

Financing devolution within the United Kingdom: a study of the lessons from failure

David Heald

Centre for Research on Federal Financial Relations
The Australian National University, Canberra

Research Monograph No. 32



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First published in Australia 1980

Printed in Australia for the Centre for Research
on Federal Financial Relations, The Australian
National University, Canberra.

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National Library of Australia
Cataloguing-in-Publication entry

Heald, David
Financing devolution within the United Kingdom.

(Centre for Research on Federal Financial
Relations. Research monograph; no. 32
ISSN 0313-5969)

Bibliography.
ISBN 0 908160 70 4

1. Finance, Public - Great Britain.
2. Decentralization in government -
Great Britain. I. Title (Series:
Australian National University, Canberra.
Centre for Research on Federal Financial
Relations. Research monograph; no. 32
ISSN 0313-5969)

336.41

Library of Congress Catalog Card Number 80-66434

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Financing devolution within the United Kingdom

The United Kingdom, often characterised as a unitary state, faced in the 1970s an unprecedented challenge to its integrity from nationalist movements in Scotland and Wales. However, the 1974-79 Labour Government's devolution schemes did not survive the referendum hurdle insisted upon by Parliament. The Conservative Government, elected in May 1979, quickly repealed the Scotland Act and the Wales Act.

The decade of debate raised a whole set of political and fiscal issues which the repeal of the devolution legislation could not then submerge. The public debate had focused attention upon the existing spatial dimension of public finance in the United Kingdom. David Heald evaluates the instruments of territorial redistribution and reviews the evidence on its extent. He suggests that the devolution debate may have had profound effects upon the internal bargaining within government over the territorial allocation of resources.

The monograph draws lessons from the debates on the 1978 schemes of devolution which are relevant to any future proposals to reform the government of Scotland or Wales. He demonstrates how much the *political* failure of the 1978 legislation stemmed from the widespread belief that the *financial* arrangements were unsatisfactory.

David Heald is a Lecturer in the Department of Management Studies at the University of Glasgow. He has an Economics degree from the University of Leicester and subsequently qualified as an accountant, working in both the public and private sectors. His research interests span a range of public sector issues and he has published widely in economics and public administration journals on devolution, local government finance, public expenditure and nationalised industries.

Distributed by ANU Press
PO Box 4 Canberra ACT 2600 Australia
Designed by ANU Graphic Design

ISBN 0 908160 70 4
ISSN 0313-5969

