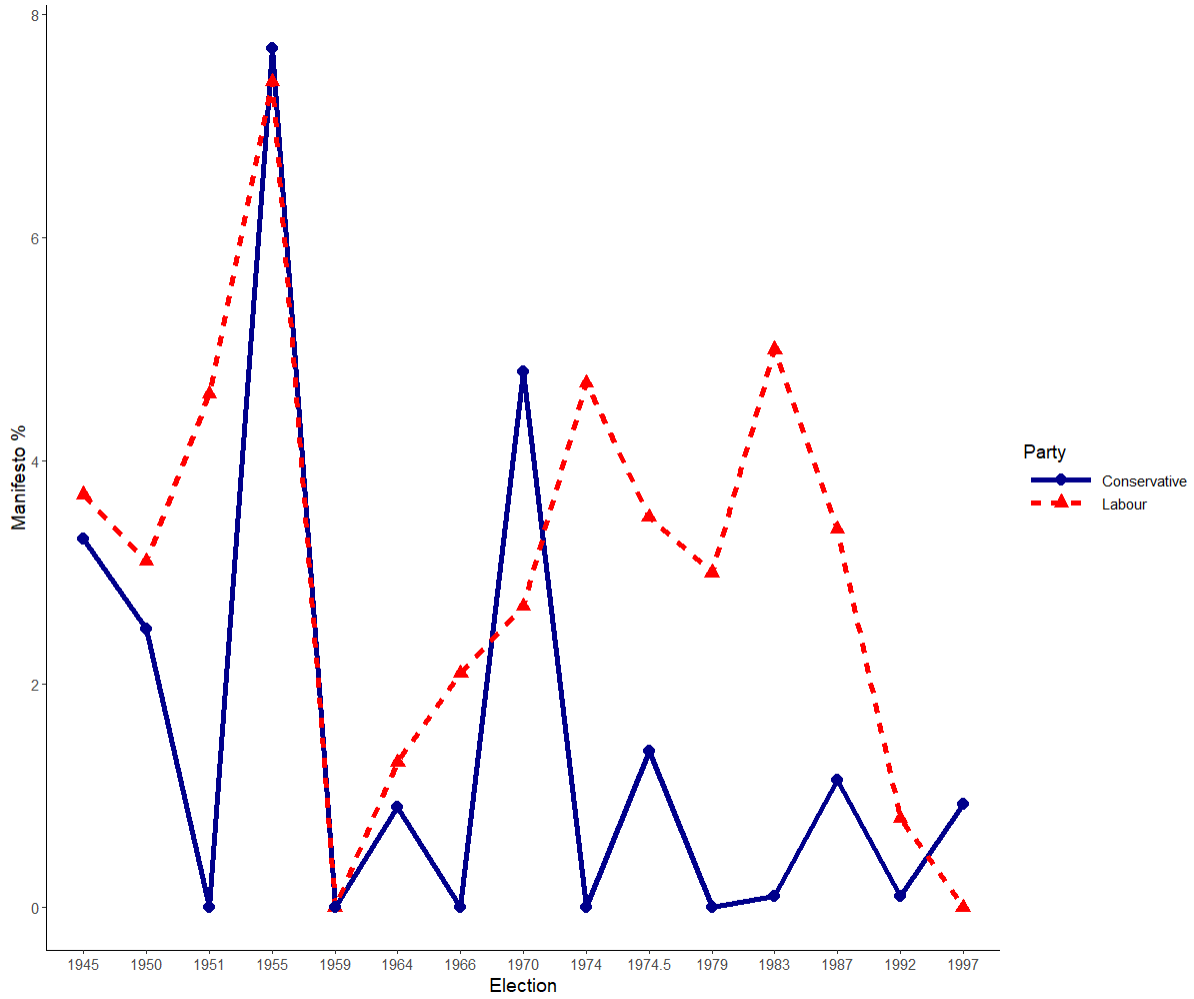
nomic issues. However, from the late 1970s, Conservative and Labour sentiments diverged, particularly regarding welfare issues.

2.6.5 The 1997 General Election

While Kinnock started the modernization of Labour's campaign tactics, the Blair regime took this to a new level. Strategists increasingly relied on focus groups and polling data to craft the party's messages and tone. (Butler and Kavanagh, 1997).

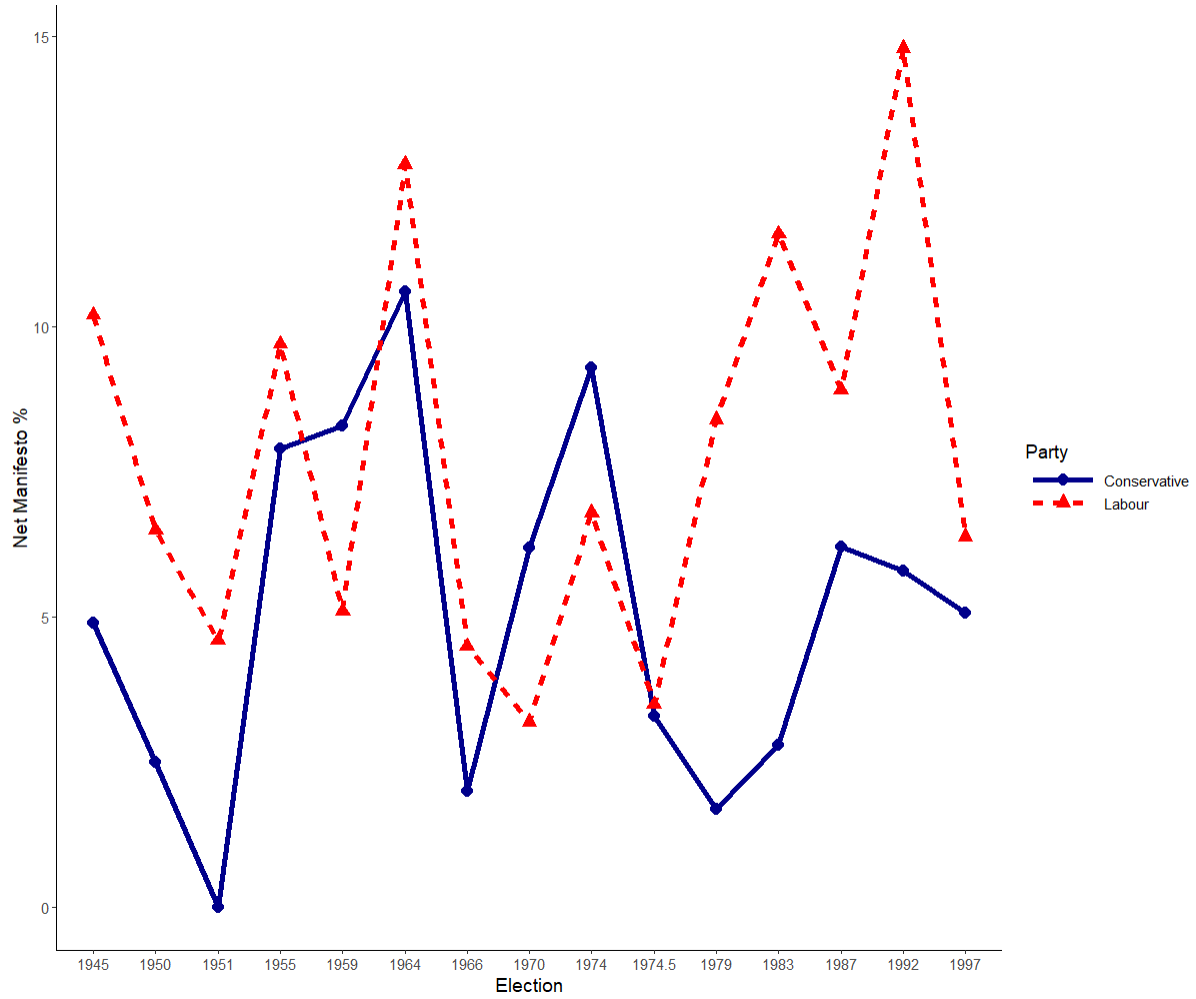
In the 1980s and early 1990s, voters saw the Conservatives as the party most likely to benefit the economy and keep taxes low. However by early 1997, polls indicated that

Figure 2.2: Percent of Party Manifesto Addressing Economic Planning



Source: Comparative Manifesto Project

Figure 2.3: Percent of Party Manifesto With Positive Welfare Sentiments



Source: Comparative Manifesto Project

voters believed that a Conservative government was more likely to raise taxes than a Labour government (Butler and Kavanagh, 1997).

Blair also took a much stronger leadership role than his predecessors. This accomplished two goals— first, it worked to counter the public perception that Labour lacked a strong leader. Labour polling indicated that some voters wanted a party’s leader to be strong and show purpose like Margaret Thatcher. Second, enforcing stronger discipline within the party lessened the public perception of a divided party, a view that had plagued the party since 1979 (Butler and Kavanagh, 1997).

In June 1996, Labour policy makers announced their intention to hold a referendum on devolution once in government. This contradicted earlier statements that a Labour government would simply implement devolution without a referendum (Mitchell et al., 1998). While Blair made it clear he supported holding such a referendum, his rhetoric suggested an ambivalence towards the issue of devolution as a whole.

The SNP had some successes in the 1990s, increasing its vote share in the 1994 European elections and gaining a previously Conservative-held constituency in a 1995 by-election. Alex Salmond became SNP leader in 1990 and worked to professionalize the party, just as Labour had in the 1980s. Before entering politics, Salmond had worked in the Government Economic Service and the Royal Bank of Scotland, and as SNP leader, he brought economic issues to the fore of the SNP’s platform. Particularly in the later years of Thatcher’s tenure as Prime Minister, many leading Conservative MPs highlighted Scotland’s poor economic position and claimed a “dependency culture” among Scottish citizens. However, in the early 1990s, members of the SNP began to emphasize the potential economic benefits that could arise in an independent Scotland. SNP leaders argued that, contrary to popular opinion, tax revenue from Scottish citizens actually subsidized the English due to certain forms of government spending and tax relief that primarily benefited English residents. Additionally, an independent Scottish government would be free to adopt different spending rules that could be used to stimulate the Scottish economy (Lynch, 2002).

The SNP’s strategists did not let New Labour’s shift towards the right go unanswered. As

Labour worked to target “middle England,” the SNP accused them of abandoning Scotland. One campaign poster proclaimed “New Labour = Old Tories” (Lynch, 2002).

Labour’s decision to offer a referendum on devolution posed some issues for the SNP’s campaign during the 1997 general election. Given the SNP’s refusal to take part the constitutional conventions, the party had no clear stance on the devolution issue. Some SNP members worried that devolution would reduce support for independence. Others chose to support devolution as a step towards independence.

Given the seeming inevitability of Labour’s victory in 1997, should Labour’s leaders have worried about about a threat from the SNP? As I have shown, several historical events suggest that Labour’s strategists had good reason to see the SNP as a potential problem.

First, evidence from the British Election Studies and Labour’s own research shows that fewer voters strongly identified with one party or another. Thus, Labour could not rely on retaining votes in Scotland because of historical party identification. It should also be noted that many predicted a Labour victory 1992, or at least a hung parliament, yet the Conservatives won another five years in government. Therefore, Labour campaigners had some reason to doubt any hugely optimistic forecasts.

In October 1996, the Labour Party commissioned a study on the “Scottish floating voter”. The study’s report listed four main points of concern (Hassan and Shaw, 2012). First, these voters saw little difference between New Labour and the Conservatives. Second, Blair focused too much on the middle class and subsequently was shifting policy too far to the right. Third, many saw George Robertson, Labour’s Shadow Secretary of State for Scotland, as ineffectual and unable to stand up to Labour in London. Finally, some disadvantaged voters felt that New Labour did not provide them a voice and did not serve as a champion for their concerns

Many believed that the SNP’s successes in the 1970s came at least in part because voters perceived little difference between Labour and the Tories. As New Labour’s strategists consciously moved policies closer to Conservative policies, it seems reasonable to worry about a similar reaction among Scottish voters. Finally, while in opposition, Labour played up the Scottish dimension, claiming to speak for the people of Scotland and portraying the

Conservative government's policies as anti-Scottish. However, these sentiments could also lead to increased support for the SNP, the only "truly" Scottish party.

Labour gained 147 additional seats in the general election, while the Conservatives lost 171. Voters in both Wales and Scotland failed to elect a single Conservative MP. Yet SNP candidates gained an additional three seats and the party's vote share increased.

2.6.6 Devolution: This Time for Sure

The 1997 Labour government introduced legislation for devolution under very different circumstances than the previous Labour government in 1974. Perhaps most significantly, the new government did not need to rely on the legislation to maintain support for a minority government. With an 88 seat majority, the government was essentially invincible.

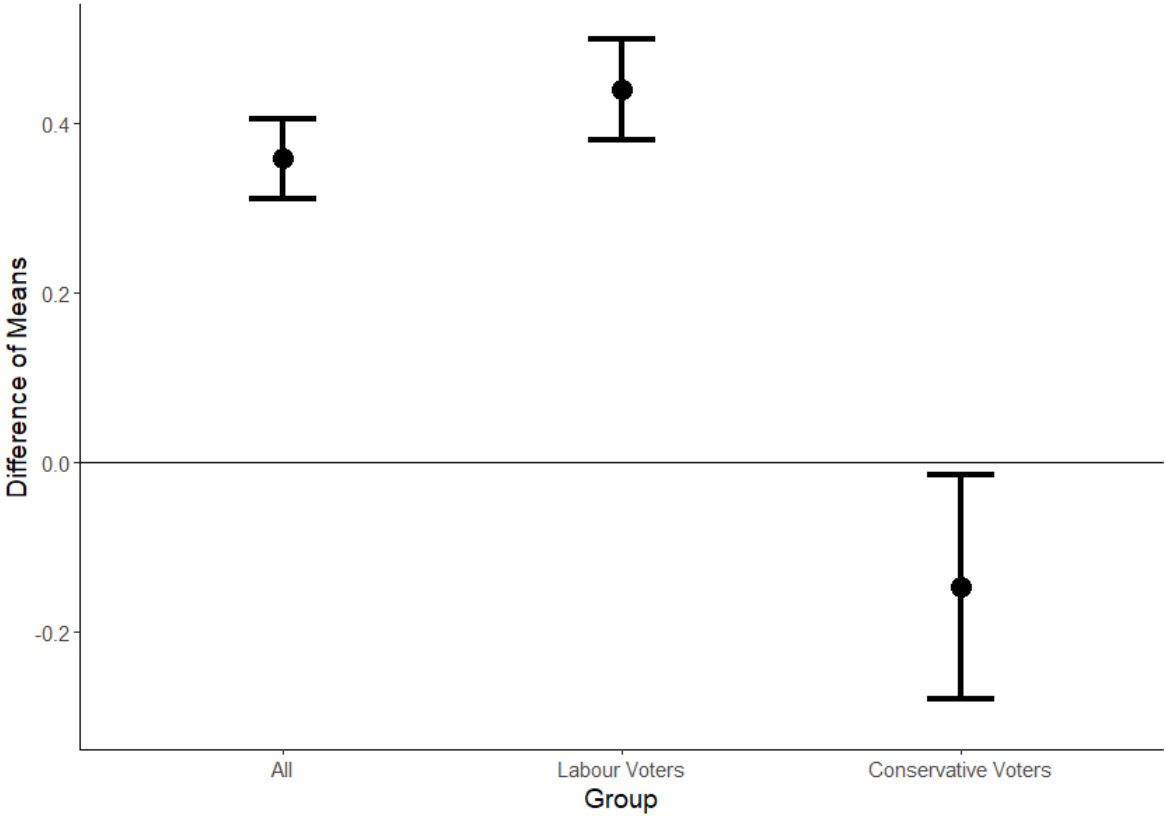
The rhetoric surrounding devolution changed while Labour was in opposition. Debates in the 1970s focused largely on reducing nationalist sentiment and keeping the SNP from gaining more support. Later, this changed such that devolution became a way to protect the Scottish people from domination by English voters with different preferences.

A much larger proportion of the Scottish population supported greater autonomy in Scotland leading up to the 1997 election than in 1974. Yet among Scottish Conservative voters, significantly fewer wanted devolution. Figure 2.4 shows the difference in mean support for devolution or independence among Scots in 1997 as compared to October 1974.³⁶ It shows that, while Labour voters in 1997 were significantly more likely to support devolution than Labour voters in 1974, the opposite is true for Conservative voters.

In the 1970s, members of the House of Commons spent a huge amount of time debating the details of devolution, only to have it come to nothing after the number of votes failed to reach the appropriate threshold. The detailed proposals from the Scottish Constitutional Convention helped to minimize concerns over repeating this process. Nonetheless, the New Labour government chose to hold referenda in Scotland and Wales first, and then, voters

³⁶Respondents were asked what they thought the best situation for Scotland was, choices included independence, an elected legislature, or keep the same. The survey did not ask in 1997 whether those who wanted independence favored an elected legislature.

Figure 2.4: Change in Support for Scottish Autonomy: 1997 vs. 1974



95% confidence intervals shown.
Source: Scottish Election Studies

approved devolution, legislate for the assemblies' creation. As a symbolic measure, the Scotland and Wales Bill, setting the terms for the referenda was the first bill proposed by the government.

To counter the “tartan tax” issue, the government proposed a two question referendum—first, whether there should be a Scottish Parliament and second, whether a Scottish parliament should have tax-raising powers. The SNP favored a three question referendum, adding an option for Scottish independence.

While the Conservative Party officially opposed devolution not every Conservative MP agreed with this position. Conservative MP Sir Nicholas Lyell said he believed a Scottish Parliament would “help us [the Conservatives] to rebuild our presence in Scotland” (*Hansard*, 16 May 1997 col 300). And indeed, this may be correct—twenty years later, the Conservatives won more seats in Scotland than Labour in the 2017 election.³⁷

A notable difference between the debates in the 1970s and 1997 is the issue of Scottish separatism. In the 1970s, the role of the SNP and a dissolution of the UK figured prominently in the debates, although opinions differed on how devolution would influence these. Some, including members of the SNP, argued that devolution would lead to increased demand for Scottish independence while others claimed that devolution would prevent such demands. However, few voiced such concerns during the 1997 debates. Instead, most focused on how a Scottish Parliament would affect policy.

Another notable difference between these debates is the unity within each party. In the 1970s, neither Conservative nor Labour MPs reached a unified stance on the issue of devolution. While in general Labour MPs tended support devolution more than their Tory counterparts, MPs from both parties spoke passionately on each side of the argument. However, by the 1990s, most Labour MPs supported devolution while most Conservatives opposed it.

Labour, the Liberal Democrats, and the SNP all officially supported a “double yes”—

³⁷Similarly, a Conservative Welsh MP I interviewed in 2014 credited the Welsh Assembly with the Conservative's resurgence in the country. He argued that the more permissive electoral system allowed the Conservatives to maintain a presence in Wales, even when Conservative candidates could not win seats in Westminster.

in favor of both devolution and tax raising powers for a Scottish Parliament, while the Conservative Party supported a “double no.”

An overwhelming majority of voters supported devolution in the referendum— 74% of voted in favor of a Scottish Parliament and 63% supported giving the Parliament tax-varying powers. The Scotland Act passed in 1998, authorizing the creation of a Scottish Parliament. In 1999, Labour won 43.3% of seats in the first Scottish Parliamentary elections, the SNP came second with 27 % of seats.

2.7 Conclusion

In this chapter, I have presented a history of the British Labour Party’s stance on Scottish devolution. I showed that between the 1940s and 1960s, Labour opposed devolution and argued that decentralization would interfere with the centralized economic planning needed to build a strong economy. As support for the SNP grew in the early 1970s, the Labour Party reluctantly switched its official stance to support devolution. I argued that during this period, the policy preferences among English and Scottish voters were relatively similar. This similarity meant that many found devolution unnecessary and the Labour government’s attempts to create a Scottish Assembly in the late 1970s failed.

During the Conservative governments of the 1980s, economic changes and government policies meant that the preferences of the median English and Scottish voter moved apart. While Labour policies continued to appeal to many Scottish voters, English voters rejected Labour in four successive general elections. To appeal to English voters, the New Labour platform included significantly moderated economic policies. However, such a platform created the risk of Scottish voters shifting to the SNP. I argued that New Labour included devolution in their electoral platform as a way to combat this and appeal to Scottish and English voters simultaneously.

CHAPTER 3

Formal Model

The historical narrative that I presented in the previous chapter illustrated the possible electoral benefits of devolution as they occurred in the U.K. Under New Labour, policy makers could alter the party’s national-level policies to woo English voters and use devolution to minimize the impact of these changes for Scottish voters. In this chapter, I present a more generalized formation of my argument. In sketching the following model, I study how decentralization of decision-making authority to regional bodies can allow for different political outcomes for different sets of voters. Most importantly, devolution means these different outcomes can occur without a need for the party to create separate national-level policies, allowing a nationalized party to appeal to several groups simultaneously.

The basic setup mirrors the British case in certain ways. As the name implies, the British Parliament closely resembles the ideal type “Westminster” parliamentary system which, with two parties and a single branch of government, is the most basic setup for a parliamentary system and therefore a good starting point from a modeling perspective. Additionally, the nationalized party in the game aims to achieve single-party majority status— a situation more common in the U.K. than most other parliamentary democracies. Finally, I divide the hypothetical country in the game into two groups, one of which is a special region where a regionalist party competes against only one of the country’s nationalized parties, similar to the Scottish case with the SNP and Labour. I directly connect the model to the United Kingdom in chapter 4, and in chapter 5 I discuss how the model can be expanded to apply to other cases of European devolution.

3.1 Setup

The game takes place in a country that contains a region where a regionalist party competes, and a nationalized party that competes throughout the entire country. The main actors are N_β , the nationalized party and V_y , the median voter in the special region where the regionalist party competes. Throughout the country, the nationalized party campaigns on a platform of a certain level of a policy, p , between 0 and 1. Lower numbers represent policies of lower taxation and government spending, while higher values indicate policies with higher government spending and higher taxation.

I assume that to win a single-party majority in the national legislature, N_β must win the support of both V_y and a certain proportion of votes in the rest of the country— it cannot win without support from voters in both regions.¹ To win enough votes in the rest of the country, the party must set its policy within a set of “critical policy bounds,” $[p_L, p_H]$. This range represents the constraints placed on the nationalized party from electoral competition outside the special region. The party first determines if it can win also win the regional voter with a platform within the critical policy bounds. If it can, it will set policy within those bounds and win a single-party majority in the election.

If the party cannot win both sets of voters with a platform contained within the critical policy bounds, it can introduce devolution to its platform. To do this, it sets an amount of centralization, c , representing the proportion of decision-making power over the special region that would remain at the national level. In turn, $1 - c$ would be devolved to a regional government. Decision making for the rest of the country remains completely at the national level.

After the nationalized party sets its policy platform, and if needed, its devolution platform, the regional voter, V_y casts her vote. She can choose to support the nationalized party, ensuring a single-party majority government, or she can choose to vote for a regionalist party, R .

¹For clarity, I refer to the party as “it” and the voter as “she”

Each actor has a preferred level of policy— θ_β for the nationalized party and θ_y for the voter. Without loss of generality, I assume that the voter’s ideal point lays within or above the critical policy bounds and therefore $\theta_y > p_L$.

If the party keeps all decision-making power at the national level, setting $c = 1$, everyone in the country experiences the same outcome of policy at p . However, if the party introduces devolution, the regional voter will have a different policy outcome than those in the rest of the country. With decentralization, the outcome for the regional voter becomes a combination of the decisions made at both the national and regional level. To model this, I weight the policy produced by each level of government by the proportion of decision-making authority each holds. I assume that the regional government will implement policies at the regional voter’s ideal point. Therefore, policy outcomes under devolution can be written as:

$$cp_\beta + (1 - c)\theta_y \tag{3.1}$$

If the regional voter chooses not to support the nationalized party, and instead votes for the regionalist party, N_β will not be guaranteed to form a single-party majority government. The voter may gain a higher utility from other governments— for example, a coalition between the nationalized and the regionalist party. However, other governments could form that would produce less desirable outcomes. I explore some of these variations in chapters 4 and 5.

Rather than make assumptions about which governments might occur and how probable they are, I represent the expected utility of N_β not winning a majority as:

$$-X_i, i \in \{N_\beta, V_y\} \tag{3.2}$$

In the event of a tie, I assume the voter votes for the nationalized party.

Should the nationalized party win a majority, each actor’s utility is a function of the distance between their ideal point and policy outcomes. Should N_β win the regional voter’s vote without devolution, the utility functions can be represented as follows:

$$U_{N_\beta}(p_\beta|N_\beta \text{ win}) = -|p_\beta - \theta_\beta| \quad (3.3)$$

$$U_{V_y}(p_\beta|N_\beta \text{ win}) = -|p_\beta - \theta_y| \quad (3.4)$$

If the party needs to introduce devolution, the actors' utilities become:²

$$U_{N_\beta}(p_\beta, c|N_\beta \text{ win}) = -c|p_\beta - \theta_\beta| - (1 - c)|\theta_y - \theta_\beta| \quad (3.5)$$

$$U_{V_y}(p_\beta, c|N_\beta \text{ win}) = -c|p_\beta - \theta_y| \quad (3.6)$$

Figure 3.1 shows the order of actions and potential outcomes for both the nationalized party and the regional voter. Figure 3.2 gives a spatial representation of the model when the party must use a combination of policy and decentralization to win the regional voter.

3.2 Strategies and Outcomes

To win the regional voter's support, N_β must ensure that the voter has a higher utility from N_β forming a single-party majority government than the expected utility the voter has should the party not win. However, the platform the party can run on is constrained by voters in the rest of the country. When the regional voter has similar preferences to voters in the rest of the country, the nationalized party can win in both areas running on a single platform. However, when the two sets of voters' preferences differ enough, the party may be able to alter its platform to include decentralizing some decision-making power to a sub-national legislature in the special region.

Two major factors influence the party's need or willingness to use devolution as part of

²There may be some instances when the nationalized party can have a higher utility from implementing devolution than keeping all power at the center. However, I make the assumption that if a party can win through policy alone, it does so.

Figure 3.1: Order of Actions and Possible Outcomes

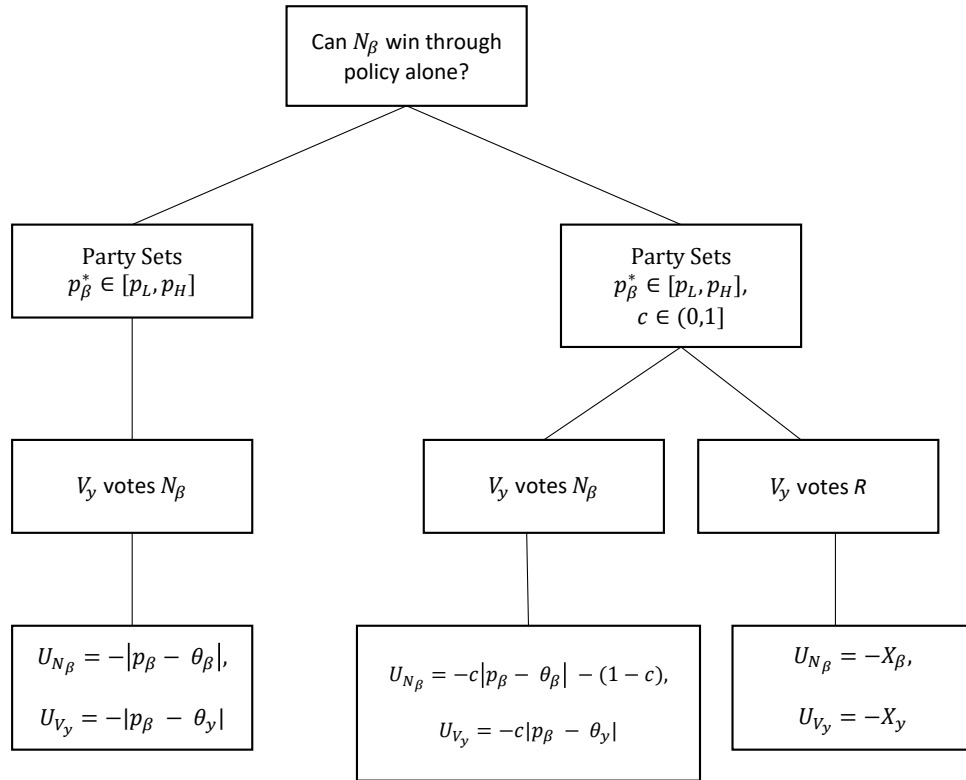
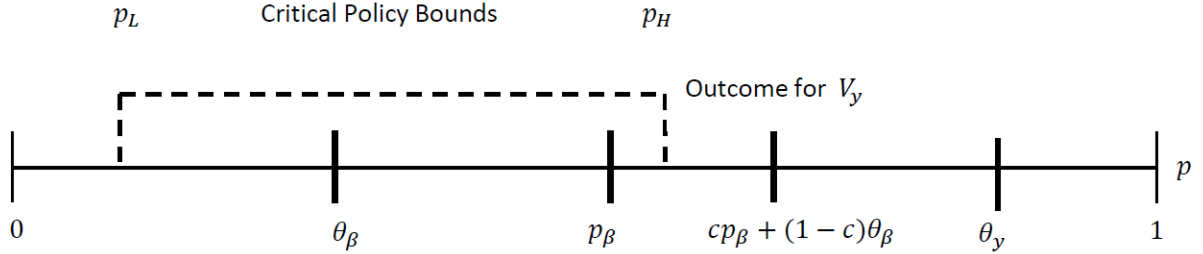


Figure 3.2: Spatial Representation



their campaign. First, as already discussed, the relative benefits or costs of the alternative outcomes, X_i , influence each actor's decisions. For example, the party may be less willing to pander to the regional voter when it has a good chance to form a strong minority government. In a similar vein, the regionalist party may be the only logical partner in a coalition government. By voting for the regionalist party, the voter may be able to exact more concessions from such a coalition government than a single-party majority type.

Second, all else equal, devolution should be more likely to occur as the preferences between the regional voter and the voter in the rest of the country diverge. As the distance between two groups increases, the regional voter's ideal point is more likely to fall outside the critical policy bounds, and N_β will need to use devolution to win.

I focus on five strategies the nationalized party can take, depending on the exogenous constraints that occur. First, the *Party-Ideal Strategy* allows the nationalized party to place policy at its ideal point and keep all power centralized. Second, the *Policy-Only Strategy* also allows all decision-making power to remain at the national level, but the party must make concessions to one or both sets of voters such that policy cannot be at the party's ideal point. Third, the *Combination Strategy* may have to be used when the regional voter's preferences lay outside the critical policy bounds. In these cases, no policy position within

the critical policy bounds is sufficient to win the regional voter's support. Instead, the party must implement some amount of decentralization to ensure political outcomes in the special region are close enough to the regional voter's ideal point. Fourth, the *Voter-Ideal Strategy* allows the regional voter to experience outcomes at her ideal point, with N_β either setting policy at the voter's ideal point or lowering centralization to 0 (effectively giving the region independence). Finally, with the *Loss Strategy*, the party is not willing to make the necessary concessions to win the support of votes in both regions and campaigns on a platform that may gain one set of voters, but not the other.

3.2.1 The Party-Ideal Strategy

With the *Party-Ideal Strategy*, N_β can win a majority without devolving any power from the center. Furthermore, the party can set policy to its ideal point. If this strategy is successful, the national government would control all decision-making for the entire country, and implement the same policy for all regions.

For this strategy to be viable, N_β must have an ideal point within the critical policy bounds $[p_L, p_H]$. Additionally, the regional voter's preferences must be relatively similar to the critical voter in the rest of the country so that $-X_y > -|\theta_\beta - \theta_y|$. If these conditions hold, then the party can set $p_\beta = \theta_\beta$ and $c = 1$ and win the regional voter's support.

3.2.2 The Policy-Only Strategy

The *Policy-Only Strategy* allows the nationalized party to win the regional voter's vote through policy only, keeping centralization at 1. However, the party cannot place policy at its own ideal point for one of three reasons. First, the party may have an ideal point outside the critical policy bounds thus, it could not win the critical voter in the rest of the country with policy at the party's ideal point and in turn, the party could not win an overall majority in the election.

Second, the regional voter's ideal point may be too far from the party's preference so the voter would support the regionalist party if policy was set at θ_β . The party must therefore

move policy closer to the regional voter's ideal point to win their vote.

Finally, the party's need to accommodate the regional voter changes depending on the voter's expected utility of voting for the regionalist party. When this expected utility increases, the nationalized party must ensure that the guaranteed outcomes for the regional voter are closer to the voter's ideal point.

The policy-only strategy can take on three specific forms. First, the party can place policy at the regional voter's indifference point, such that $X_y = |p_\beta - \theta_y|$. In the last two cases, the party sets policy at the edge of the critical policy bounds— p_L or p_H .

When the party wants to set policy such that the voter is indifferent, it sets $p_\beta = |X_y - \theta_y|$. For the party to prefer this strategy, it must prefer this policy outcome to the utility it gets from the alternative, $-X_\beta$. Therefore, $X_\beta > |\theta_\beta - \theta_y + X_y|$. Additionally, conditions have to meet either of two sets of constraints. The first set of constraints occurs when both actors have ideal points outside the critical policy bounds, but on opposite sides. By design, the voters ideal point must be above p_L , so this situation occurs $\theta_\beta < p_L$ and $\theta_y > p_H$. Additionally, the voter must have a relatively high expected utility for voting for the regionalist party, such that the party cannot place policy at p_L , which would be closer to its ideal point in this scenario. More formally, $|p_L - \theta_y| > X_y$.

Even if the party's ideal point lies within the critical policy bounds, it may not be able to place policy at its ideal point and win the regional voter. If $|\theta_\beta - \theta_y| > X_y$, the party cannot use a party-ideal strategy and instead will want to take the policy-only strategy, setting $p_\beta = |X_y - \theta_y|$.³

When the party's ideal point is below the critical policy bounds, $\theta_\beta < p_L$, the closest it can set policy and still win outside the special region is p_L . Therefore, the party has an optimal strategy of setting $p_\beta = p_L$ and $c = 1$ when $\theta_\beta < p_L$ and both actors prefer it to the expected utility of the alternate outcome, meaning $X_\beta > |p_H - \theta_\beta|$ and $X_y > |p_H - \theta_y|$.

Because the regional voter's ideal point, θ_y , lies above p_L , the party would only want

³If the voter's ideal point falls within the critical policy bounds the party may gain more utility from taking a voter-ideal strategy, discussed in section 3.2.4. This occurs when $X_y > \theta_y$.

to use this strategy when its own ideal point is below the critical policy bounds, meaning $\theta_\beta < p_L$. If the party's ideal point is within the critical policy bounds, it may be able to play a party-ideal strategy or set policy at the voter's indifference point, as I described earlier. One or both of these strategies will give the party a higher utility in such a case.

In the last type of policy-only strategy, the party sets policy at the opposite end of the critical policy bounds, $p_\beta = p_H$. If the party's own ideal point, θ_β is greater p_H , then this strategy will be gain it the highest possible utility using policy alone. Setting $p_\beta = p_H$ and $c = 1$ will also be the best strategy when $\theta_\beta < p_H$ but setting policy at p_H matches the voter's indifference point, so $X_y = |\theta_y - p_H|$.

3.2.3 Combination Strategy

If the party cannot use a party-ideal or policy-only strategy, it may choose to use a combination strategy. To do so, it sets policy at its highest possible value p_H , and includes some amount of decentralization, making $c < 1$. In the model's setup, I assume that if the party can win using policy alone, it does so; the party only uses a combination strategy when the voter's ideal point is outside the critical policy bounds, $\theta_\beta > p_H$. Otherwise, the party can simply set $p_\beta = \theta_y$. Additionally, the voter must have a relatively high expected utility associated with voting for the regionalist party, such that the party cannot use a policy-only strategy or party-ideal strategy. This could occur if the voter has a strong belief that a positive outcome will result from a regionalist party victory. For example, she may believe the regionalist party will be pivotal during government formation, allowing the regionalist party to exact more concessions from the main government party.

When using a combination strategy, the party aims to reach the voter's indifference point. When the party introduces decentralization, outcomes for the voter become a weighted combination of the party's policy at the national level and policies implemented at the regional level at the voter's ideal point. The party must therefore set c such that $c(\theta_y - p_H) = X_y$. Rearranging this equation, the party sets $c = \frac{X_y}{\theta_y - p_H}$ along with its policy position set

at $p_\beta = p_H$.⁴

3.2.4 The Voter-Ideal Strategy

When the party adopts a *Voter-Ideal Strategy*, it ensures that outcomes for the regional voter occur at her ideal point. If the voter's ideal point falls within the critical policy bounds then the party can set national-level policy to match, such that $p_\beta = \theta_y$. Because the party will only want to do this if it cannot get a better utility from any any other strategy that does not include decentralization. As with all of the previous strategies, to take a voter-ideal strategy, the party must prefer winning the regional voter's support to losing it, so $-X_\beta < -|\theta_\beta - \theta_y|$. Furthermore, θ_y must be the closest the party can get to its ideal point and still win the voter's support. This will be the case either when the regional voter and the party have the same policy preferences, $\theta_\beta = \theta_y$, or when the regional voter gets its highest possible utility from voting for the regionalist party, meaning $X_y = 0$. If neither of these conditions is met, the party can gain more utility from adopting a policy-only strategy or, if viable, a party-ideal strategy.

If the party cannot set $p_\beta = \theta_y$ because $\theta_y > p_H$, the party can ensure the voter receives her ideal policy by completely decentralizing power and setting $c = 0$. In doing so, the national-level policy becomes irrelevant for the regional voter. As before, the only time the party would choose to follow this strategy occurs either when the party has the same preferences as the voter or when $X_y = 0$. This is tantamount to granting the region independence.⁵

⁴Other variations of this strategy exist where the party could set $p < p_H$ and lower the amount of centralization to achieve the same outcome. For simplicity, I assume that under this strategy the party sets c to its highest possible value, which occurs when it sets policy at p_H .

⁵Because I assume decentralization is costless in this model, this remains a viable strategy. Realistically however, there are significant costs to separating a country.

3.2.5 Loss Strategy

Finally, the party may find it too costly to win in both the special region and the rest of the country, and prefer to use a *Loss Strategy*. In this case, the party chooses to give up on forming a single-party majority government. This strategy can take many forms, so I do not represent it here mathematically, but there are reasonable conditions when we might observe this strategy. For example, the rent within the critical policy bounds may be so small that it is difficult for the party to set policy inside them. The party may also gain some utility from avoiding excessive devolution, increasing its utility from losing the regional voter when the alternative is strong decentralization. The nationalized party may also see little cost to forming a coalition government that after the election. If potential coalition partners have similar preferences to the nationalized party, then there need not be significant compromise. Additionally, the nationalized party may not have to give away much decision-making power when in coalition government if its partners are small (Gamson, 1961).

3.3 Conclusion

In this chapter, I take a step toward modeling the strategic logic that motivates nationalized parties to devolve power to regional governments. Inspired by the events in the British case, I modeled the behavior of a nationalized party trying to please voters in both a special region and in the rest of the country. I examined five possible strategies the party could take and the conditions required for these strategies to be viable and preferred by the party.

The analysis here provides a foundation for a more fully specified model that could include more actors or constraints. I treat decentralization as costless, though this would rarely be true. I partially account for this by assuming the party keeps centralization at 1 when it is possible to win while doing so. However, this does not take into account any of the variables that could influence the costs of decentralization such as additional layers of bureaucracy or the backlash from voters in the rest of the country. This model could also be treated as a portion of a larger model that endogenizes the critical policy bounds by including a second

nationalized party as a strategic actor.

In the following two chapters, I apply the logic of this model to the United Kingdom, Belgium, and Spain. I also take the first steps towards extending it by discussing when the observed outcomes in these cases differ from those we would expect from the model in its current form.

CHAPTER 4

Application: United Kingdom

After presenting a narrative in chapter 2 and a formal model in chapter 3, I connect them in this chapter by applying the case of the United Kingdom to the formal model. In my model of devolution, a nationalized party can campaign on a platform of a single national-level policy along with decentralization to a regional legislature to allow different policy outcomes for different regions of the country. I suggested five possible strategies for the party could take, given the model's exogenous constraints. Two strategies— the party-ideal strategy and policy only strategy— allow the party to win votes in both parts of the country without implementing decentralization. In the party-ideal strategy, the party can set policy at its ideal point while, in the policy only strategy, the party must move policy away from its ideal point. If the party cannot win enough votes based on a single national-level policy alone, it can introduce decentralization to its platform with a combination strategy. The party could ensure that the regional voter experiences her ideal political policy outcomes using by using a voter- ideal strategy. In this strategy, the party either sets its national-level platform to the regional voter's ideal point or completely decentralizes power to the regional legislature. Finally, in the loss strategy, the party chooses to adopt a campaign platform that voters in either the region or the rest of the country will reject.

I divide the British case into several periods, based on the potential strategies the Labour Party adopted. Between the end of World War II in 1945 and 1951, two Labour governments were able to adopt party-ideal strategies as the government rebuilt the country's infrastructure and instituted a wide-ranging welfare system. From 1951 to 1974, Labour adopted a policy only strategy. As support for the Scottish National Party grew, Labour shifted to a combination strategy starting in 1974. Between 1974 and 1978, the government introduced

two bills in the Parliament to implement devolution in Scotland. However, I argue that this strategy proved unsuccessful because Scottish and English voters still held relatively similar preferences over policy. Following Thatcher’s Conservative Party victory in 1979, certain groups within Labour worked to return their party to its socialist roots, resulting in a party-ideal strategy between 1979 and 1983. Following Labour’s electoral failure using a party-ideal strategy, Labour organizers moderated the party’s platform and adopted a policy only strategy. However, during the 1980s, political preferences among Scottish and English voters started to diverge, and a single national-level policy proved insufficient to win voters in both regions. Finally, with the advent of New Labour in 1994, Labour’s leaders moderated their economic policies even further but also brought a renewed focus to devolution for Scotland. After 18 years in opposition, Labour was able to win in both England and Scotland in 1997. Table 4.1 gives a timeline of some of the major events on the path to Scottish devolution, while table 4.2 summarizes the situations surrounding the different strategies Labour took between 1945 and 1997.

Table 4.1: U.K. Devolution Timeline

| Year | Event |
|------|--|
| 1955 | <ul style="list-style-type: none"> • Conservative Party wins a majority in Scotland |
| 1967 | <ul style="list-style-type: none"> • First major SNP candidate elected |
| 1968 | <ul style="list-style-type: none"> • Labour government announces Kilbrandon Commission |
| 1973 | <ul style="list-style-type: none"> • Kilbrandon Commission recommends creation of Scottish Assembly |
| 1974 | <ul style="list-style-type: none"> • Labour government publishes discussion paper regarding devolution |
| 1976 | <ul style="list-style-type: none"> • Labour government introduces Scotland and Wales Bill |
| 1977 | <ul style="list-style-type: none"> • Scotland and Wales Bill defeated • Scotland Bill and Wales Bill introduced separately |
| 1978 | <ul style="list-style-type: none"> • Scotland Bill passes • “Winter of Discontent” occurs |
| 1979 | <ul style="list-style-type: none"> • Devolution referendum fails to meet threshold • First Thatcher government elected |
| 1980 | <ul style="list-style-type: none"> • Michael Foot elected Labour leader |

- 1981
 - “Gang of four” splits with Labour to form SDP
 - 1982
 - SNP’s ‘79 Group forced to disband
 - 1983
 - Labour suffers major losses in general election
 - Neil Kinnock elected Labour leader
 - 1987
 - Labour initiates major policy review
 - 1989
 - Poll Tax introduced in Scotland
 - Scottish Labour joins Scottish Constitutional Convention
 - 1990
 - Margaret Thatcher resigns, John Major becomes PM
 - Scottish Constitutional Convention issues proposals for a Scottish Parliament
 - 1992
 - Labour loses fourth successive election
 - John Smith elected Labour leader
 - 1994
 - Tony Blair elected Labour leader, brands party as “New Labour”
 - 1995
 - New Clause IV introduced to Labour Constitution
 - Scottish Constitutional Convention publishes final proposals for a Scottish Parliament
 - 1997
 - Labour overwhelming wins election
 - Scotland Bill introduced in Parliament
 - Scottish Parliament approved through referendum
 - 1999
 - Scottish Parliament sits for the first time
-
-

Table 4.2: Outcome Summary

| Time Period | Circumstance | Parameters | Prediction | Outcome |
|-------------|---|--|-------------------------------|--|
| 1945-1964 | <ul style="list-style-type: none"> • Post-war reconstruction • Establishment of welfare state | $\theta_{Eng} \approx \theta_{Scot},$ $p_{Con} \approx p_{Lab},$ $\{\theta_{Con}, \theta_{Lab}\} \in [p_L, p_H]$ | Policy Only or Party Ideal | Party Ideal (1945-1950), Party Ideal or Policy Only (1950-1964) |
| 1964-1979 | <ul style="list-style-type: none"> • SNP support increasing • North Sea oil discovery • Devolution Referendum | $\theta_{Eng} < \theta_{Scot},$ $\{\theta_{Con}, \theta_{Lab}\} \in [p_L, p_H]$ | Policy Only | Policy Only (1964-1974), Combination (1974-1979) |
| 1979 - 1983 | <ul style="list-style-type: none"> • First Thatcher government • Labour shifts left | $p_{Lab} = \theta_{Lab},$ $\theta_{Lab} > p_H$ | Policy Only | Party Ideal |
| 1983-1994 | <ul style="list-style-type: none"> • Labour moderates policies • Conservatives strong in England • Labour strong in Scotland | $\theta_{Eng} < \theta_{Scot},$ $\theta_{Scot} > p_H,$ $p_{Lab} > p_H$ | Combination | Policy Only |
| 1994-1997 | <ul style="list-style-type: none"> • New Labour moderates policies, • Devolution plans solidified | $\theta_{Eng} < \theta_{Scot},$ $\theta_{Scot} > p_H,$ $p_{Lab} \in [p_L, p_H],$ $c < 1$ | Combination | Combination |

4.1 Labour Party Ideal, 1945-1951

The Conservative Party of Winston Churchill showed during World War II, lost the general election of 1945, and Clement Atlee formed a Labour government. While the government faced a massive challenge rebuilding the country's devastated infrastructure, housing, and finances, the need for action on such a massive scale allowed for strong state control over the provision of public services and housing. The government founded the National Health Service (NHS) in 1946, providing free health care to all British citizens, regardless of income. The National Insurance Act of 1946 introduced a wide safety net including unemployment insurance as well as support for the disabled and elderly. Seven hundred thousand homes were destroyed during the war, but soon, one million new homes were built – 80% of which were publicly owned.

While some radically minded members of the Labour Party pushed for more extreme policy, the period between 1945 and 1950 marked one of the greatest expansions of government involvement in the economy in British history. As such, this period strongly fits the party-ideal strategy, in which the Labour Party could implement its preferred policies and win in both Scotland and England. The government's policies also had long-lasting consequences in shifting the rhetoric regarding the welfare state. While the Conservatives voted against the bill introducing the National Health Service, it quickly saw how popular the policy was and came to support the NHS as well. Even today, the NHS enjoys a protected status among all of Britain's political parties and its budget is one of the last to be cut during times of austerity. Indeed, between 1945 and Margaret Thatcher's victory in 1979, both Labour and Conservative governments tended to espouse Keynesian values of relatively high government spending to help maintain high employment. The 1950s mark the height of this "post war consensus."

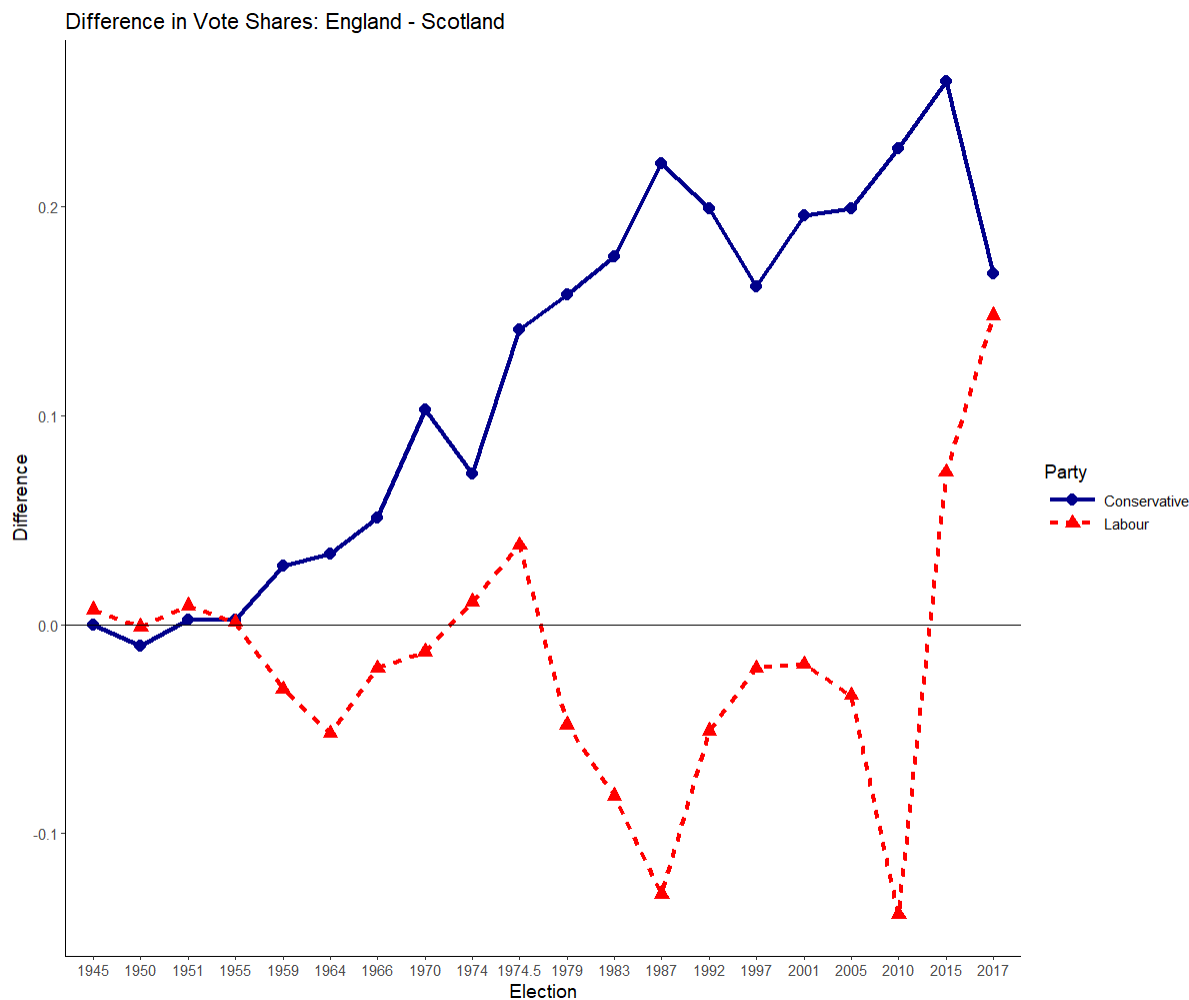
4.2 Unsuccessful Policy-Only Strategy, 1951-1964

Labour lost the 1951 election, and remained out of government until 1964. Several factors contributed to the loss, but differences in regional preferences does not appear to be one of them. Class preferences did play a role in Labour's losses— with middle class voters moving to the Conservatives as they saw themselves disadvantaged by the continuation of austerity measures. Most notably, the rationing of meat, dairy, and other goods continued in the United Kingdom until 1954. Working-class voters saw their quality of life improve and they continued to support Labour. During this period, the working class made up a larger proportion of the British population than they would in the following decades. More importantly, England and Scotland had a similar proportion of working class among their population. Accordingly, voting patterns in England and Scotland largely mirrored each other. Figure 4.1 shows the difference in aggregate vote shares between English and Scottish voters for both parties. It shows that during this time, a similar proportion of voters from each region voted for each party.¹ Over time, and particularly during the Thatcher years, the socioeconomic differences between English and Scottish households increased, as more English voters entered the middle class. These demographic shifts significantly contributed to the diverging preferences between English and Scottish voters.

While Labour remained in opposition from 1951 to 1964, its strategy most closely matched the policy-only strategy in the model. That is, Labour tried, unsuccessfully to appeal to both English and Scottish voters with a one-size-fits-all policy platform. While this proved unsuccessful, the model suggests that Labour enjoyed few alternatives for success under the circumstances. Devolution would not have provided any benefit. Given the similarity between English and Scottish voters and voting patterns, devolution would have provided little benefit for Scottish voters in terms of changing outcomes. Indeed, a Scottish government likely would have resembled the partisan makeup of the national-level government quite closely.

¹The majoritarian electoral system also influenced Labour's defeats— indeed Labour had a higher overall vote share in 1951 but won fewer seats than the Conservatives.

Figure 4.1: Difference in Vote Shares by Party (England - Scotland)



The policy-only strategy that Labour adopted during these elections appears to have been the most logical one. Labour and the Conservatives had similar economic policies during this period, so it is not clear that a shift in Labour’s platform on this issue would have gained many votes. Instead, it appears that the Conservatives produced policy platforms relatively close to the English and Scottish voters’ ideal points, creating a small acceptable policy range within which Labour had to operate. It is likely that other factors that are not accounted for in the model influenced voters’ decisions. In particular, campaigns often focused on foreign policy positions as the Cold War began and the British Empire shriveled. Because foreign policy decisions do not necessarily fall on the left/right economic spectrum, the model does not take these factors into account.

4.3 From Policy-Only to Combination Strategy: 1964-1979

The 1959 election marked the first significant divergence between Scottish and English voting patterns as Labour began to dominate Scottish politics. After the 1964 election, Labour's overall vote share in Scotland exceeded its share in England by roughly 5%. Given its government's razor thin majority of two seats, Labour strongly relied on maintaining relative popularity in Scotland. The economy entered into a recession that disproportionately affected heavy industries, big employers in Scotland and the north of England. Many Scottish workers found themselves needing government support, but at the same time the Conservatives started to support reducing it. Labour continued to pursue a policy-only strategy, arguing that centralized planning served as the most effective way to make the necessary changes to the British economy. Given the problems with the Scottish economy during this time, Labour's logic made sense— a devolved legislature would not necessarily have the means to implement desired changes.

Two major events forced Labour strategists to rethink the way they viewed Scottish voters. First, the Hamilton by-election in 1967 that introduced an SNP MP into Westminster showed that voters were willing to switch from Labour to the SNP. Second, the discovery of oil off the Scottish coast in 1969 added some credibility to the SNP's demand for self-control. Both the discovery of oil and the job losses from the economic recession meant that Scottish voters preferred higher levels of government spending than many English voters. In the context of the formal model, this means that $\theta_{Scotland}$ increased.

Labour inched toward a combination strategy in 1968 when Prime Minister Harold Wilson announced his intention form a Royal Commission to investigate changes to the British Constitution. But between Wilson's announcement and the February 1974 election, neither Conservative nor Labour governments took significant steps to implement any devolutionary policies.

Legislating to implement devolution took up a large portion of the government's time between 1974 and 1979. Ultimately however, no institutional change occurred. During consultations, some within Scottish Labour argued that devolution was unnecessary because

Scottish politics differed little from politics in the rest of the country. This suggests that many saw a similarity between voter ideal points in Scotland and England.

Scottish voters participated in a referendum in early 1979. Ultimately, devolution failed in 1979 because turnout was too low to pass the necessary threshold. The legislation granting a referendum required that, in addition to gaining a majority of votes cast, at least 40% of all registered voters had to vote in favor of a Scottish Assembly. While a majority, 51.6%, of those who voted supported devolution, but with a turnout of only 63.7% only 33% of eligible voters voted in support of devolution: the level of support did not meet the required threshold.

4.4 Party-Ideal Strategy 1979-1983

After the Conservatives won the 1979 general election, some activists argued that Labour's losses came because while in government, the party had abandoned its ideals. Wilson, Callaghan, and their colleagues forgot Labour's goals and instead took the middle road, pleasing neither Labour's supporters nor Conservative voters. Grassroots organizations worked to win influence within the party and return Labour to its socialist ideals. Many within these groups worked to increase their pull within local constituency parties. In turn, this allowed for greater control within Labour's National Executive Committee (NEC). The NEC includes representatives from the Parliamentary Labour Party (PLP), trade unions, and constituency Labour Parties. Until the New Labour reforms in the late 1990s, the NEC held responsibility for crafting the party's policies for approval during Labour's annual conference. Beginning in the late 1970s, the NEC started to exert more control over Labour's policy direction as the norm of deferring to the PLP diminished. Because the PLP tended to be more moderate than the other groups within the executive committee, as the NEC exercised more control, Labour's policies became more extreme.

In 1980 and 1981, the NEC helped to introduce several changes to Labour's constitution that reduced the power of the PLP and increase that of constituency groups. First, Labour MPs were no longer automatically renominated for the next election but had to be reselected

by their constituency party each time. Second, Labour leaders were to be elected via an electoral college with the PLP, constituency parties, and trade unions, rather than by the PLP alone.

The changes to Labour's constitution and the prevailing rhetoric of returning to the party's roots is indicative of a party-ideal strategy, whereby a party sets policy at its ideal point. However, this strategy can be successful only when both sets of voters have ideal points close enough to the party's, and this clearly was not the case in 1983. Many saw Labour's 1983 election manifesto as extreme, particularly in light of the Thatcher government's free market orientation. Labour's returns were its worst since 1918, with only 27.6% of voters casting their ballots for Labour candidates.

Labour fared somewhat better in Scotland than in England. In England, Labour's vote share dropped by 9.8% between 1979 and 1983, while in Scotland the swing away from Labour was 6.5%. This suggests that overall, more Scottish voters than English voters preferred policies with higher government spending and intervention in the economy. In the language of the model, $\theta_{England} < \theta_{Scotland}$.

4.5 Pragmatic Policy 1983 - 1994

As the Conservative government implemented policies to reduce government spending and increase the influence of the free market, some areas were more impacted than others. In particular, many in the south of England saw their quality of life improve, while those in Scotland, Wales, and the north of England faced difficulties. Many Scottish industries collapsed during this period when the government privatized them or refused to bail them out. As a result, the unemployment rate in Scotland vastly exceeded that in England (Cameron, 2010).

As economic fortunes differed between England and Scotland, voter preferences did as well. In England, the increasingly large middle class enjoyed a higher quality of life and lower taxes and responded favorably to Thatcher's rhetoric favoring individual hard work over community support and collective action. Alternatively, many in Scotland found them-

selves more reliant on government-funded support such as unemployment insurance. Scottish citizens were also more likely to live in council-owned homes than the English and also had higher rates of employment in government funded industries such as education and the NHS.

After Michael Foot resigned as Labour leader in 1983, the party held its first leadership election under the electoral college rules. Foot's successor, Neil Kinnock carried majorities in the union and constituency party block, but not among his colleagues in the PLP.² Thus the party's ideal point remained to the left of the PLP alone.

Following his election, Kinnock worked with the NEC and other Labour policy makers to address the party's more radical positions. Labour softened its anti-market rhetoric and moderated some of its foreign policy stances. The general election in 1987 produced the highest divergence in vote shares between English and Scottish voters to date. In England, Labour won a 29.5% vote share, a modest 2.5% increase from 1983, while in Scotland, Labour's share of the vote jumped from 35.1% to 42.4%. When the dust settled, Labour MPs held 50 of Scotland's 72 seats.

Despite Labour's success in Scotland, its lackluster English results forced a major rethink among the Labour leadership. Following a widespread policy review in the late 1980s, Labour strategists worked to moderate their policy and public image going into the 1992 election. While Labour's vote share increased in England in 1992, it fell in Scotland. Furthermore, the SNP's vote share increased significantly. This combination of voting trends shows the difficulties Labour strategists faced trying to win votes in both regions with a purely policy-driven platform. On the one hand, many English voters felt that Labour's policies remained too extreme. On the other hand, voters in Scotland started to abandon Labour for the SNP.

Devolution remained part of Labour's manifesto between 1983 and 1992, but the stance was not necessarily a credible commitment. Neil Kinnock had vocally opposed devolution in the 1970s and showed little enthusiasm for it during his time as Labour leader from 1983

²Kinnock received a plurality of votes within the PLP, but Labour's old rules required an absolute majority when the leader was selected by the PLP. Therefore, the support Kinnock received from the PLP would not have been enough to elect him under the previous rules, at least in the first round of voting. It is also not clear how the different rules would have influenced how members of the PLP cast their ballots as compared to how they voted under the electoral college rules.

to 1992. Furthermore, many of the debates surrounding the potential powers of a Scottish legislature remained unresolved. Therefore, Labour's strategy during this period more closely resembled a policy-only strategy than a combination strategy.

4.6 Combination Strategy: 1994 - 1997

After becoming party leader in 1994, Tony Blair implemented sweeping changes to create "New Labour." Within the party organization, he worked to shift the balance of power away from the NEC and constituency parties toward the PLP in general and the front bench in particular. In terms of the formal model, this moderated the party's ideal point. In turn, the party would be willing to implement policies with lower taxation and spending. And indeed, New Labour's policies did move much closer to those of the Conservatives. Blair promised that a New Labour government would work within the free market to create "successful and profitable businesses". Strategists also worked to portray New Labour as a financially responsible party, able to achieve its goals without having to raise income tax.

In Scotland, the SNP portrayed New Labour's positions as thinly veiled Conservative policies. Internal Labour research suggested that many Scottish voters agreed with the sentiment (Hassan and Shaw, 2012). However, New Labour's platform also included concrete plans for Scottish devolution. Starting in 1988, members of Scottish Labour took part in a Scottish Constitutional Convention to discuss how a Scottish Parliament would work. The Convention's final report, published in 1995 laid out concrete recommendations for many of the issues that caused disagreements in the 1970s. Labour's promised to use these recommendations as the basis for their devolution legislation if elected to government.

New Labour's platform of strongly moderated national-level policies along with devolution for Scotland exemplified the combination strategy within the formal model. Labour's Scottish losses in 1992, combined with the SNP's unflattering portrayal of New Labour suggests that, without devolution, fewer Scottish voters would have chosen to support Labour in 1997.

4.7 Conclusion

In this chapter, I explained the different economic and political conditions that influenced the Scottish voters' desire for devolution and the Labour Party's willingness to offer it. Until the 1980s, many in Scottish Labour felt no need for devolution because Scottish and English voters held similar preferences. This changed in the 1980s as Conservative governments won majorities in the House of Commons despite strong opposition from Scottish voters. Labour strategists tried to win votes in both England and Scotland with more moderated policies in the late 1980s and early 1990s. However, English voters still found the party's policies too extreme while some Scottish voters started to support the Scottish National Party. Ultimately, Labour was able to gain power with a combination strategy of moderated policies and Scottish devolution.

CHAPTER 5

Extensions: Belgium and Spain

While the formal model I presented is largely based on the United Kingdom, some of its implications apply to devolution in advanced democracies. In this chapter, I apply the cases of Belgium and Spain to the formal model.

I relax some of the model's assumptions for each case. Both Spain and Belgium use proportional representation to elect MPs, rather than the first-past-the-post system in the model. Because PR systems tend to produce more political parties than majoritarian electoral rules, single-party majority governments become less common, although they are still relatively common in Spain. As I discuss, party strategists may adjust their campaign tactics if they aim to place their party in an optimal coalition bargaining position, rather than if they aim to win a single-party majority.

I argue that the Spanish case mirrors the British one but nationalized parties in Spain offer devolution after an election, rather than before. Rather than using promises of devolution as a campaign tool, Spanish nationalized parties use promises of devolution to negotiate with regionalist parties during the government formation process, in the event they fall short of a single-party majority in the election.

In contrast, the Belgian case shows another solution to the problem of differing regional preferences—party denationalization. While today Belgium has a federal and highly decentralized government system, governments initially implemented national-level measures to accommodate regionalist concerns. However, negotiations around these first reforms created tensions between members of the same party from different regions. Ultimately, Belgium's nationalized party leaders found it impossible to address the concerns of both groups simultaneously and each of Belgium's nationalized parties split into independent regional parties

within a decade.

5.1 Spain

Like the United Kingdom, Spain formed as a union of several distinct kingdoms. Historically, three regions enjoyed greater political and cultural autonomy within the country—Galicia in the northwest, the Basque Country in the north, and Catalonia in the northeast. Many in these regions use their own languages, distinct from the Castilian Spanish used in the rest of the country.¹ However after the Spanish Civil War (1936 to 1939) Spain's new leader, Generalissimo Francisco Franco wanted to create and cement a united Spanish identity. To encourage this, the government introduced policies aimed towards minimizing regional identities by discouraging or even prohibiting regional languages such as Catalan or Basque (Greer, 2012). Moreno (1997) argues that the severity of these attempts ultimately strengthened regionalism and nationalism by forcing different sects within these camps to overcome their differences to oppose Franco's policies.

Following Franco's death in 1975, the issue of which regions should have sub-national governments and how much power these governments should have played a large role in the subsequent negotiations regarding democratization (Agranoff, 1996). The new constitution established regional governments, known as *Comunidad Autnoma* (Autonomous Communities, ACs) for the Basque Country, Catalonia, and Galicia and set a process for other regions to negotiate with the national government and create their own ACs. By 1983, each of Spain's fifty provinces belonged to one of 17 ACs. The Constitution also recognized multilingualism, establishing (Castilian) Spanish as the official national language but allowing ACs to designate minority languages as co-official within their communities (Sala, 2013).

The central government maintains exclusive control over matters of international relations and defense, income redistribution, and economic stabilization. All ACs control policies regarding municipal boundaries, housing, social assistance, health, and cultural and regional-

¹Other regions in Spain have their own languages or Spanish dialects, but they are less prevalent than Galician, Basque, or Catalan.

language issues. Constitutionally, ACs could control all not expressly granted to the national government, but they must be specifically devolved to an AC via “organic laws” passed by an absolute majority of all MPs at the national-level (Aja, 2001; Sala, 2013).² To this end, some regional governments have powers others do not, particularly regarding education, health care, social services, and police forces (Martínez-Herrera, 2002). Several times over the past forty years, a cycle recurs in which the national government grants increased powers to parliaments in one or more of the historic nations and leaders in other ACs then argue that their regions are being treated unfairly until the national government devolves power to equalize the ACs. Then, leaders in the historic nations push for more devolution to their governments, saying their regions deserve to have more powers than the other portions of Spain. The cycle then repeats. Table 5.1 shows a timeline of some of the major events and institutional changes associated with decentralization in Spain. It shows the multiple rounds of decentralization to different ACs.

Until recently, two major political parties dominated Spanish politics at the national level— the Partido Socialista Obrero Español (Spanish Socialist Workers’ Party, PSOE) on the center-left and the Partido Popular (People’s Party, PP) as the main center-right party.³ Following Franco’s death, the newly appointed Prime Minister, Adolfo Suárez, oversaw Spain’s democratic transition and formed the *Unión de Centro Democrático* (Union of the Democratic Center, UCD) from a group of smaller centrist parties (Caciagli, 1984). The UCD won pluralities in 1977 and 1979 before dissolving in 1983.

Spain’s Congress of Deputies is elected via relatively low magnitude proportional representation. The majoritarian tendencies associated with low district magnitude favor larger parties and regionally concentrated groups. As a result, between 1979 and 2015, all of Spain’s governments were single-party governments of the UCD, PSOE, or PP. However, between 1979 and 2015, single-party minority governments have been just as common as single-party

²Ordinary laws require a majority of voting MPs while organic laws require a majority of all MP, not just those voting.

³The PSOE has several regional branches, such as the PSC in Catalonia. In the national government, these branches take the PSOE whip (Roller and Van Houten, 2003). The PP was previously the Alianza Popular (AP).

Table 5.1: Spain Party and Institutional Timeline

| Year | Event | Institutional Change |
|-------------|--|--|
| 1975 | • Franco dies | |
| 1977 | • First democratic elections held | |
| 1978 | • New Constitution implemented • CDC and UDC join to form <i>Convergència i Uni</i> (CiU) | |
| 1979 | | • Statutes of Autonomy approved for The Basque Country and Catalonia |
| 1981 - 1983 | | • Statutes of Autonomy approved for all regions in mainland Spain |
| 1982 | • Euskadiko Ezkerra (EE) merges with Basque branch of PSOE to form PSE-EE | |
| 1986 | • Eusko Alkartasuna (EA) splits from Basque Nationalist Party (EAJ-PNV) | |
| 1987 | • Several leftist parties form <i>Izquierda Unida</i> (IU) | |
| 1989 | • First ETA ceasefire | |
| 1991 | | • Statutes of Autonomy revised in seven ACs |
| 1994 | | • Statutes of Autonomy revised in twelve ACs |
| 1995 | | • Statutes of Autonomy for enclaves in northern Africa |
| 1996 | • Second ETA ceasefire | |
| 1996-2002 | | • Second wave of revisions to Statutes of Autonomy |
| 1998 | • Third ETA ceasefire | |
| 2001 | • HB outlawed by Supreme Court, reforms and <i>Batasuna</i> | |
| 2005 | • <i>Ciudadanos</i> (Cs) forms to oppose nationalist movements | |
| 2006 | • Fourth ETA ceasefire | |
| 2007 | • Anti-nationalist party <i>Unión Progreso y Democracia</i> (UPyD) forms | |
| 2010 | • Fifth ETA ceasefire | |
| 2017 | • ETA officially disarmed | |

majority governments. This pattern occurs despite Constitution's investiture requirement, forcing the Spanish Congress of Deputies to formally approve of a government before it can take power.⁴ However, Spain's high level of decentralization, combined with the relatively low threshold for constitutional revisions, help allow minority governments to survive at the national level. Because an organic law can increase powers to ACs, devolution becomes a viable issue for negotiation during the government formation process.

In Catalonia, *Convergència i Unió* led single-party minority governments from 1980 to 2003 and 2010 until the party split in 2015.⁵ The CiU's economic positions have varied over the years, though generally it leaned to the center-right. Because Catalonia is one of the wealthiest regions in Spain, the Catalan regional government has often pushed for greater fiscal autonomy to avoid subsidizing the rest of the country (Dowling, 2005).

The Basque Nationalist Party (*Ezuko Alderdi Jaltzalea - Partido Nacionalista Vasco*, EAJ-PNV) runs in the Basque Country and neighboring Navarre. Like the CiU in Catalonia, the EAJ-PNV tends to win pluralities in regional elections and lead regional governments. Unlike in Catalonia, a militant faction of the Basque separatist movement developed during the Francoist period and stayed active after democratization. *Euskadi Ta Askatasuna* (Basque Homeland and Liberty, ETA) emerged in the 1950s demanding independence for the Basque Country and engaged in armed violence starting in the 1960s. The Spanish government, even after democratization, used extralegal tactics to combat ETA including political assassinations and torture of suspected ETA members or supporters (Clark, 1990; Magone, 2009). ETA's political wing, Herri Batasuna (Popular Unity, HB) competed in elections until the Spanish Supreme Court banned the party in 2002.⁶ Thus, Basque politics includes a peaceful vs. militant dimension in addition to the traditional left vs. right and unitary vs. independence dimensions.

⁴Typically, investiture votes should reduce the probability of minority governments (Strm, 1990).

⁵The CiU formed as a coalition between the *Convergència Democràtica de Catalunya* (Democratic Convergence of Catalonia, CDC) and the *Unió Democràtica de Catalunya* (Democratic Union of Catalonia, UDC). From 2015 the two parties ran independently.

⁶Since 2002, the organization has taken on several different names as each one is successively banned.

The CiU and EAJ-PNV tend to be the largest regionalist parties in the Congress of Deputies, giving their leaders significant power as kingmakers— allowing a minority government to form and survive. Interviews with regionalist party representatives indicate that members of the CiU and EAJ-PNV preferred to support a minority government through confidence and supply rather than join a formal government coalition. Given their relatively small sizes compared to the formateur party, regionalist parties would likely receive only one or two portfolios, affording them little control towards the overall government agenda. At the same time, the regionalist party in government would have to take responsibility for all of the government’s actions. Thus, the potential benefits of joining a government coalition could not outweigh the benefits (Field, 2016). Alternatively, because the CiU and EAJ-PNV tend to lead their regional governments, devolution grants these parties significantly more influence in their respective regions.

Leaders in both the PSOE and PP seem willing to devolve powers to local governments when in a minority government, particularly when members of the CiU choose not to oppose the potential government during an investiture vote and instead to either vote in favor of the motion or abstain themselves.⁷ Table 5.2 shows the results of an ordinary least squares regression of the number of Ordinary Laws passed each year. The relatively low number of observations (37) reduces the power of the analysis thereby increasing the standard errors. Nonetheless, minority governments appear to be significantly more likely to pass laws granting power to regional governments, regardless of the party in government. Furthermore, CiU “soft support”— voting in favor of or abstaining from an investiture vote— also correlates with increased decentralization. The large coefficients can be attributed to two factors: First, that both the constant and the interaction are negative, so the resulting value is positive. The government vote share is as percent, rather than proportion. Table 5.3 shows Spain’s governments since democratization and the parties that supported them.

⁷Spain’s investiture rules require the proposed government to win an absolute majority of the Congress of Deputies in the first round of voting. If no absolute majority exists, a second round occurs requiring only a majority of voting MPs. Thus, choosing not to participate in the vote lowers the threshold for success in the second round.

Table 5.2: OLS Regression of Number of Devolutionary Laws Passed

| | <i>Dependent variable:</i> | | | | | |
|---|----------------------------|---------------------------|----------------------------|--------------------------|--------------------------|-------------------------|
| | Number of Devolution Laws | | | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Government Seat Share | 14.845** (6.960) | 23.373** (8.963) | 20.940** (6.650) | 5.446 (12.574) | 8.747 (44.648) | 17.648 (13.017) |
| Minority Government | 1,201.726** (583.187) | 1,365.067** (583.768) | 1,182.196** (528.107) | 1,725.811** (674.034) | 1,633.572 (1,377.580) | 1,188.259* (677.729) |
| CiU Support | | 40.086 (27.223) | | | 11.230 (145.506) | |
| CiU Soft Support | | | 64.463*** (22.444) | | | 63.796** (28.422) |
| PSOE Government | | | | 44.176 (49.385) | 39.888 (74.874) | 15.178 (48.215) |
| UCD Government | | | | 106.525 (74.578) | 86.330 (272.428) | 16.895 (80.718) |
| Government Seat Share * Minority Government | -23.451* (11.706) | -25.561** (11.593) | -21.967** (10.612) | -36.935** (14.406) | -34.297 (37.187) | -22.776 (14.947) |
| Constant | -758.216* (385.366) | -1,244.361** (502.425) | -1,141.489*** (373.586) | -266.643 (669.501) | -450.550 (2,478.126) | -968.633 (703.125) |
| Observations | 37 | 37 | 37 | 37 | 37 | 37 |
| R ² | 0.161 | 0.215 | 0.333 | 0.224 | 0.224 | 0.336 |
| Adjusted R ² | 0.085 | 0.117 | 0.250 | 0.099 | 0.069 | 0.203 |
| Residual Std. Error | 58.649 (df = 33) | 57.638 (df = 32) | 53.105 (df = 32) | 58.200 (df = 31) | 59.156 (df = 30) | 54.744 (df = 30) |
| F Statistic | 2.118 (df = 3; 33) | 2.187* (df = 4; 32) | 4.000*** (df = 4; 32) | 1.793 (df = 5; 31) | 1.447 (df = 6; 30) | 2.528** (df = 6; 30) |

Note: Soft support defined as voting yes or abstaining in investiture vote. Data during election years are weighted by proportion of year in office. *Source:* Magone (2009)

Table 5.3: Investiture Votes in Spain

| Year | Government Party | Government Seat Share | Supporting Parties | Abstaining Parties |
|-------|------------------|-----------------------|---|---|
| 1979* | UCD | 48% | CiU ^a (2.3%), PP (2.9%), PAR (0.3%) | HB (0.9%) |
| 1981 | UCD | 48% | CD ^a (2.6%), CiU ^a (2.6%), PAR ^a (0.03%) UPN (0.3%), UA ^a (0.3%) | HB (0.9%) |
| 1982* | PSOE | 57% | PCE (1.1%), CDS (0.6%), EE(0.3%) | CiU(3.4%), EAJ-PNV (2.3%), ERC (0.3%), HB (0.6%) |
| 1986* | PSOE | 57% | | PNV (1.7%), AP(3.1%), HB(1.4%) |
| 1989* | PSOE | 47.4% | AIC(0.3%) | PNV (1.4%), PAR (0.3%), HB (1.1%) |
| 1993* | PSOE | 45.4% | CiU (4.9%), EAJ-PNV (1.4%) | PAR (0.3%), HB(0.6%), IU-IC (0.3%) |
| 1996* | PP | 44.6% | CiU (4.6%), EAJ-PNV (1.4%), CC (1.1%) | UV (0.3%), HB (0.6%) |
| 2000* | PP | 52.3% | CiU (4.3%), CC(1.1%) | |
| 2004* | PSOE | 46.9% | ERC (2.3%), IU-ICV (1.4%), CC (0.9%), BNG (0.6%), CHA (0.3%) | CiU (2.9%), EAJ-PNV (2%), EA(0.3%), NaBai (0.3%) |
| 2008* | PSOE | 48% | | CiU (2.9%), EAJ-PNV (1.7%), IU-ICV (0.6%), BNG (0.6%), CC (0.6%), NaBai (0.3%) |
| 2011* | PP | 52.9% | FAC (0.3%), UPN (0.3%) | Amaiur (2%), EAJ-PNV (1.4%) CC (0.3%), NC (0.3%) |

Note: Parentheses indicate seat shares. ^aMajority of party members abstained or absent from first round. ^{*}Investiture following election. *Source:* <http://www.historiaelectoral.com/congresovota.html>, accessed April 29, 2018.

5.1.1 Application

In Spain, the promises of devolution tend to occur after an election, rather than before as in the formal model. Yet the same general principal of the model holds— a nationalized party devolves power to regional governments as the price for controlling national-level government. In many ways, post-election negotiation may be a less costly strategy than using devolution as a major campaign promise because the party must only devolve power if it does not gain a majority. Alternatively, this could also mean voters are more willing to vote for a regional party in the Spanish case due to an increased expectation of devolution under minority government.

Given the regularity with which Spanish minority governments grant decentralization, voters in ACs with strong regional parties may have a reasonable belief that voting in favor of a minority government increases the probability of devolution, particularly given that both the PSOE and PP have been willing to grant decentralization. In the United Kingdom, however, the value of a minority government for many Scottish voters depends greatly depending on which nationalized party gained power. While the Conservative Party’s stance on devolution softened in recent years, in the 1980s and 1990s, it officially opposed devolution. Thus, the stakes of voting for a regionalist party are lower in Spanish ACs than in Scotland. This means that in the model, the expected utility of voting for the regionalist party, $-X_y$, should be higher for Catalan voters than for voters Scottish voters.

Similarly, the cost to the nationalized party of gaining regionalist support may vary between the two countries. Typically, regionalist parties in Spain demand very little in terms of national-level policy and largely allow the government to pursue its manifesto policies as long as the government meets the regionalist party’s decentralizing demands. Indeed, regionalist parties have rejected the possibility of national-level influence by choosing to support a single-minority government rather than form a formal coalition. However, given the relative scarcity of non-majorities in the British House of Commons, it is not clear that the SNP would take a similar tactic as the CiU or EAJ-PNV.⁸ Leaders of the PSOE and PP

⁸The current British government relies on support from the Northern Irish Democratic Unionist Party

in Spain may therefore have a relatively higher expected utilities associated with failing to win a majority. Thus, $-X_\beta$ would be higher for Spain's nationalized parties than the Labour Party in the U.K.

Finally, the Spanish government must manage the competing demands of voters in 17 sub-national regions, rather than the four in the United Kingdom. Furthermore, Plaid Cymru never posed a strong threat to Labour in Wales, meaning Labour strategists primarily needed to balance preferences between only two regions— England and Scotland. However, the cycle of increased demands from different regional governments in Spain shows the difficulties the government faces when trying to please multiple regions simultaneously. In the formal model, equilibria exist where the nationalized party is able to please both regions through policy alone, as seen in the United Kingdom in before the 1980s. However, it may be harder to reach this equilibrium in Spain.

5.2 Belgium

5.2.1 History

Belgium is divided into three regions— Flanders in the north, Wallonia in the south, and Brussels, the capital region near the middle of the country, though surrounded by Flanders. The country also has two major language groups— Flemish (Dutch), spoken primarily in Flanders and French, spoken mostly in Wallonia.⁹ A majority in Brussels speak French as their native language, but there is also a large Flemish-speaking population. From the country's creation in 1830 until World War II, political divisions in Belgium focused on the Secular/ Liberal divide. However, in the last half of the 20th century, language issues came

(DUP). However, the Good Friday Agreement in 1998 required the British government to remain neutral in Northern Irish politics. Thus, the DUP cannot participate in a formal coalition government.

⁹There is also a small German-speaking community in the southeast of Wallonia. However, debates over language usage and regulation primarily concern the use of French vs. Flemish divide. In this section, I use “bilingual” to mean the use of Dutch and French.

to dominate Belgian politics.¹⁰

Three main parties developed in the 19th century— a Christian Democratic Party, a Liberal party, and a Socialist party, and each ran candidates throughout the entire country. For over 130 years, these three parties dominated Belgian politics, but as both Fleming and Walloon nationalists gained prominence in the 1960s, the country’s nationalized parties faced mounting pressure from opposite sides of the language divide. In 1968, the Christian Democrats split into independent Flemish and Francophone branches— 11 years later, no nationalized party existed in Belgium. As shown in figure 5.1, in 1946, the effective number of parties in the Belgian Chamber of Representatives was 3, by 1978, this had risen to 6.8. Following the 2014 election, 13 parties held seats in the Parliament, giving it an ENP of 7.8. Today, not a single nationalized party runs in elections and, with the exception the two Green Parties, there is no pre-electoral cooperation across regions.

While the population of Flanders outnumbers that of Wallonia, Francophone culture tended to dominate Belgian politics and government in the 19th century. Most elites spoke French during this time, even in Flanders, and the Walloon economy based on heavy industries outpaced Flanders’ more agrarian economy (Zolberg, 1974). However, by 1946 all Belgian citizens could vote and Flanders was better able to adapt to the post-war economy than its Wallonia. Francophone Belgians found themselves outnumbered by, and economically dependent, upon the Flemish. Thus, Belgian political factions became a classic example of reinforcing cleavages as language and economic preferences aligned. Table 5.4 gives a timeline of the major events and institutional changes of decentralization in Belgium.

In the 1920s, the Belgian government drew territorial boundaries to create monolingual French and Dutch regions, as well as officially bilingual areas in and around Brussels.¹¹ However, the laws also allowed the government to redraw language boundaries every 10 years based on demographic shifts indicated in the decennial census.

¹⁰During the 19th century, most upper class Belgians used French as their primary language, regardless of which region they lived in (Zolberg, 1974). Because of the selective franchise during this time, issues of language did not matter to most voters.

¹¹These laws were never fully implemented, allowing French to remain dominant in politics and law (van der Jeught, 2017)

Figure 5.1: Effective Number of Parliamentary Parties, Belgian Chamber of Representatives

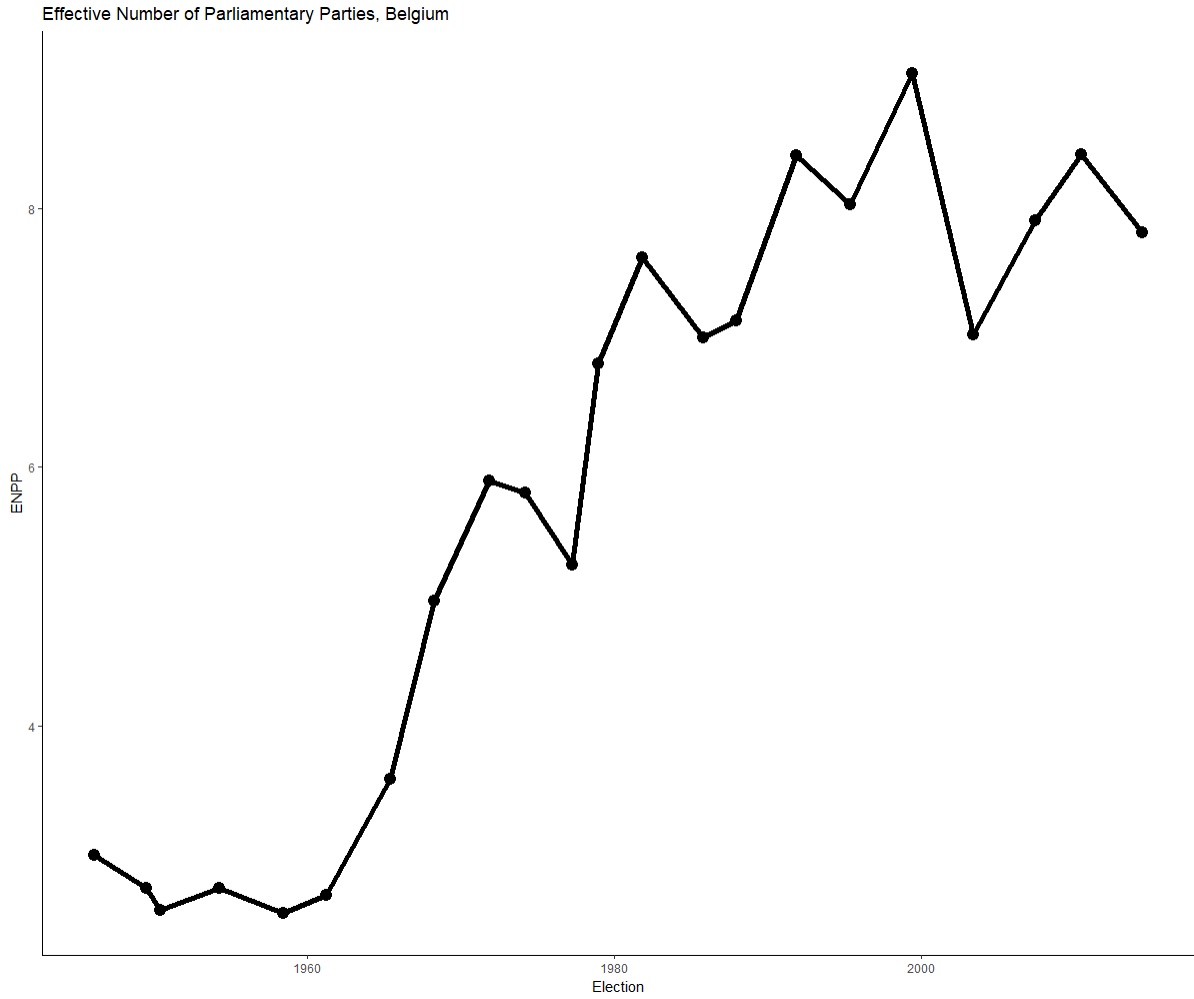


Table 5.4: Belgium Party and Institutional Timeline

| Year | Event | Institutional Change |
|------|--|---|
| 1921 | <ul style="list-style-type: none"> • Legislation introduced to for administrative monolingualism in Flanders and Wallonia | |
| 1932 | <ul style="list-style-type: none"> • Language laws confirm principal of monolingualism in Flanders and Wallonia | |
| 1954 | <ul style="list-style-type: none"> • <i>Volksunie</i> (VU) founded | |
| 1958 | <ul style="list-style-type: none"> • “Schools Pact” settles dispute regarding state-funded education | |
| 1963 | | <ul style="list-style-type: none"> • Language borders frozen |
| 1964 | <ul style="list-style-type: none"> • <i>Front Démocratique des Francophones</i> (FDF) founded | |
| 1968 | <ul style="list-style-type: none"> • Christian Socialists split • <i>Rassemblement Wallon</i> (RW) founded | |
| 1970 | | <ul style="list-style-type: none"> • First State Reform |
| 1971 | <ul style="list-style-type: none"> • Liberals split | <ul style="list-style-type: none"> • Cultural Councils established |
| 1978 | <ul style="list-style-type: none"> • Splinter group from VU forms <i>Vlaams Blok</i> (VB) • Socialists Split | |
| 1980 | | <ul style="list-style-type: none"> • Second State Reform |
| 1984 | | <ul style="list-style-type: none"> • Constitutional Court created |
| 1989 | | <ul style="list-style-type: none"> • Third State Reform |
| 1993 | | <ul style="list-style-type: none"> • Fourth State Reform |
| 1995 | | <ul style="list-style-type: none"> • Flemish and Walloon Parliaments become directly elected |
| 2001 | | <ul style="list-style-type: none"> • Fifth State Reform |
| 2011 | | <ul style="list-style-type: none"> • Sixth State Reform |

One of the first major conflicts between language blocks came when the Belgian government started to assess the language boundaries following World War II. Suburban expansion around Brussels meant that some of the previously monolingual Flemish municipalities near Brussels qualified to switch from monolingual Flemish rules to being officially bilingual (Witte, 2009). Flemish groups portrayed these potential changes as “thefts of territory” and promoted a boycott of the upcoming 1960 census. Alternatively, the Francophone community demanded the continuation of the language census and subsequent adjustment of language boundaries as a basic democratic right (McRea, 1986). After a series of protests and boycotts continued, the Christian Socialist and Socialist coalition government passed a series of laws that “froze” the language boundaries of the country, eliminating the need for language questions in subsequent censuses. In addition to removing the possibility of border change, the laws required businesses to operate solely in the area’s designated language and mandated that primary and secondary schools use the regional language as the primary language of instruction. In Brussels, students must attend schools taught in the language of their families. The government also split the ministries of education and culture so that each group had its own ministers on these topics (Stephenson, 1972).

The Christian Socialist Party split into Flemish and Francophone branches in 1968. The ultimate impetus came from a debate over the language of instruction at the Catholic University of Louvain (Flemish: Leuven). But the event was symptomatic of a wider debate within the country and party. Leuven was designated a monolingual Flemish region, but the university offered instruction in both French and Dutch. Some residents of Leuven argued that the presence of so many Francophone students impacted the city’s monolingualism and that instruction should be offered in Dutch only. Against the wishes of the Francophone branch of the Christian Socialists, the government decided to split the university into two separate institutions, making the existing university monolingual Dutch and creating a new French-only institution in the nearby city of Louvain-la-Neuve (Baetens Beardsmore, 1980). For the Francophone branch of the party, this decision exemplified the power the Flemish branch had to overrule them and set a dangerous precedent.

Belgium’s nationalized parties also faced increased competition from regional parties dur-

ing this period. Before World War II, Flemish parties tended to be politically extreme and some groups cooperated with the Nazi regime (Deschouwer, 2009). But the new party, *Volksunie* (People’s Union, VU), founded in 1954, won seats in the Chamber of Representatives starting in 1964 on a platform of implementing federalism in Belgium (De Winter, 1998). Francophone regionalism also emerged during this time with *Rassemblement Wallon* (Walloon Rally, RW) in Wallonia and the *Front Démocratique des Francophones*, (Francophone Democratic Front, FDF) in Brussels.

None of the regionalist parties participated in negotiations during the first Belgian State Reform, which perhaps explains why the reform did little to lessen tensions. The reforms established cultural councils within the parliament made up of MPs from the appropriate language group.¹² The most significant changes reinforced linguistic cleavages, rather than relieve them. MPs were obliged to belong to a single linguistic group and only MPs from bilingual regions could choose which to belong to. The new rules also required an equal number of Flemish and Francophone MPs in the cabinet and introduced “alarm bell” procedures to create super-majority requirements on certain legislation (Hooghe, 1993). Finally, the negotiations established some principals for economic reforms, but the proposals were so vague that it took another constitutional reform to implement them (Caluwaerts and Reuchamps, 2015).

Regionalist parties continued to gain support following the first set of reforms and by 1978, the remaining nationalized parties disappeared. Yet, until 2008, parties from the same family always served together in government— e.g. when the Flemish Socialists served in government, the Francophone Socialists did as well. This suggests a level of agreement on issues not relating to language and territorial divisions and an ability to act as a single party on such issues, despite separate electoral organizations. Thus, these parties created a joint acceptable policy range on certain issues.

Belgium’s Second State Reform, passed in 1980, added an overlapping layer of devolution to the Belgian political system. The communities introduced during the first reform

¹²Three councils were established for Flemish, French, and German speakers respectively. Citizens in Brussels were represented by MPs from their respective language group.

were not territoriality based, but instead determined by language. The Flemish and Walloon Parliaments, created in 1980, implemented sub-national governance based on territory. The reform delegated a set of economic policies to the regional parliaments including supervision of local administrations and regional oversight of infrastructure and environmental policies. The communities, with powers over issues of language and culture primarily addressed Flemish concerns, while the Flemish and Walloon Parliaments met more Walloon demands. (Delmartino, 1988).

The Brussels Parliament formed after the Third State Reform of 1988/1989. Regional autonomy in Brussels proved harder to implement as each language group vied for control or protection. The final agreement included minority protections for the Flemish, similar to the protections in the national-level parliament (Hooghe, 1993).

Three more state reforms occurred between 1993 and 2001. The Fourth State Reform formally recognized Belgium as a “Federal State which consists of Communities and Regions.” Each reform also devolved more competencies to regional and community governments.

5.2.2 Application

Institutional change is not the only way, nor likely the most common way of dealing with differences in regional preferences. Instead of decentralizing institutions, a party may choose to decentralize itself, allowing regional branches to enjoy more influence in the policy-making process. The British Labour Party featured a Scottish branch long before devolution, and even allowed it to publish specific policy proposals on certain issues. In the formal model, c represents the level of institutional centralization, however, the model’s logic holds if we characterize c as a product of institutional and party decentralization. In Belgium, it is clear that certain parties, particularly the Christian Socialists, substituted party decentralization for institutional decentralization.

There are two major differences between the United Kingdom and Belgium that could lead to the different outcomes we observe. First, Belgium uses relatively high district magnitude proportional representation to elect MPs, so single-party majority governments were

rare even before the main parties fragmented. Since 1946, there has only been one single-party government while the same period, the British government had only a single coalition government. In the model, $-X_i$ includes weights based on the probability of other types of government, including various coalitions. If coalitions become more likely, then the value of $-X_i$ increases and parties may be more willing to forgo votes in certain regions.

Additionally, campaign strategies can differ when a party's leaders aim to put their party in the best position for coalition negotiations as opposed to trying to win a single-party majority. Gaining more votes may allow a party to gain more seats, but this does not necessarily increase the chance the party will be in government. Indeed in some circumstances, small parties may have more coalition potential than larger ones because adding a small party to a coalition generally requires giving away fewer positions in the government. Therefore, some party leaders may choose to craft their campaigns to increase their party's coalition potential rather than its overall seat share. Particularly given the grand coalition requirements introduced in the First State Reform, small regional parties could have high coalition potential to provide the necessary balance between Flemish and Francophone MPs in the cabinet.

Second, I assume in the model that decisions to decentralize power to one region do not affect the decisions of voters in another region, a reasonable assumption for the United Kingdom. However, the language issue in Belgium differs from predominantly economic cleavages in the United Kingdom in a crucial way—because language and territory align in Belgium, the language issue becomes a zero-sum game. In Britain, the Scottish Parliament can make decisions that do not significantly impact the English, and indeed the British Parliament did so regularly on matters of justice and law enforcement before devolution.¹³ Thus, no matter the stance a Belgian party took on the language issue, one or both groups disagreed with it. In terms of the formal model, this means the critical policy bounds, $[p_L, p_H] = \emptyset$, and there is no way for a single party to gain a majority if it also attempts to

¹³The major exception to this is when decisions in the Scottish Parliament have the ability to influence the Scottish economy enough to significantly impact the British economy as a whole. However, given Scotland's relative size to the rest of the U.K., this is likely a rare occurrence.

gain votes in another region.

The formal model can only reasonably apply to Belgium until 1978, when the last nationalized party in the country divided. Once the parties denationalized, none had incentives to balance the competing demands of voters in different regions. While the Belgian government initially worked to accommodate regional preferences at the national level, its attempts may have hastened political and institutional denationalization—grand coalition requirements encouraged parties to create regional rather than national majorities. Since then, many parties have engaged in “ethnic outbidding”—playing up linguistic and regional differences during campaigns. Combined with the increasingly decentralized nature of the Belgian government, parties have little incentive to cooperate with parties from other regions today.

5.3 Conclusion

In this chapter, I took a step towards extending my argument that decentralization can help nationalized power gain or maintain national-level power. In Spain, nationalized parties are more likely to grant devolution when they form minority governments. This is particularly true when the Catalan nationalist party supports the minority government. In Belgium however, political parties denationalized before the political system did. I argued that the proportionality of the electoral system and the zero-sum nature of territorial disputes likely contributed to this.

The Spanish and Belgian cases highlight two additional areas to explore. First, the role that electoral systems play in the willingness of a national party to support decentralization. Second, the impact of asymmetric decentralization—when different regional governments have different sets of powers. I discuss both of these, along with further areas for research in the concluding chapter.

CHAPTER 6

Conclusion

In this dissertation, I have asked why nationalized parties devolve power to sub-national governments. I argued that decentralization can serve as an electoral strategy for nationalized parties to win votes nationwide, despite regional differences in policy preferences. Because they aim to win votes across multiple regions in a country, nationalized parties can find themselves competing against different opponents region by region. When regional competitors threaten to pull a nationalized party in mutually exclusive policy directions, strategists within the nationalized party face a dilemma. In crafting their electoral platforms to appeal to voters in one region of the country, they risk losing votes to their political opponents in another. I have suggested that decentralization can provide a solution to this problem by removing contentious issues from the national-level agenda. With regional governments left to craft legislation in these areas, policy can move in multiple directions simultaneously and a nationalized party avoids alienating at least one set of voters.

The case of Scottish devolution served as the main platform to explore my argument. I argued that Labour's initial attempts to implement devolution in the late 1970s failed because English and Scottish voters held relatively similar policy preferences. As a result, many believed devolution to be unnecessary. However, in the 1980s and early 1990s, Conservative government policies widened the socioeconomic differences between voters in England and voters in Scotland. As a consequence, the policy preferences of English and Scottish voters diverged. With the Conservatives absent from Scotland by the 1980s, Labour's main competition in the region came from the left-leaning Scottish National Party. In England however, Labour needed to win against the Conservatives who challenged Labour from the right. Unable to moderate its policies enough to appeal to English voters without the risk of

losing Scottish voters to the SNP, New Labour's electoral platform paired Scottish devolution with a significantly moderated national-level economic platform.

After presenting a history of the Labour Party and Scottish devolution, I developed a formal model in which a single nationalized party aimed to win votes both in a special region and the rest of a country. I presented five possible strategies that a nationalized party could take, depending on the constraints it faced. I showed that this party would be more likely to use decentralization as part of its electoral strategy as the preferences of the median voters in the special region and the rest of the country separated from each other. I connected the model to the British case by predicting which strategy Labour should have been most likely to use over different periods of time, and comparing those predictions to Labour's actual choices.

Finally, I used the model as a point of departure to examine decentralization in Spain and Belgium. I found that nationalized parties were more likely to implement decentralization when they led minority governments, particularly when the Catalan regionalist party provided the necessary external support. I argued that, like the British Labour Party, nationalized parties in Spain used decentralization as a tool to hold control the government at the national-level. Unlike the Labour Party however, Spanish parties made promises after an election rather than before. In Belgium, political parties initially responded to conflicting regional preferences by decentralizing themselves rather than the political system. Between 1968 and 1978, all three of Belgium's nationalized parties split into independent regional parties. Once Belgium's party system denationalized, each political party had an incentive to push for greater political decentralization. Today, Belgium has a highly decentralized set of institutions.

6.1 Alternatives and Extensions

Institutional change remains relatively rare in democratic countries. Implementing devolution or federalism can incur significant costs, particularly during the initial phases setting up these new institutions. It is by no means the only or even the first step that political

parties might take to accommodate differing regional preferences. Other solutions could include passing broad legislation or empowering local bureaucrats with the ability to tailor how they implement national policies in different regions. National-level governments could also choose to craft different pieces of legislation for different regions within the country. Indeed, the British government did so for many Scottish issues before devolution. However, formal institutional decentralization has at least two distinct political advantages. First, it signals to regional voters a more credible commitment from the nationalized political party. Even if a party promises to pass certain laws appealing to regional voters, the next government can simply overturn them later. However, institutions are generally much harder to change than laws, so voters can have a reasonable expectation that decentralization will remain for longer. Second, decentralization may minimize the political backlash that might occur if the national-level government were to create different policies for different regions. If, for example, the national-level government chooses to allocate special funds to a specific region, voters in other parts of the country may feel they are being treated unfairly and, as a consequence, vote against the government party in future elections. In such a case, devolving budgetary decisions to regional governments removes this conflict and the potential for electoral backlash.

This dissertation suggests several possibilities for future research. First, as I mentioned in chapter 5, electoral systems may play a party in a party's decision to support decentralization. Majoritarian electoral systems often produce a "winner-take-all" situation, creating high costs for parties that fail to win the most seats in an election. Given the consequences for losing in these circumstances, parties may be willing to pay the relatively high costs of institutional change in order to win power. In contrast, proportional electoral systems tend to produce fewer overall majorities in legislatures, meaning that coalition governments containing several parties are more common. While parties still generally benefit from being the largest, the costs for failure are often less extreme than in majoritarian systems. With the added marginal utility to being the largest group reduced, political parties may not be willing to bear the costs of institutional change.

In this dissertation, I have focused on the short-term electoral advantages that decentral-

ization can bring to nationalized parties. However, there are clearly long-term implications associated with institutional change, and in many instances these seem to be negative for nationalized parties. Arguably, in each of the three cases I examined in my dissertation, the nationalized parties that supported decentralization ultimately found themselves harmed by it. While Labour initially won pluralities in the Scottish Parliament, it only took eight years for the SNP to overtake them. In 2015, Scottish Labour was nearly wiped out as SNP candidates won all but three of Scotland's seats in the House of Commons. While Labour regained many of these seats two years later, it now sits behind both the SNP and the Conservatives in Scottish elections at both the regional and national level. In Belgium, decentralization helped cement the denationalization of the party system such that no nationalized parties exist today. Conflicts over issues of decentralization and language policies still play a huge role in Belgian politics today and create significant impasses within the national-level government. Following the 2010 general election, Belgium went without a national-level government for 541 days as political parties fought over constitutional reforms to redraw electoral districts in and around Brussels. Finally, at the time of finishing this dissertation, the Catalan situation in Spain remains unresolved. In October 2017, the Catalan government held an illegal independence referendum. The Spanish government refused to recognize the referendum and violent clashes broke out at some polling places. After Catalan President Carles Puigdemont issued a declaration of independence, the Spanish government declared it unconstitutional and imposed direct rule over the region. The Spanish government also charged Puigdemont and other Catalan separatists with several criminal charges including rebellion and sedition. Today, Puigdemont remains in exile in Germany and the Spanish government maintains direct rule in Catalonia.

These apparently negative long-term consequences of decentralization for nationalized parties present several questions regarding the viability of decentralization as an electoral strategy. Did decentralization ultimately accelerate a nationalized party's challenges or delay an inevitable outcome? Did strategists within the nationalized parties that supported decentralization anticipate these outcomes and decide the short term benefit was worth the long term cost?

Finally, this dissertation speaks to broader topic of endogenous political institutions. Political scientists frequently recognize that the institutional framework within a country can have wide-ranging consequences from influencing party systems to levels of government spending to the likelihood of democratic survival or collapse. However, particularly in research on democratic political systems, researchers often fail to acknowledge a country's political institutions are not set in stone. Increased attention to this fact can have wide-reaching implications for our understanding of the operation and survival of political systems throughout the world.

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