

REFLECTIONS*

It is eleven years almost to the day since I became Shadow Secretary of State for Wales. Bryan Gould's resignation from John Smith's Shadow Cabinet in 1992 prompted a by-election, which I won, and so on a Thursday evening in early November I found myself in the Leader of the Opposition's office, high above Speaker's Court in the Palace of Westminster, not only being appointed as Shadow Secretary of State for Wales, but being told in no uncertain terms by the Party Leader John Smith what he expected of me.

'We'll need a proper Parliament in Wales', he said, 'Just like we'll legislate for in Scotland'. He railed passionately against those he described as 'silly buggers' - Welsh and, to a lesser degree, Scottish, Labour Party members who were opposed to devolution. He knew the strength of divided opinion, not least because of his own searing experience as the minister in charge of the proposals destined to fall in the 1979 referendum. He suddenly stopped, realised that he had never actually discussed devolution with me before, even though we were quite good friends. 'He might be one of those silly buggers', I could almost see him thinking. 'Ron', he said, 'You are in favour of devolution, aren't you?'. Fortunately for me, the answer was a genuine 'Yes', but the tone of John's voice made it clear that there was only one acceptable answer!

What was significant about this exchange of course was the way in which it illustrated John Smith's understanding of the rich vein of anti-devolution sentiment within the Labour Party in Wales, suspicious of any, and hostile to most, moves to recognise a separate Welsh agenda for economic, social or political development. There was nothing new in this. The argument has twisted and turned in modern Wales since the days of Cymru Fydd, and John personally had faced the barrage of hostility from his parliamentary colleagues which played no small part in the humiliating rejection of his plans by the electorate at large in 1979.

Sadly, as history records, John did not live long enough to complete his 'unfinished business'. For his successor Tony Blair, devolution had none of the passion and imagination which had so clearly fired his predecessor. For Blair and 'New Labour', devolution was an unwanted inheritance which might, at worst, frighten the key electors of 'Middle England', whatever its

importance in Scotland and Wales. The balance of power had shifted, and political space had been created for the old divisions to emerge.

With the prospect at last of a general election victory, there was a very real chance of a fresh attempt at winning some measure of home rule, not least due to the emerging understanding with the Liberal Democrats, and the inclusion of devolution for Wales in a much wider package of constitutional reform. But old habits die hard, and the die hards in the Wales Labour Party were not going to give in without a fight. The threat all the time was a public brawl at Party Conference (we debated devolution at every conference during that Parliament). Divided party; Devolution down the chute. That was the name of the game and all sides knew the rules.

I have to confess that I never really understood why the internal opposition was so ferocious. Why should the prospect of constitutional change cause so much angst in what was supposed to be a radical party? After all was said and done, what we were proposing to do basically was hand a modicum of power back, closer to the people, so they could make the decisions affecting their own social and economic welfare.

I know I shall be criticised for generalising, and I apologise in advance to any individuals whom I misrepresent. It did seem to me, however, that the bitterest opposition came from those who, for whatever reason, were uncomfortable with the idea of a distinctive Welsh identity being expressed assertively, and were most certainly uncomfortable with the Welsh language being seen as anything other than a cultural relic.

As it happens, the demands of unity in the face of the impending election and a compromise deal meant that the, for me, nightmare scenario of a publicly divided party, did not emerge, but the pulls of unionism had not gone away. I think that subsequent events have shown how strong those pulls are and how determined have been both the Labour Party and the Labour Government to reassert their central influence and, ultimately, control.

Referendum victory followed General Election victory in 1997, reversing the 1979 defeat. I knew, and so did just about everybody else, that the proposals were flawed - but politics is the art of the possible, and so we got on with what we could. I argued as strongly and as

often as I could that devolution was a process – change in the settlement was not only desirable but necessary. More than that, the changes would not just impact on the institutions and processes of government, but on the whole of civic society and the political parties especially.

We are four years on now, and I want to address the processes of government and democracy in Wales, the success or otherwise of executive government in the implementation of its policy agenda, how the legislative arrangements between Cardiff and London have operated, what effect all this has had on the strength and cohesion of Wales as a nation and finally of course, I want to ask, what of the future?

First of all then, the process of government.

Ask almost any commentator, politician or pundit what has been the most significant gain from devolution, and you will undoubtedly be told that we now have a government as open and transparent as any in the world. The Assembly may not be exciting, but it is accessible. The committee system in particular has been a great success in shedding some light on the process of policy making, and Wales now leads the field in the art of government consultation with the public. This is in stark contrast to the days of the old Welsh Office. Part of the pitch for devolution was that it would open up politics and on that, it has delivered. Undoubtedly the budget process is now a model of transparency and it allows a far greater degree of public understanding and participation than ever before. The victory over the Treasury on the issue of additionality, if not match funding, for Objective One would simply not have occurred pre Devolution.

But have things really changed that much, or are we so anxious to believe devolution works that we turn our minds from reality? The initial hopes of an inclusive politics, with the Assembly using its collective talents to build a better Wales, are now a distant memory. Many of us in politics and many outside hoped that our new democracy could find new ways of working, reaching outside conventional political activity to include those, an ever growing army it is now clear to see, disenchanted, disillusioned and cynical of party activity and the Westminster circus. It is ironic that as public disenchantment grows, the Assembly itself is increasingly trying to ape the discredited Westminster model. We now have a 'Government'

on one side and an 'Opposition' on the other, with all the certainties and dogma that such a division inevitably brings.

The inheritors of the anti-devolution tradition within the Labour Party are alive and kicking and predictably, with one sixth of the vote securing an overall majority, New Labour's first target was the system of proportional representation, designed to encourage more consensual policy making. Predictable, too, that the 'We are the masters now' tendency wanted to huddle together in collective security like forlorn Linuses, no doubt terrified of ideological contamination if they sat too closely to those deprived of New Labour's all encompassing wisdom. The real damage done by behaviour like the 'Who sits where?' row is to the public standing of the Assembly and, therefore, to the prospects of its future development.

Paradoxically, the most significant turning point was the formation of the Partnership Government formed, you will recall, in September 2000. I say paradoxically because the Liberal Democrats, former stalwart defenders of the principles of openness and inclusiveness, became hand-maidens to the creation of the appallingly titled Welsh Assembly Government, and the adoption of a style of government owing everything to the traditions of Whitehall and nothing to the principles of inclusiveness.

Great virtue has been claimed for the fact that Cabinet minutes are now published. What they cannot record, and what the public, therefore, do not know, is what is not discussed, at least what is not discussed openly. Predictably enough, the formation of the Partnership Government and the adoption of a 140 point Programme for Government was not the sort of thing to be discussed in Cabinet. Much too sensitive. I say predictably because the temptation to shuffle inconvenient things off the agenda is the inevitable consequence of the decision to publish minutes.

In any event, since neither the Labour Party nor the Assembly was allowed to discuss the coalition, let alone vote on it, why should the Cabinet? It does not stop New Labour's Spin Doctors claiming the virtue of 'Open Government', but the reality is far different.

Not long after the Coalition was formed, the Civil Service was reminded of its duty to serve the Government, not the Assembly. Reports to Committees are now routinely doctored to

reflect the Government's spin, not the need of Committees for impartial and objective information, and the Committee's advice is ignored if it conflicts with the minister's pre-determined view.

Committee Chairs are now paid, chosen by the ministers they are supposed to scrutinize and expected to be part of the pay roll vote. Labour members are routinely given a line to follow and decisions to support in Committee, even before the evidence is heard. Any self-respecting government would outlaw such practices in a local Council, and why is it that Ministers aspire to the titles and privileges of traditional Westminster Government office holders, but are so clearly determined to avoid the robust examination at the hands of Select Committees that are normally part of that package?

For New Labour, The Party interest comes first. It has become institutionally incapable given its present structures, values and culture, of being any thing other than self-serving. The purpose of devolution was not just supposed to be about changing the nature of politics and the style of government. Constitutional change has almost always been to facilitate other, social or economic improvements, and that was certainly true in the case of devolution to Wales.

It is fair, then, to ask whether we have witnessed improvements in the development of the policy agenda, and this question about the outputs of executive government is the second of the issues I want to address.

The seismic shift in the nature of the British Labour Party since its re-christening as 'New Labour' is readily understood by most political observers, even if the starkness of the approach underlying it is not. As an electoral strategy it has been brilliantly successful, but it has left a generation of former party activists uncomprehending and bereft of hope for the future of democratic socialism. Put at its most brutal, New Labour has no limit to its rightward march, providing in the process it manages to push the Conservative Party even further to the right.

The justification is that Labour's traditional values are being placed in a 'modern setting'. After the excesses of the Thatcher years, it would have been difficult to underestimate

Labour's desperation for power and understandable willingness to compromise for the sake of electoral success. But benefit cuts for the poor, growing personal and regional inequality, the PFI, a two-tier health service, indirect instead of direct taxation, verbal assaults on asylum seekers, and an acceptance of a right wing American President's domination of our foreign policy are hardly Labour's 'traditional values'. Neither do they appeal too much to Welsh public opinion.

This is the quandary facing New Labour in Wales as it seeks a credible policy agenda of its own. Labour in Wales needs to be progressive, inclusive and imaginative in order to be electorally successful. It needs above all, to be different, but being too different is challenging and uncomfortable for a UK party which now sees its centre of gravity amongst the *Daily Mail* readers of 'Middle England'. New Labour has attempted to address this dilemma in Wales by re-branding itself 'Welsh Labour', and undoubtedly there are some who genuinely want to see more substantial differences than a cosmetic name change. But in reality when you get your political marching orders from elsewhere and you control neither the totality of your resources nor access to legislation, room for manoeuvre is severely curtailed.

Talk of 'clear red water' might be convenient coded language to distance Cardiff Labour from London Labour for electoral reasons, but it cannot mask the absence of a clear sense of purpose and a clear set of policies to deliver that vision. There is a poverty of genuine ambition and a surfeit of deliberately exaggerated expectations. There is no determination to face the big issues, so it is the trivial, the gestures, and the gimmicks which dominate the agenda. Too often the real long term interests of Wales are either ignored or, even worse, put in jeopardy. Under these circumstances talk of 'clear red water' does little other than generate cynicism, disillusion and alienation. We've had the rhetoric of 'clear red water', but so far not the reality of 'clear red policies'. The aspiration, says the rhetoric, is for a wealthier, healthier, smarter, cleaner and greener Wales, but, since we are lagging behind the rest of the UK and much of Europe on almost every one of these indices, wanting to be a little bit better is hardly the most demanding of missions.

Let me look at some of the 'flagship' policies for the coming Assembly session.

The abolition of prescription charges will certainly be popular amongst the 20 per cent of the population who will benefit and undoubtedly was designed to create an image of a purposeful and radical party. But is it really purposeful to use scarce resources diverted from education or economic development, not to deal with the real problems of the Health Service in Wales of lack of capacity, but to reverse what is in effect an element of personal taxation? I for one certainly do not think it is a radical policy when, almost by definition, the recipients exclude 80 per cent of the most needy.

What about free transport for the elderly? Again no doubt the policy is very popular amongst the recipients and has been heavily spun accordingly. But how does it fit into a purposeful strategy to make Wales healthier, wealthier etc.? No doubt it will make Wales a rather more comfortable place, and possibly a more attractive one for retirees, but in that case, given the existing disproportionate number of retirees already living in Wales, is it not counter-productive?

Before I am accused of being anti pensioner or anti the policy or anti newcomers, let me hastily add that none of those is true. But it is the case that the elderly place a disproportionate burden on health and social services, and making Wales a more attractive place for them to live has not yet appeared as one of the Assembly's 'flagship policies'.

Far better I would have thought if you are looking to introduce radical changes to public transport to invest properly in a decent integrated network or to introduce free or discounted travel for all users during peak travel times. That at least would have the virtue of boosting the Welsh economy, making Wales a distinctly more attractive place to work or invest for wealth creators, have the benefit of giving a real boost to extending work opportunities for the low paid, dealing dramatically with congestion, being genuinely sustainable and helping us to meet our international obligations to reduce carbon emissions.

Perhaps it is appropriate here in Aberystwyth to refer to student top up fees given the present uncertainty and controversy. Whatever the merits or demerits of the central question of who pays for higher education, does any one seriously believe that this is one of those issues where Wales should go it alone while England proceeds? Welsh taxpayers would subsidise both English students in Wales and presumably Welsh students in England. Welsh students

would face increasing competition from outside applicants looking for degrees on the cheap before returning whence they came, and all the while the capacity of Welsh Universities to compete in the evermore competitive market, internationally, for staff, credibility and research opportunities would be undermined. I do not know what sort of chaos that would produce, but I cannot really see it falling into the category of any policy designed to produce a wealthier or smarter Wales.

What these three examples illustrate is, not only the lack of coherence in the development of policy, but how, in the absence of such coherence, it is the superficial and populist which rises to the top of the agenda. It is the dumbing down of politics. One of the great expectations of devolution was that there would be a 'devolution dividend' – that Wales with a greater degree of autonomy could use its networks and human capital to improve its economic performance. We certainly muscled a better deal out of the Treasury on Objective One than otherwise would have been the case, but how else have we fared?

There is little to suggest that the inequalities bequeathed to New Labour in 1997 have been diminished either in social or spatial terms. Indeed there is strong evidence to suggest that they have grown rather than diminished, and that on the basis of present policies are set to continue.

Wales's position in the league table of regional economies collapsed during the 1990s bestowing on us the dubious distinction of eligibility for Objective One funding for two thirds of the country. West Wales and the Valleys remains the poorest NUTS2 region in the UK. This has grim implications for social cohesion, and the distortion it creates on the pattern of public expenditure in Wales is further prejudicing our economic prospects. It is the failure even to acknowledge the severity of the problem, let alone construct a credible response, which is the single biggest failure of the Assembly Government to date.

The National Economic Development Strategy set targets for the closure of this gap so that by the year 2002 Wales's GDP (Gross Domestic Product) would increase to 84 per cent of the UK average and rise to 90 per cent by the year 2010. To close the gap in this way would require the Welsh economy not only to grow at a rate of twice that of the UK as a whole for

almost a decade, but also to sustain a rate of growth for the whole decade that it never achieved in any decade during the whole of the last century.

The current apparently encouraging signs for employment in Wales disguise serious underlying deficiencies. On the positive side, more people in Wales are in employment than ever before and unemployment is amongst the lowest in the UK. There is a barrage of negatives; however, suggesting these improvements are neither sustainable nor capable of reversing, to any significant degree, the GDP gap either within Wales or with our competitor regions.

Over the last three years employment in the Objective One areas has grown at less than one third of the rate of the non Objective One area, while the difference in pay has increased by over 40 per cent. Most depressingly from the point of view of social stability and long term economic sustainability, the Labour force survey figures show that within West Wales and the Valleys the number of younger people (i.e. those between 16 and 35) in employment, over the last three years has actually decreased by around 34,000.

Almost any other indicators you care to choose belie the argument that we have the capacity for a significant and sustainable improvement in our relative economic performance. We are less well equipped for example to use Information and Communication Technologies, with the proportion of Welsh businesses meeting the connectivity criteria substantially below the UK average. Prosperity tomorrow depends on investment today, but on this criterion our performance is woeful. The latest figures show that with only 1.1 per cent of UK business investment in Research and Development, not only are we barely one fifth of what our population share would indicate, but we are significantly adrift of every one of our regional competitors.

Last week produced the latest worrying indicator: despite millions of pounds of public sector funding spent on trying to increase entrepreneurship activity, the number of VAT registered businesses in Wales is diminishing, and what improvement is taking place is outside the Objective One area.

Between June 1998 and June 2003 Wales lost more than 37,000 manufacturing jobs - about 17 per cent of the total. During the same period more than 37,000 jobs were created in education and more than 17,000 in health, representing increases of nearly 34 per cent and 13 per cent respectively. Valuable though these jobs are, and valuable as the work done is, public sector funded jobs of this nature are neither wealth producing nor sustainable over the long term should political priorities at a UK level change.

During the same period Wales showed no improvement in the sector with the fastest growth potential and the capacity for highest earnings. The proportion of total employee jobs in financial services remained stuck firmly at 1.6 per cent. Against this background, the aspirations of the National Economic Development Strategy are simply not credible.

What is now described as a strategy is a sham. As long as it is sustained, it conveniently provides an excuse not to face reality. If we aspire to create a sustainable economy and reduce significantly the differential in economic and social living standards within the economic regions of the UK, we need to re-cast the relationships, not least so that there is a system of territorial allocation of resources which is not only just but transparent as well.

I said a moment or so ago that the distortion of public spending was putting future prospects at risk and I would like to return to this argument if I may. The Barnett formula as most people know is the basis on which Welsh public expenditure is calculated. The essential principle is that the annual increases to the Welsh Block reflect Wales's share of the UK population. It is a population based formula and takes no account of need.

It is a matter evidenced beyond dispute that social spending *per capita* is highest where economic success is weakest. A society characterised by relatively high levels of economic inactivity and low wages will not only be poorer but older, sicker, less well educated and more demanding of social intervention. That inescapably means demand for higher levels of public expenditure. Let me illustrate that by reference to health expenditure. For well documented demographic reasons, health expenditure in Wales, *per capita*, is substantially higher than in England. Some 14 per cent higher in fact. For every £100 per capita spent on

the National Health Service in England, we in Wales spend £114. But when health expenditure increases, we in Wales, under the Barnett formula, get the same £100 *per capita* increase as England.

The policy choices in Wales are stark. Either the £100 alone is applied, leading over time to a situation where the National Health Service in Wales is qualitatively different, and presumably worse, than that in the rest of the UK, or, somehow, the 14 per cent difference is maintained at the expense of other budgets within the block.

To date the decision has been, wherever possible, to maintain the differential in spending, given the salience of health as both a social and political issue. Without the full co-operation of officials in both Cardiff and the Treasury, it is impossible to calculate exactly which other programmes have taken the weight of these transfers. It is unfortunate that co-operation is not forthcoming, but given that up until 1997 the detailed calculations were subject to the Official Secrets Act, perhaps not too surprising.

When asked, the Assembly Government's Finance Planning Division acknowledged that it would be possible to identify the extent to which the spending allocations to other programmes had suffered to meet the disproportionate demands of the health programme but added that 'an exercise of this kind has not yet been undertaken'.

The elected politicians in Cardiff who resolutely refuse full disclosure of information, let alone fight for justice for Wales, have no excuse for not requiring this exercise to be done. One of the first acts of a devolved administration with any sense of its own responsibility would have been, I would have thought, to examine the basis of its own funding to ensure that it was receiving at least what in justice it should have been receiving.

In the absence of any willingness on the part of the Assembly Government to facilitate the disclosure of the necessary figures we have to make what we can from the information available. What we do know is that in the first two years since the establishment of the National Assembly in 1999, £68.8 million additional funding was allocated to the National Health Service in Wales over and above the Barnett increases.

A similar sort of figure emerges from a straightforward calculation of the allocations made for the current financial year in the last Comprehensive Spending Review. The allocated budget for England was £55.8 billion. The population percentage used for calculating the Welsh share was 5.89 per cent, so the amount available to Wales was £3.29 billion - via the formula.

The actual amount allocated to the National Health Service in Wales by the Welsh Finance Minister out of the Welsh Block was £3.6 billion. Some £300 million, therefore, has been squeezed from other areas of Welsh public spending during the current year alone to meet the shortfall in health expenditure. It does not require a leap in the imagination to realise the similar additional burdens falling on other budgets, such as Local Government, Social Services or Education as a result of the social consequences of economic under achievement.

The late Professor Phil Williams, whose intellect and immense humanity illuminated all he did in the National Assembly, calculated the deficit over the Block as a whole as being in the order of £600 - £800 million annually. It is difficult on the basis of the published information to disagree with that figure.

That, for me, is a measure of the additional resources which could and should be used for the purposes of economic and social renewal. It dwarfs the Objective One location and, being free of Euro constraints and available on a continuing basis, offers the only realistic prospect of firing the sort of economic transformation wished but not planned for in the National Economic Strategy.

Ploughing resources of this nature into a sustained science policy in our university colleges, unleashing the potential of our communities to spearhead the longed for revolution in sustainable community development, or harnessing our latent advantages and unlimited potential in the creative industries, would give us the chance of creating an economy both distinctive and with the capacity for long term sustainable growth. This alone can be no guarantee of success, but you can be sure of failure with the alternative. We have to demand social justice in the allocation of resources. We are after all a part of the UK to whose wealth in the past we have made a significant contribution. We have a just claim now for resources to, once again, realise our own potential.

The Assembly Government has spent much time and effort, commendably in my view, devising new formulae for the distribution of resources. We now have the Townsend formula to ensure the deprived valley communities of South Wales receive a more generous allocation of health resources to reflect their greater needs. We have a splendidly calibrated measure, the Index of Multiple Deprivation, to identify the 100 most deprived wards in Wales and to facilitate the allocation to them of extra resources.

Together the Health Service and Local Government budgets consume nearly 75 per cent of the Assembly's budget. If it is right and socially just to allocate this expenditure on a needs basis in Wales, how can it be right and socially just not to seek the allocation of funds in the UK on the same basis? If the attitude of the Assembly Government on the issue of the Barnett Formula has been irresponsible and short-sighted, on the issue of legislation it has been contradictory and disingenuous.

As far as New Labour is concerned, the Assembly shall not have powers of its own over primary legislation, even in those areas where it has devolved functions. This was the line drawn in the sand beyond which progress would not be made. The Assembly does have the theoretical capacity to influence the legislative programme of the Westminster Government. Sadly the Party ties between Cardiff and London are too strong and Welsh Labour has failed to break free from those partisan constraints.

In its first session the Scottish Parliament saw sixty two bills going onto the statute book. The much vaunted partnership between Assembly and Parliament saw two such bills with an application exclusive to Wales. It is not particularly comfortable for me to admit it, but the last Conservative Government did rather better with three such acts in their last full session from 1992 to 1997. Bizarrely, the Assembly Government claimed in its evidence to the Richard Commission that 'there had been a 500 per cent increase in Welsh legislation since devolution'.

It is true that in addition to these two measures, several other bills contained clauses specific to Wales, but the current arrangements for scrutiny are actually less effective than under the pre Devolution arrangements. It has been common practice for decades for Westminster legislation to contain 'Welsh' clauses i.e. clauses relating to Wales - the British Parliament

still of course has not fully accepted the idea that Britain's oldest living language should have a role in its proceedings. What has now opened up is a new variation on the democratic deficit. Pre devolution, such 'Welsh' clauses would be guaranteed to receive close and vigorous scrutiny from Welsh MPs – that was one of their principal functions. Post devolution, when the policy in-put into the Legislation comes from the Assembly, parliamentary scrutiny is perfunctory.

The 2002 Education Act, for example, contained over thirty consecutive clauses relating exclusively to Wales and went through Parliament effectively 'on the nod'. Many of these clauses contained detailed provisions relating to such matters as the content of the curriculum in Welsh schools. It is very difficult to justify why legislation of that sort cannot be dealt with in our own Welsh Parliament, especially when education itself is a devolved matter. It is impossible to justify the current insistence of Assembly Ministers that the Assembly be not allowed even to consider the content of bills, for which they nominally have policy responsibility until after they have been approved in Parliament. Such division of responsibility between policy initiation in Cardiff's Assembly and democratic scrutiny in London's Parliament is one of the least acceptable of the many unforeseen consequences of the form of devolution we currently enjoy.

Because of its imperative to show solidarity by withholding any disagreement between the two governments from public view, the Assembly Government is too constrained to represent Wales's interests robustly. Indeed one of its first acts was to sign up to a Memorandum of Understanding which effectively binds the Assembly Government into the processes of Whitehall as firmly as the old Welsh Office ever was.

Prising apart the doctrine of Collective Cabinet Responsibility in respect of Welsh affairs was one of the crucial gains of devolution, and handing it back again was one of the first acts of the first Assembly Government. Consequently, while preparing its own list of desired legislation, it deliberately lowers expectations.

There is a powerful argument for the whole of Wales's civic society being involved in the compilation of a legislative bid. That, it seems to me, would have the multiple virtues of injecting some much needed imagination into the process, making it more relevant to the

totality of modern Welsh society and - who knows? - perhaps even raise a greater sense of involvement and interest in the development of our own democracy.

We currently have the worst of all worlds: an unimaginative and unambitious legislative programme constrained by New Labour's Government in Cardiff's desire not to put Wales's interests before its party loyalty to New Labour's Government in London, and developing conventions in both Parliament and Assembly which ensure that what little legislation there is, is not subject to appropriate debate and scrutiny.

This is the most pressing issue facing the Richard Commission in its report due in the New Year. They do face an unenviable task. The politicians in Cardiff Bay whose responsibility it should be to lead the debate from the position of power, influence and knowledge they command seem unable to take a view. It seems to me that the decision to seek to empower the Assembly, to make it more effective on Wales's behalf should be the over riding concern of those currently in power. It is first and foremost a matter of political judgement, and the decision to hand it over to others for reasons of party convenience was at best an abdication of responsibility. However diligently the Commissioners do their work, and I am sure they will, there is no constitutional guiding principle waiting to be discovered about the nature of Welsh devolution. Whatever they independently conclude, politicians and parties will still carry the responsibility of responding with a political judgement.

The weight of evidence to the review points to an inevitable recommendation that there be a substantial increase in the powers of the Assembly including that over primary legislation. At that point New Labour will have to face again its own internal contradictions - between those facing the day to day reality of an unsatisfactory devolution settlement and the majority of its own MPs already privately resolved to block any further progress. We are where we are because of political decisions and if we want to move forward, it is political resolve that people and politicians alike will need to rediscover.

But what of the state of Wales today?

Is Wales today stronger in her sense of identity, more united in a collective purpose? Does Wales in 2003 have a clearer sense of her own potential and a greater confidence in her

ability than Wales in 1997? Are we building our Nation and do we view our Assembly with pride and affection as the embodiment of our right and ability to chart our own future?

Just to ask these questions suggests the answers.

Does it matter? What is nationhood? Surely what matters in the modern, cosmopolitan, interactive world is the quality of our lives, our chances to work, security for our future and our families, a clean and safe environment, opportunities for relaxation and creative self-fulfilment? Is not the notion of nationhood just a throwback to some romantic past, an esoteric idea with no relevance in the modern world? Predictably, coming from a politician the answer must be, 'It depends'.

If your idea of nationhood is exclusive, rooted in ideas of ethnicity, of long established blood ties to a sacred land then you will not find many takers in the modern world - least of all in Wales, welcoming home to peoples and ideas down the ages. But there is another form of Nationhood, inclusive and self-defining based on where you live not on where you were born, on what you can contribute, not what race or gender you are or what language you speak.

For me, that latter sense of Nationhood grows more important in the modern, challenging, competitive world where boundaries wither away and the forces of globalisation enter our homes, our lives and our communities every day. That sense of Nationhood can offer a sense of security, of who we are, where we belong, what our community is; those to whom we owe the greatest duty of care and with whom we co-operate most closely to secure and improve our everyday lives. Nationhood must be about identity, and in asserting our own individuality, we should learn to understand and cherish the diversity of others.

It exists in our personal loyalties - but to give it full expression requires more. We need institutions and we need collective action to articulate and strengthen the ties and interests that unite us. The institutions that we have help to give us our identity – our National University (for the moment at least), the National Museum, the National Library, the National Eisteddfod and, of course, the National Assembly. And it is the last named, our National Assembly, the first ever directly elected Assembly of the Welsh people, which should be leading the way.

There is no conflict between wanting to strengthen national identity and delivering a dynamic and progressive agenda to meet our social and especially economic needs. On the contrary, recognising that our common interests and indigenous talents are our most important natural resources is the crucial first step in developing new strategies and new priorities for Government. A strategy which concentrates on developing our own talents and latent potential is one which is most likely to produce the long term and sustainable improvements that we all claim to want to see. Such a strategy demands that we have control over our own legislative affairs and a fair share of the UK's resources.

Once we develop that cohesion, and making the most of our own potential becomes the principle which informs public policy, we open up new approaches to all aspects of government and politics. The processes of government itself, the principles underpinning economic development and transport, planning and environment policies become transformed.

How under those circumstances to use a topical example, can you justify the logic in spending millions of pounds to attract the Network Q rally to race around the roads of rural Wales, but force the National Botanic Gardens with its potential for science, conservation and tourism to the verge of bankruptcy? Do we seriously believe that motor rallying, whatever you might think of it personally, is sustainable both economically and environmentally, and that we are sufficiently well endowed with international quality institutions that we can countenance the collapse of the gardens at Middleton?

That is an easy example, but there are hard choices, and I want to touch on the hardest one of all - the Welsh language. Bilingualism is the European norm. Our ownership of Europe's oldest living language with its unique contribution to our cultural and literary life and our simultaneous possession of English, the language of international business, commerce and telecommunications, should be a source of both pride and advantage. But why are we so lacking in confidence and understanding that we fail to see the capacity of our potential bilingualism as a force to unite us and expand our opportunities for personal, cultural, educational and economic advancement?

To survive and grow the Welsh language has to be secure in its heartlands and expanding elsewhere. There is nothing original about that idea, and every one plays lip service to the actions necessary to bring it about. Unfortunately, we underestimate the capacity of politicians to say one thing and do another.

The disparities in the economic fortunes of the North and West of Wales with the rest of the UK create such conditions of vulnerability for the language and the communities on which it depends that special measures of economic and social protection are vital for its future security. There is no point in pretending that there is a third way – either there is intervention or over time the language will wither and die. Unfortunately, instead of being a stimulus for united action, the language heartland has become an excuse for party tribalism.

In the south, where the challenges are different, the response has been no better. In my old constituency of Caerphilly, where the language development policy has been gradual, but consensual and successful, the Local Authority has been treated to a shameful display of hypocrisy. Its proposals for the development of Welsh medium schools were greeted with acclamation by the Assembly Government in their policy document, *Iaith Pawb*, prior to last May's election. After the election those proposals were dismissed, on the spurious grounds that parents who did not want to send their children to the proposed new schools should have been consulted. Not quite a case of the 'Welsh Not' – more a case of the 'English Veto'.

It is precisely short sighted and prejudiced attitudes like this which perpetuate the misunderstanding and discrimination which hold back the development of the language and makes it a cause for division instead of a joy for celebration. We should have the confidence and strength to declare that our own historic language is not destined for the status of cultural relic, elbowed to one side by the global power of English. It should be an icon for us, valued and nurtured as an essential part of a vigorous bilingual country with a special part in a unique culture, finding expression in our everyday lives both at home and in work.

What better could we ask for as a fascinating and distinctive element in our education system, helping to make Wales one of Europe's leading language centres? Could we imagine anything better as a base for a confident recognition of the value of diversity, giving renewed

impetus to our creative industries and underpinning a tourist experience to rival Europe's best?

The language, Welsh; our communities, Welsh or English; our cultures, many and varied; all are in jeopardy if we cannot agree our response to the forces of economic change and globalisation. The challenge must be to create a Wales which can survive such a world. We have to create a Wales which is dynamic and resourceful, which is assertive and looks to create its own sustainable future by developing its own resources and talents, and does so by taking control of its own affairs. If our young people continue to believe that their future as consumers, producers or citizens of the world, is best served, as they do now, by leaving in their thousands, we have no collective future as a nation. For too many in New Labour this is too challenging of the comfortable orthodoxies. Those orthodoxies require resources for a 'Welfare State Plus'. Short term political expediency triumphing over the demands of preparing to meet the long term challenges of the future.

The Richard Commission report due for publication early next year will be a significant milestone in the development of devolution – perhaps more so than was intended when the Commission itself was established. Whatever its recommendations, it will stimulate debate inside and outside the National Assembly about what needs to be done, not only to address the immediate constitutional issues but the wider question of how we use our developing democracy to shape our economic and social future. If we are to move forward it can only be on the basis of broad public understanding and endorsement.

At a personal level, my greatest regret in the process of devolution to date has been the failure to make it, if I may borrow a distinctively New Labour expression, a 'people's process'. The greatest challenge to modern politics is to regain the trust and engagement of a cynical and disillusioned public and never more so in the case of constitutional change which holds out the promise of nothing more than higher levels of personal and collective responsibility.

The challenge for the future will be to our political parties. They must learn to be facilitators of change, not obstacles to it defending the status quo and their own vested interests. While our two largest parties remained constrained by tribal loyalties, putting party interests first, it

is difficult to see how that can be done. We have one party fixated by a romantic attachment to independence, which makes it unelectable, and the other, a party obsessed with being electable, but too constrained by its ideology and constitution to put Welsh interests first. But do it we must.

If the constraints of party politics prevent us from shaping our own National Constitution and developing our own policies relevant to the needs of Wales, we shall have to find ways of going beyond those constraints. We have to push to one side the small 'c' conservatives, too timid or too lacking in vision to embrace the challenge of a Wales increasingly taking responsibility for her own future.

The Prime Minister reminded the Labour Party conference that he had to go forward as he did not have a reverse gear. We compromised once to take the all important first step and start the process to build for Wales a confident and self-governing future. Let us resolve that, just like the Prime Minister, for us in Wales, the process of devolution does not have a reverse gear either.

Ron Davies

Caerphilly

* The text of the seventeenth annual lecture of the Welsh Political Archive at the National Library of Wales, delivered at the Examination Hall of the Old College, Aberystwyth, 7 November 2003

