

Devolution Maximum (Devo- Max)

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Introduction

Independence - a trending word in Wales since the start of the Covid-19 pandemic. It is hard to ignore that the latest November 2020 YouGov poll puts support for independence at 39%. Many see two solutions to the question, however, there is a third option - Devo-max. What is devo-max and why is it preferential? This report will reflect Mike Hedges MS's views on the future constitutional arrangement between the Senedd and Westminster.

It is worth noting that firstly, I would welcome an independence referendum, if there was a majority of public support in favour. However, as a first step Plaid Cymru and others who support Welsh Independence need to produce a budget for an Independent Wales.

If we have learnt lessons from the European referendum, they are, firstly, that the detail needs negotiating before the vote, secondly, those things that were going to be simple to negotiate were not, and thirdly, a trade deal is needed. If we have learnt nothing else from the Brexit referendum, I hope we have learnt that.

There are independence movements in Scotland, Wales and Catalonia whilst in Northern Ireland, there is a movement for unification with the South, and there is a desire to unify Korea. Wales itself was created by joining the kingdoms of Gwynedd, Brycheiniog, Powys, Deheubarth, Gwent and Morgannwg together. The splitting and joining up of nation-states has happened throughout the world but surely it is better to know what you are voting for rather than making a decision without the facts.

If Wales was an independent country it would be the 137th largest country, by population, sandwiched in size between Mongolia and Uruguay. We also know that the Gross Value Added (GVA) per capita (a measure of the value of goods and services produced in an economy) of many other countries including some in Europe is lower than that of Wales.

So, why having identified that Wales is neither too small nor too poor to be independent, do I oppose independence. The primary reason is straightforward, and it rests on both Wales's tax receipts and its GVA (Gross Value Added - The value of good/services). An independent Wales would be poorer than we are now with a combination of higher taxes and poorer public services.

We have had three devolution settlements for Wales, and we are no closer to a long-term settlement than we were before the first. In Britain, we have seen different devolution settlements for Wales, Scotland and Northern Ireland as well as different areas devolved to London and the larger city regions of England. We have what is meant to be a reserved powers model in Wales, following the most recent settlement, but the host of reservations within supposedly devolved areas makes a mockery of such a definition. On leaving the European Union, the UK Government's power grab sees the UK Government spending on areas devolved to Wales. The money itself is not new or additional, rather the same money just bypassed by ministers in London. If the settlement had been a comprehensive reserved powers model, then this would not have happened, as nothing being repatriated would be on the current reserved list.

Surely the question to be asked is what needs to be controlled by Westminster in order to benefit the whole of the United Kingdom as opposed to what each ministerial department desires to keep under its control. There are the obvious areas that need to be held centrally such as defence, Foreign affairs, national security, currency, interest rates, overseas aid, immigration, driver and car licensing, central bank and National Insurance numbers. If most of those areas are devolved it is called independence, not devolution. Devo-max would devolve all other policy areas to the Senedd.

This paper will explore what devo-max would look like in Wales and why I, Mike Hedges support further devolution to strengthen our democracy, whilst ensuring the economic integrity of Wales. It will firstly, address questions and issues of independence, and then move on to discuss what should be devolved to the Senedd. The paper will move on to look at the high support for devo-max, and possible factors influencing this. Before concluding, we will explore how to achieve devo-max, and put forward an argument for further devolution beyond the Senedd.

Questions and issues of independence

Amongst the things that will need negotiating, and this is by no means a comprehensive list.

What currency would an independent Wales have? What would be the central bank to act as a lender of last resort and to set interest rates?

On 31 March 2017, there were 332,800 Civil Service employees in England, 43,220 in Scotland, 32,440 in Wales and 3,760 in Northern Ireland. From the above, it can be seen that Wales has more civil service jobs than its population warrants and also has bodies such as the DVLA which cover the whole of the UK.

There are also services wholly provided in England that affect Wales and there will need to be negotiations regarding these jobs and services. As above, the armed forces would have to be redistributed and relocated.

A customs union will need to be agreed upon. The rest of the UK is Wales's largest export market and seamless trade will be essential.

Income tax: Currently tax is paid in England and Wales based upon where someone lives. If Wales were independent it would need to be collected where it is earned, as in Ireland currently, with any addition collected by the other country. VAT and duties will need a method to align in order to stop large scale cross border movement of goods. National debt will need to be allocated on an agreed basis and Wales' share needs negotiating

Pensions and other benefits: How will the payments be made for people who have paid National Insurance contributions when living in both Wales and the rest of the UK? Will there be different rates? Will those who retire to Wales get an "English" pension?

Security: There are currently a number of bodies such as Border Security that act on a UK basis and would either need to be jointly funded or split up.

Whilst I am sure that some will describe this as project fear and that solving all this and more would be simple, I am asking for an agreement on the above and other issues to exist before a referendum on Welsh Independence is called, rather than after the result, to avoid the problems of the type we have had with Brexit.

What should, and should not be devolved?

There are those it is worthy of discussion over whether they should be devolved or set centrally. These questions must be discussed and answered before putting to the public for approval.

1. Should we have one state pension age and amount for the United Kingdom or should each jurisdiction set its own? How would that work with movement between England, Wales, Scotland and Northern Ireland?
2. Should we have one unified social security system or should each jurisdiction be able to set its own contribution levels and payments?
3. Should alcohol and tobacco duty be the same to avoid cross border movement?
4. Should there be UK taxes to pay for the centrally funded items with all other taxes devolved and collected locally?
5. How will financial support from the wealthier to the poorer regions be organised and maintained?

There are also advantages in being part of a larger country such as more moderate business cycles, greater ability to withstand problems in one sector. Compare the way the UK and Iceland dealt with the global financial crisis. Larger countries have the ability to spread the cost of public goods and crucially be able to stand up to large multinational corporations. Also, the bond market varies from country to country with some countries having 10-year bond rates of less than 1% and others over 50%.

Support for Devo-Max

A YouGov poll (November 2020) commissioned by YesCymru, put support for devo max at 59%. The move that stops just short of independence has support from people in all regions of Wales. The highest support for devo-max was in Cardiff and South Central Wales with 64% of respondents backing the move. Younger respondents overwhelmingly back devo-max with 82% of respondents aged 18-24 supporting more powers for the Senedd.

18-24	82% YES
25-49	73% YES
50-64	51% YES
65+	43% YES

calls

This is

Cardiff & South Central	64% YES
South East	63% YES
Mid & West	61% YES
North	53% YES
South West	52% YES

Events
contributing to the
for devo-max

not a
comprehensive list

of everything contributing to the 59% support for devo-max, and possibly higher since November 2020. It is a short list of events which have contributed to calls for further devolution in Wales.

The Covid-19 pandemic has highlighted the role of the Welsh Government for people in Wales, and the UK. The public are more aware of the important role the Welsh First Minister, the Welsh Government and the Senedd have in our lives.

The pandemic has highlighted many problems in the current relationship between the UK Government and Welsh Government. The most prevalent is the row over furlough extension in Wales during the firebreak. The refusal by the UK Government to provide finance for Wales' firebreak, and then later continuing the scheme for the English lockdown, created tensions between the Governments. Issues such as these strengthen the case for further powers for Wales. If the Senedd has more power, it does not have to turn to Westminster to ask permission. A devo-max settlement provides the best future for Wales through remaining a part of powerful block of nations, but by also creating a more equal union for its people.

There is greater support in Wales for the Welsh Government's handling of the pandemic, than for the UK Government. A YouGov poll in the summer of 2020 put 62% approval for the Welsh Government's response, compared to just 34% for the UK Government. This increased further in a March 2021 poll, where 70% approved of the Welsh Government, and 41% for the UK Government.

To avoid future tensions between devolved governments and Westminster, there must be more autonomy for the devolved governments to legislate over greater policy areas. The union can only last if it is more equal and that begins with creating a devo-max settlement for Wales.

How to achieve devo max?

Everything does not have to be devolved to Wales, Scotland, Northern Ireland or the English city regions at the same time. What we need is a list of items that are available to be devolved with each Parliament needing at least 2/3 of members voting in favour before it is devolved. This is what happened in Northern Ireland when policing was devolved.

This avoids "big bang" devolution where control of everything is passed on one day, instead it allows for matters to be devolved when the parliaments are ready, and once funding is

agreed. The funds need to be available before Senedd members can vote to move the powers from Westminster.

Having a list of items available for devolution is advantageous in that it sets an endpoint of devolution, outside of becoming independent. A common endpoint will allow each region to move at a comfortable pace towards a final point.

A vote for Labour will mean a vote for devo-max. If Labour win a majority of seats in the Senedd elections this May, then we should have the mandate to press for full devolution in Wales.

Mark Drakeford has already called for the UK to be “radically redrawn”, with the collapse of the UK being a “real and present danger”. Devo-max offers solutions to this, it both redraws the UK and secures the integrity of the union. Therefore, devo-max is a viable option for the future of these islands.

Why devolve only to the Senedd?

Devolution in Wales does not have to end in Cardiff. Devolution within Wales is possible to the four regions of Wales. Also, what powers would be better devolved to local authorities needs to be discussed and decided.

The twentieth century was almost a one-way movement of control away from local councils including water, further education and policing. The question surely should be where the best decisions will be taken for the local population.

Devolution in Wales is a journey, but it must not be a journey that only ends in Cardiff. For true devolution, powers will also be devolved to the regions and councils of Wales. Decisions affecting people locally are best made locally.

Conclusion

As previously stated, I am not opposed to a referendum on Welsh independence. It would depend on two factors, there must be majority support from the public, and Plaid Cymru must create a comprehensive plan of what independence would look like.

This report has, however, put forward the case for a third option, and one much more popular with the public.

With the upcoming election, devo-max should be a campaigning priority given the importance of constitutional matters in the campaign. During this last year, the future of Wales’ devolution has become an important issue. With some minor support for Abolish, I believe the best solution to combat attacks against our democracy would be to devolve as many practical matters to the Senedd as practical. This would give the people of Wales a stronger voice over matters close to home, such as policing, whilst retaining the larger issues of defence at a UK level.

Useful Links

<https://nation.cymru/news/59-would-support-devo-max-for-wales-in-a-referendum-new-yougov-poll-shows/>

<https://www.bbc.co.uk/news/uk-wales-politics-55649017>

<https://www.thenational.scot/news/18880989.nearly-60-per-cent-welsh-people-want-westminster-give-senedd-powers/>