

## agenda

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# agenda

spring 2006

# mourning the quangos

A rose-tinted glow seems to have settled over the Welsh Development Agency now that it has been absorbed, together with the Wales Tourist Board and Elwa into the Welsh Assembly Government's new Enterprise, Innovation and Networks Department. Often the butt of criticism in the past, friends and detractors alike have queued up to rue a feared loss of flexibility and fleet-footedness, and to express concern at the possibility of a civil service mentality prevailing in decision-making.

There are, of course, issues involved in the new structure, and, in particular, the danger that industrial policy decisions could now be influenced by political and electoral considerations. Such a development would, indeed, be highly damaging to Wales and to the reputation of Welsh government and will need to be scrupulously guarded against. On reflection, however, it has to be said that the WDA's record over the past decades has been mixed.

In some areas, notably land reclamation, it had some outstanding achievements. Nonetheless, the Welsh economy still remains very much a work in progress and over the years the WDA made a number of wrong calls. Having successfully persuaded a number of overseas investors to move to Wales it failed to anticipate the ending of this era, as one of its largest and most grandiose projects – the LG schemes at Newport – monumentally reminds us.

Nor has the WDA been notably successful in persuading some of our biggest investors such as Sony and Panasonic to upgrade plant and staff skills to ensure newer more sophisticated product lines replace those lost to cheaper competitors. Another big idea – Techniums – has also enjoyed only mixed success and arguably was rolled out across too many sectors where there was little chance they would work before the concept had been properly proved. Sometimes the WDA has appeared a highly bureaucratic organisation with far too many people involved in creating and administering an alphabet soup of programmes.

Some of the same criticism can be levelled at the Wales Tourist Board. Standards have undoubtedly risen enormously over the years, and Wales does have lots of visitors, these days, including growing numbers of overseas tourists. But, given its outstanding natural beauty and the public money invested in attractions like the National Botanic Gardens and the Millennium Centre, so it should. As for EIWA and its record in improving the key supply side of skills and further education, perhaps the least said the better.

The Quangos are dead. Some will mourn them but at best they represented more of a silver gilt than a golden age for Wales.



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### coming up...

- **Cardiff Lunch: Economic Development After the Merger** with guest speaker Gareth Hall, Chief Executive, Department of Enterprise, Innovation and Networks, Welsh Assembly Government Thistle Hotel, Cardiff, 12 noon Monday 8 June 2006, £27.50 for IWA members; £30.00 for non members; Table for ten £275.
- **Newport Unleashed** Breakfast Meeting, 7.45am Hilton Hotel, Newport 9 June 2006. Chris Freegard, Chief Executive, Newport City Council; John Burrows, Development Director, Newport Unlimited. £16.50 for IWA members; £17.50 for non members; Table for ten £165
- **Museums in a Broken World** Monday 17 July 2006, Reardon Smith Lecture Theatre, National Museums Wales, Cathays Park, Cardiff, 6.30pm Lecture in the IWA series on Myths, Memories and Futures, marking the centenary of the National Library and Museum. Speaker: Dr Gaynor Kavanagh, Head of Cardiff School of Art and Design, UWIC, Cardiff. Followed by wine reception. Contact IWA for free ticket. See [www.iwa.org.uk](http://www.iwa.org.uk) for details.

### just published...

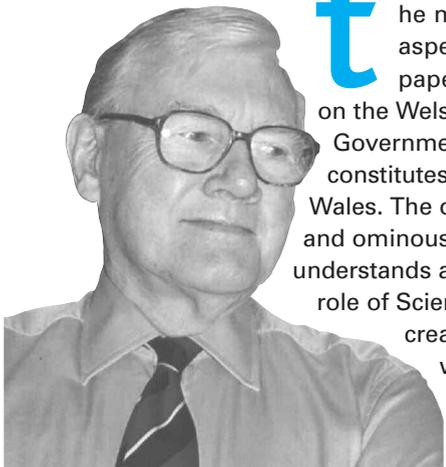
- **Future of Social Housing in Wales** Culmination of 18 month IWA research project, 200 pages, £40

### more information:

[www.iwa.org.uk](http://www.iwa.org.uk)

# a pier with too few supports

john cadogan argues that the Assembly Government should base its science policy on scientific rather than economic principles



**t**he most important aspect of this consultation paper is the light it throws on the Welsh Assembly Government's thinking on what constitutes a Science Policy for Wales. The outcome is disturbing and ominous for anyone who really understands and cares about the role of Science and Technology in creating wealth, without which there can be no social services and concomitant advances in health, the environment, feeding the world and in energy.

Solutions to all of these problems can only stem from a strong science and engineering base in turn derived from a robust science policy – the virtuous circle. On the evidence of this document there appears to be confusion in the Assembly Government between what is Economic Policy and Science Policy. This document is overwhelmingly about the former and it is well covered but it has little to offer on the subject of the consultation paper. This is worrying to say the least because as Lord Porter, Nobel Laureate said:

“Economics is the theory of wealth creation. Science and Engineering are the practice of wealth creation.”

Without an underpinning Science Policy any Economic Policy will be built on sand. Perhaps it is not surprising that this document is so flavoured because its authors come from the Ministry of Economic Affairs rather than from the Ministry of Science. But there is no Minister for Science in the Assembly Government (more on this later) so we must be thankful that someone there has at last raised the question. Let us remind ourselves of some truisms:

- Economic and Social Policy is about applying the nation's resources in the best and most cost effective way for the benefit of the people.
- All economic and social progress of humankind have been rooted in advances in technology, remembering that Science + Engineering = Technology (SET).

- Without a strong Science and Engineering base, real economic progress, far from being achieved, will go into reverse. This is because (i) new technologically based business will not start up; and (ii) established high tech businesses will see no point in being located in a Wales far from the scientific and engineering nourishment provide by universities elsewhere.

It should be said at the outset that important though social sciences or studies are and are seen to be by members of the Assembly Cabinet and their advisors, we are here referring to the hard sciences, including medical science and engineering. It should also be borne in mind that the definition of a scientific advance is that it is based on experimentation or calculation which is repeatable by any competent scientist anywhere in the world. Science policy must be about how to create a truly world class science and engineering base. There is no mention of this at all in this document. Instead we have a wish list of economic targets. We do not quarrel with these targets. Who can disagree with motherhood?

Of course the two hard science based topics chosen – health and low carbon energy systems – are vitally important, but a catalogue of mainly small businesses or university groups active in these areas is not a Science Policy. A Science Policy must be about how the Assembly Government will generate lots of world class new science and engineering in the Universities in the almost complete absence of UK government funded research institutes in Wales.

Crucially, short term targets must not be imposed. Rather, support must go to the underlying hard disciplines of strategic importance from which discoveries for the future and support for the present will come. These disciplines must be strengthened in Wales and it is important, for example, to realise that 'Health', 'Energy Research' or 'the Hydrogen Economy' are not disciplines, whereas, genomics, molecular biology, physiology, nuclear engineering, optoelectronics, electrochemistry and chemical catalysis, say, are. Without underlying strength in disciplines such as the latter, the former become part of a meaningless and unrealisable wish list.

## a science policy for wales?

The Assembly Government's consultation document, prepared by its Chief Technology Officer Dr Ron Loveland and downloadable from [www.wales.gov.uk](http://www.wales.gov.uk), defines three main strands for a future science policy for Wales:

- Health, including public health, tele-medicine and links to demographic change and epidemiology.
- Low-carbon energy systems.
- Enabling sustained economic and social renewal, utilising both natural and social sciences expertise.

### health

The paper suggests a number of opportunities, including:

- A need to build critical mass since there is no major multi-national pharmaceutical company based in Wales, and only a small number of health science research and development centres.
- The emergence of the Wales Institute of Neuroscience, a partnership between Cardiff, Bangor and Swansea Universities.
- Drawing on the strengths of companies working in Wales on drug discovery systems, diagnostics and medical devices.
- Creation of the Gene Park at Cardiff University.
- The Swansea University Institute of Life Sciences initiative.

### local carbon energy systems

Opportunities in this field include formation of a Wales Energy Research Centre to:

- Bring together technology strengths across the Welsh universities "which, if they could be applied in a more co-ordinated fashion, could offer opportunities for a substantial growth of the science base." The result could produce a focus for developing technologies for low-carbon initiatives and a "design for a long lasting but efficient and reasonable cost Severn barrage."
- Promote the take-up of energy conservation, biomass crops, and production of vehicle energy-efficient vehicles.
- Explore renewable micro-generation of electricity
- Develop supply chain opportunities from wind energy and opportunities for wave-technology systems.

### sustained economic and social renewal

Opportunities include:

- Creation of an Institute of life cycle assessment, eco-design and brand management; a next generation broadband-services centre of excellence; and an Institute of Sustainable Construction



First Minister Rhodri Morgan:  
"What therefore is Wales's future except in the knowledge economy, enriched by science and technology?"

- Enhancement of the financial services sector in our business schools
- Production of a stronger environmental goods and services sector.
- Promotion of Wales's private and public sector agricultural and aquaculture expertise
- Building on the Assembly Government's creative industries and software initiatives.

The consultation paper asks for responses to whether these three fields offer the best opportunities for Wales to work with the grain of global drivers to achieve greater success:

"If the Welsh Assembly Government were to focus more of its attention and resources on these three fields, should this be to the exclusion of seizing other opportunities? Are there indicators of the level of catalytic resources which might be needed in each of the proposed priority fields to ensure world-class excellence?"

In his introduction to the consultation paper First Minister Rhodri Morgan, who has taken responsibility for Science within the Cabinet, queries whether Wales should have a science policy given that it is not a devolved matter. However, he concludes:

"The other side of the coin is that we in Wales cannot compete in the global economy on the basis of low wages. Whereas thirty years ago, when the UK joined the Common Market, Wales could legitimately claim to be the lowest cost location for Japanese multinationals to assemble television sets and microwave ovens inside the EEC tariff barriers, it certainly is not true now. The Far East tiger economies are industrialising and developing fast with the aim that in thirty years time, China will be the world's factory and India will be the world's office. What therefore is Wales's future except in the knowledge economy, enriched by science and technology in the higher education sector and able to develop specialist niches in products and services that are ahead of the game?"

## signatories to the response

**Professor Sir John Cadogan's response to the Assembly Government's January 2006 consultation paper *A Science Policy for Wales?* has been endorsed by the following Welsh scientists who, like him, are all Fellows of the Royal Society:**

- **Professor Dianne Edwards**  
From Swansea, a research fellow in palaeobotany and Head of the School of Earth, Ocean and Planetary Sciences at Cardiff University. Member of the Countryside Council for Wales.
- **Professor Sir Sam Edwards**  
From Swansea, Former Cavendish Professor of Physics at Cambridge University and Chair of the Science Research Council.
- **Sir John Houghton**  
From Aberdovey, former Head of the Meteorological Office and Chairman of the International Committee on Climate Change. Chairman of the Royal Commission on Environmental Pollution 1992-98.
- **Sir John Maddox**  
From Gorseinon, a Physicist writer and broadcaster. Editor of the scientific journal, *Nature* 1966-73 and 1980-1995.
- **Professor Sir Ronald Mason**  
From Aberfan, was professor of chemistry at the University of Sussex, 1971-1988. Recently retired as Chairman of University College of London. Former Chief Scientific Adviser to the Ministry of Defence.
- **Professor Sir Keith Peters**  
From Port Talbot, President of the Academy of Medicine, Regius Professor of Physic at Cambridge University and Chairman of the Council of Cardiff University. Former chairman of the Council for Science and Technology.
- **Sir Dai Rees**  
From Hawarden, a chemist and former Head of Research with Unilever. Former Chairman of the Medical Research Council.
- **Professor Sir Gareth Roberts**  
From Bangor, President of Wolfson College, Oxford, and President of the Institute of Physics. Former Vice Chancellor of the University of Sheffield. Chairman of the Defence Scientific Advisory Council 1993-97.
- **Professor Dame Jean Thomas**  
From Swansea, is professor of macromolecular biology and Head of the Department of Chemistry at Cambridge University. President of the Bio-Chemical Society.
- **Professor Sir John Meurig Thomas**  
From Tumble, former Professor of Physical Chemistry at Cambridge University. Former Master of Peterhouse, Cambridge and Director of the Royal Institution.
- **Professor Kenneth Walters**  
From Swansea, Professor of Applied Mathematics at the University of Wales, Aberystwyth.
- **Professor Robin Williams**  
Former Professor of Physics at Cardiff University and an expert in solid state physics. Recently retired as Vice Chancellor of the University of Swansea.

To achieve progress in health and energy matters we have to look to contributions from many scientific and engineering disciplines first. Just as importantly, however, a really world class science base is the essential prerequisite for attracting high tech research-based businesses anxious to get close to the action. This is already the case in the rest of the UK and Ireland. In this respect Scotland and the Republic of Ireland are way ahead of Wales. The appointment of an independent Chief Scientific Adviser in Scotland has been very well received and there are important lessons to be learned too from the Irish example. Dr William Harris, the retiring Director General of Science Foundation, Ireland has informed us that he would be glad to share his experiences via a visit to the Assembly Government.

Let us take just two examples of the pathway to technico-economic success. Strategic research in Chemistry years ago led to the discovery of liquid crystals while strategic research into the Physics and Chemistry of the solid state led to the transistor. Out of these eventually came the flat screen TV after some ingenious engineering (S+E=T). No Minister, civil servant or committee said at the outset, "Flat screen TV is important so go and find a way to do it." Indeed, if they had,

researchers would most likely have gone on trying to improve cathode ray technology.

This is what happened in computer development. The first computers were huge and, based on the thermionic valve, generated massive amounts of heat. All research to produce a better computer, which was a clear imposed economic target, was directed at improvements in the valves. "There will be a need for four or five super computers in the world," said the head of IBM, "and they will weigh no more than a ton." But elsewhere the transistor was being invented and the resulting super computers were not in the inventors' minds at the start. In both instances specialist scientists and engineers with peripheral vision saw the opportunities for really new technologies arising out of their hitherto unforeseen discoveries.

So, give big support to the hard science and engineering base and don't be too prescriptive. As the the research director of Astra Zeneca once said:

"We don't much care what exactly the university researchers do as long as they are producing excellent young researchers trained

by experienced and original people working in fields of strategic interest to us. We will produce the drugs but Universities should produce the basic discoveries in chemistry, pharmacology, immunology and so on which we do not even know are there to be discovered. Most of all we want to be close to these people."

The fact is that there is a big scientific and engineering deficit in Wales. The consultation paper often uses the term 'world class' in describing activities in Wales. However, the last Research Assessment Exercise does not make encouraging reading. In Science, Engineering and Medicine, the whole of Wales's Higher Education Institutions had only five departments out of 45 that were awarded 5\* international status. Two of these were in Psychology. There were also ten 5s and ten 4s. Compare this with Bristol alone which has ten 5\*, eight 5s and three 4s out of a total of 25 science, medical and engineering departments.

Whilst acknowledging the difficulty in obtaining comparisons, the Higher Education Funding Council for Wales's paper on the funding gap (Nov 2005) states that "there is a funding gap between England and Wales with the Welsh sector receiving proportionately a significantly lower amount of grant in aid." It goes on to say that matters are even worse because "the overall costs to Wales are relatively higher than to England." Even allowing for uncertainties, the wealth of statistics makes it quite clear that not only are Universities in Wales seriously under-funded compared with Scotland and England, but that it has been going on for some years and the gap is getting bigger. Table 1 is revealing:

Thus, not only was Scottish funding 15.5 per cent higher in absolute terms compared with Wales in 2000-01 but Wales had slipped further behind in 2003-04 when Scottish funding was 20 per cent higher than in Wales. The corresponding figures for England are 4.3 per cent higher than Wales in 2000-01 and 18 per cent higher in 2003-04. The integrated negative difference per capita over the first four years of devolution is huge. The Higher Education Funding Council for Wales also point out that "capital allocations in England have been increasing in recent years while those in Wales have fluctuated but have been broadly static."

Nevertheless, it is to the credit of the scientific and engineering community that there are potential, as well as real, centres of excellence in Wales. However, the poor funding is inhibiting them, leading even to the closure of some hard science departments. Welsh Science and Engineering is like a pier with too few supports. There are too few pinnacles of excellence. If the funding from Government is poor then the ability of Universities to keep, let alone attract, the best is undermined.

Without a strong infrastructure in which to work, scientists in Wales will always be at a disadvantage when it comes to competition for funds from the Research Councils. As a result they will slide slowly down a dismal spiral of failure. The position is now made seriously worrying for Wales

### grant aid (£) per fundable full-time equivalent student

	2000-01	2001-02	2002-03	2003-04	+% 04/00
Wales	4520	4795	4701	4933	9.1
England	4717	5027	5410	5826	23.5
Scotland	5220	5403	5637	5957	14.2

because the last Comprehensive Spending Review allocated large extra funds to the Research Councils rather than to the Funding Council sector, to provide 80 per cent of the true economic costs for research in the Universities.

The resulting vicious circle is that low infrastructure support from the Assembly Government leads to lower chances of recruiting and keeping excellent people. Hence lower research council success and resulting loss of the extra support money which will go instead to the best wherever they are in the UK outside Wales.

A significant and sustained uplift in Assembly funding is required now. Otherwise the pier will collapse and Wales will be left with nothing but fine words about unattainable economic targets. The under-funding of Science and Engineering in Wales is a damaging policy decision by the Assembly Government which, if not abandoned, will make it impossible to attain the economic targets proclaimed. The Universities need much more money, particularly in hard Science and Engineering.

This leads us to comment on an absence of a science policy making function in Wales that is unparalleled in the UK and elsewhere in Europe. As it is, there is no apparent champion for Science in the Assembly Government. Although there is a Minister for Culture there is no designated Minister for Science. Further there is no Chief Scientific Adviser. We observe that the scientific culture vital for a forward looking country is absent from the Assembly Government. The words science and research do not appear in the portfolios of any member of the cabinet or their special advisers, although we understand that the First Minister has taken Science and Research under his wing. May we therefore hope for better times?

These deficiencies should be rectified urgently and in so doing the Minister should be properly supported by a Chief Scientific Adviser. He or she should be a scientist of international standing and independence brought in for a five year term, reporting to the First Minister. It will not do to appoint a career civil servant, however able, or make do with yet another committee. Now is the time for action not analysis.

- *Professor Sir John Cadogan is former Professor of Chemistry at St Andrews and Edinburgh Universities, former Chief Scientist and Director of Research with BP, and former Head of the UK Science Research Councils with an annual budget of £1.5 billion. Originally from Swansea, he now lives in Bishopston in the Gower.*

## call for finance company to raise £3 billion for social housing



**A new housing finance company should be established to raise the £3 billion that is needed to bring Welsh council housing up to standard, recommends a new IWA report on *The Future of Social Housing in Wales*.**

The new company could raise the money at favourable interest rates from the UK and European capital markets, using the asset-based financing market route already pioneered in Wales by Welsh Water. Its not-for-profit parent company Glas Cymru has secured some £3 billion for the water sector on extremely attractive terms. If this precedent were followed for current council housing stock, using the property as the asset guarantee, the potential for economic regeneration in Wales would be enormous, the report concludes:

- It would produce more than twice the impact of the current £1.5 billion Objective 1 programme for west Wales and the Valleys.
- It would focus investment in the poorest areas of Wales where social housing is concentrated.

First, however, local authorities must transfer their housing stock to housing associations which are able to borrow against the equity of the property. So far in Wales only Bridgend has transferred its council

housing in this way, to the Valleys to Coast Housing Association. This will be spending £290 million on improving housing over the next 30 years with major economic benefits for the local economy.

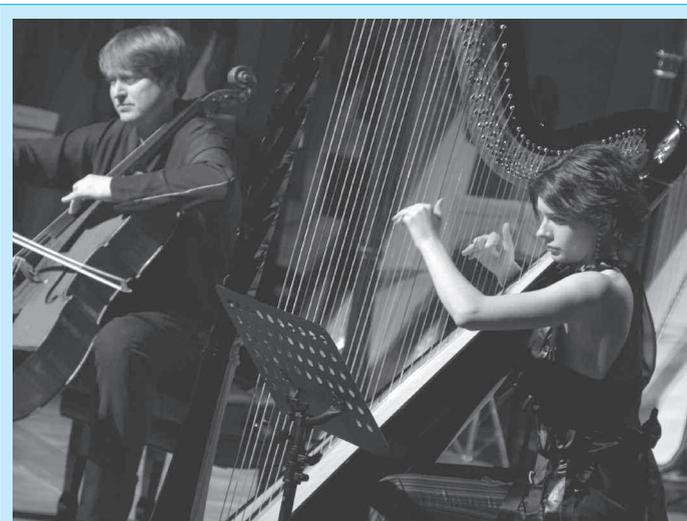
At present only a few other authorities are contemplating following Bridgend's example. Commissioned by the Welsh Assembly Government and the Principality Building Society, the 200-page IWA report says that most authorities in Wales should do so. It says: "If stock transfer was widely pursued the result would be the transformation of the condition of local authority housing."

There would also be a major economic and environmental

benefits for the wider community. It is estimated that maintaining the Welsh Housing Quality Standard in the 160,000 council properties across Wales (excluding Bridgend) will cost £3.3 billion over 30 years.

Public sector funding will not be able to meet this investment which, instead, will require a major injection of private sector finance. The only way local authorities can access this money is by transferring their stock to housing associations which are not subject to Treasury borrowing rules.

*The Future of Social Housing in Wales* is available from the IWA at £40 (half-price to members). Tamsin Stirling writes on the report, page 43.



Catrin Finch playing with the leading Slovak cellist Josef Luptak at the IWA's Creu Cyfle / Cultural Explosion gala concert at the Galeri, Caernarfon on the 19th February. The concert, the culmination of a year-long programme of activity, was a sell-out, with more than 400 tickets sold. The Creu Cyfle / Cultural Explosion Conference the following day was also a great success with 200 delegates attending. The keynote address, delivered by David Hughes of the European Commission, is featured on page 54.

## fellows scheme launched

**In a remarkable tribute to the work of the Institute, 62 of its members have accepted an invitation – recently extended to all IWA members – to become IWA Fellows. Of the 62 who have signed up so far, 28 have agreed to become Life Fellows of the Institute. Fellows are listed in the accompanying panel, with more detailed biographies on the IWA website [www.iwa.org.uk](http://www.iwa.org.uk)**

Among the responses received the Labour peer, Lord Gwilym Prys Davies, said: "I appreciate the immense contribution that the Institute has made and is making to the life of Wales. We would be much poorer without it."

The Liberal Democrat Peer, Lord Livesey of Talgarth, declared, "I am an admirer of the quality of the work produced by the IWA. Its research and publications are of inestimable value to Wales and its people." Plaid Cymru's Dafydd Wigley, stated, "It is a pleasure to be involved with the Institute in this way."

Professor Keith Patchett, Emeritus Professor of Law at Cardiff University, said, "I feel privileged to be invited to establish a continuing link with an organisation that performs a valuable role in Welsh public life."

The former headmaster of Ysgol Maes Garmon in Mold, Huw Lewis, wrote, "For me the Institute has for years shown great leadership amongst those key 'others' in

society – all those movements and organisations that stand outside the governmental process, but keep a sharp eye on government's actions and effectiveness. I have seen the Institute mature and develop considerable self-confidence over the last decade. It is now in an ideal position to be a powerful influence behind the stage, pricking the political consciousness. But the greatest pleasure is an opportunity to help the Institute retain its independence."

This last observation was the basis for the invitation to the membership extended by the IWA's Chairman, Geraint Talfan Davies. "It is important for the Institute to sustain its reputation for independent research, commentary and policy ideas," he said. "This is not easy for a voluntary and charitable organisation that has no reliable source of income other than its own members. At present that membership income covers only one third of the IWA's costs, while the remainder is hard won through increasingly intense competition for research funding, a route that can sometimes draw us away from the most pressing issues for Wales."

Geraint Talfan Davies added, "We have all been hugely encouraged by the warm and substantial response to our invitation to IWA members to subscribe as Fellows. It is clear that they value the Institute's role and its

## iwa fellows

- Nigel Annett, Brecon
- John Antoniazzi, Cardiff
- Dr John Ball, Swansea
- Simon Baynes, Llanfechain, Powys
- Sioned Bowen, Wrexham
- Noreen Bray, Cardiff
- Richard Brunstrom, Colwyn Bay
- John Bryant, Bridgend
- George Crabb, Cowbridge
- Dr Daniel Cunliffe, Cardiff
- Carole-Anne Davies, Cardiff
- Ceri Doyle, Cardiff
- Keith Dye, Cardiff
- Rev. Aled Edwards, Cardiff
- Alison Forster, Swindon
- Dr Heather Graham, Cardiff
- Rosemarie Griffith, Haverfordwest
- Lord Griffiths of Fforestfach
- Jeffrey C. Harris, Cardiff
- Gerald Holtham, London
- Dr H G A Hughes, Corwen
- Dr Dafydd Huws, Caerffili
- Judith Isherwood, Penarth
- Keith James, Peterston-Super-Ely
- Dyfrig James, Wheathampstead, Herts
- D. Huw John, Caerfyrddin
- Dr Gareth Jones, Segonzac, France
- Dr Geraint Stanley Jones, Caerdydd
- Tom Jones, Trallwng, Powys
- Henry J. Kroch, Penarth
- Huw M. Lewis, Yr Wyddgrug
- Roger Lewis, St Hilary
- Lord Richard Livesey of Talgarth
- Sir Richard Lloyd Jones, Cardiff
- Dr David Lloyd Owen, Llangoedmor, Ceredigion
- Elfyn Llwyd MP, Llanuwchllyn
- Wilf Marshall, Dinas Mawddwy
- Mr John Wyn Owen, Cowbridge
- Professor Keith Patchett, Cardiff
- Steve Penny, Swansea
- Dr Eurwen Price, Swansea
- William R. Price, Cwmbran
- Lord Gwilym Prys Davies, Pontypridd
- Diane Quinton-Adams, Defynnog, Powys
- Professor Richard Rawlings, East Twickenham
- David Stevens, Llancarfan
- Wiard Sterk, Cardiff
- Jeremy Thomas, London
- Roger G. Thomas, Penarth
- Dr Neil Thompson, Wrexham
- Martin Tinney, Cardiff
- W. Tudor John, Wilian, Hertfordshire.
- Paul Twamley, Penarth
- Gill Wade, Newport
- Dafydd Wigley, Bontnewydd
- Lord Williams of Elvel
- Merfyn Williams, Penrhyndeudraeth
- Cllr Rhiannon Wyn Hughes, Meliden, Denbighshire
- Sasha Wynn Davies, Llangeferni
- Dr Hilary Lloyd Yewlett, Cardiff
- R. G. A. Youard, Eaton Bishop, Herefordshire

independence highly and wish to ensure that both are sustained through their support. We are very grateful to them all, and hope that many other members will follow their example."

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# poles apart



jonathan adams  
 recommends how  
 Cardiff Bay can be  
 connected with the  
 city centre

Cardiff is a small capital city with a compact grain. In parts it has charm and vitality. In other parts, however, it is severely dysfunctional. The problems start to the north of the Inner Harbour of Cardiff Bay. There is approximately a square mile of the city, mid-Cardiff if you will, that contributes little to the quality of the city. For most people who know Cardiff, the journey between the Bay and the City Centre is a conundrum. "Why is it so difficult to get from the city centre to the Bay?" The question is asked, rhetorically, almost as if there is an acceptance that there will never be a lucid answer.

Actually, it is not that difficult. Certainly not more difficult than getting from, say, Museum Place to Western Avenue, or Newport Road to Albany Road. The problem is not the journey itself, it is just that the area you pass through has all the appeal of purgatory. Because of that there is no consideration other than getting from Centre to Bay (or vice versa) so rapidly and with so little perception of the area around you that it seems instantaneous. Bute Street, once considered the most unhappy of those routes, now appears to be the most appealing. The newest route, Lloyd George Avenue which is also bizarrely the southernmost leg of the A470, is easily the grimmest.

As there is no way of removing mid-Cardiff and dragging Centre and Bay together, the solution to the inadequacies of the journey from Centre to Bay has to be to change the area that we pass through. We need to produce a fully functioning connecting corridor as a vibrant and active part of the city.

There should be no northern edge to the Bay, and no southern edge to the

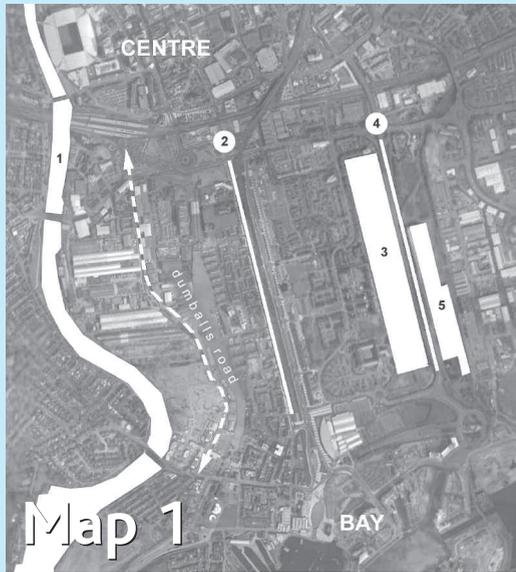
city centre. It should be just the one City, fully connected, contiguous, and metropolitan. One day there will be no more reason to complain about the journey from City to Bay, because there will no longer be a gap to traverse.

A cursory inspection of any map of the city quickly reveals the causes of the problem. The area between the bay and the centre is characterised by a series of major linear north-south structures, each one a formidable obstacle. The first is the River Taff. Inland from the river and parallel to it are the Butetown estate and its recreation ground. However, these are only linear because Bute Street itself is bounded by the first really difficult obstacle, the long, high retaining wall that runs along the east edge of Bute Street in a dead-straight line, from the city centre to the bay.

This wall does not appear on most maps because it only has vertical dimensions. But what the map does show, ludicrously, is two long, straight boulevards running the mile from south to north, and apparently only a few yards apart. There is nothing between, and no way of getting from the one road to the other. It is a shelf, a barricade, a fault line and immensely destructive to the city.

Before the docks were made the ground level of mid-Cardiff sloped gently down towards the river, from east to west. The wall is the consequence of that slope being made into two flat plateaux, presumably for the convenience of the dock operations. Though one cannot help but wonder if there was always someone who thought it no bad idea to keep the proletariat penned in below the wall. All the more reason, belatedly, to break through it comprehensively, or ideally to remove it altogether.

## politics and policy



### Map 1 The Barriers

- 1 River Taff – note only one bridge crossing between Centre and Bay
- 2 The embankment wall on Bute Street: unbroken between Centre and Bay
- 3 Atlantic Wharf
- 4 Central Link – an elevated dual carriageway
- 5 The 'blue shed' industrial building



### Map 2 The Ghettos

All are single-use because none is able to connect effectively into neighbouring areas.

- 1 Riverside – west of the Taff – is a relatively vibrant, predominantly residential district, but with a good mix of amenities. It benefits from being unconstrained, unlike the ghettos across the river to the east
- 2 Industrial concentration off upper Dumballs Road
- 3 New private residential pocket off lower Dumballs Road
- 4 The Bute Town estate – isolated for three decades
- 5 Private residential ghetto between Lloyd George Avenue and Atlantic Wharf
- 6 Exclusive industrial area, sprawls into Ocean Park industrial zone



### Map 3 The Alternative

- Increasing the number of north-south routes
- Overlaying multiple east-west routes
- Producing a grid plan of the sort found in many capital cities of the old and new worlds, such as Barcelona, superimposed at the same scale here.

- 1 Adding five new bridges between the Centre and the Bay fully connects the city to the east and west of the river. This is still not as many bridges as cross the Liffey in the same area of central Dublin.
- 2 Inhabited bridges and a bit of land reclamation to overcome the obstacle of Atlantic Wharf whilst retaining the waterfront ambience. More Venetian in scale perhaps?
- 3 The need for the dual carriageway is gone, as there are now many ways of making the same connection.
- 4 The grain of the city merges gradually into the industrial zone of Ocean Park
- 5 A strong diagonal north-west to south-east route would provide a welcome new dynamic to the city, replacing the century old bi-polarity of the city with a more complex and more sophisticated plurality of urban movement.

This may not be as onerous as it sounds at first. If you have ever taken that right turn, just beyond BayArt, the one point where you can go from Bute Street onto Lloyd George Avenue, you might just have noticed that you were going up a slight hill. In cities slight hills tend not to be noticeable.

One of the justifications for maintaining the great wall of Bute Street is that it has the railway tracks running across its top edge, and that they might someday provide the basis for a new public transport link between centre and bay. Be that as it may, it is unlikely that any link will need tracks of that gauge. After all, it won't be a train and the need for a 'link' just prolongs the situation where there is a gap that needs to be crossed. Fill the gap, and the need for a link is no greater than for one up Park Place or North Road. Perhaps a bus will do after all.

Moving east from the A470, you soon come to the next daunting obstacle, Atlantic Wharf. Full of maritime resonance, no doubt, and even picturesque from some angles, it is, nonetheless, a serious constraint upon the city's scope to develop. To the east of the water, adding to the problem, is the 'central link' dual carriageway and the mysterious, vast blue shed of the Tremorfa steel works. Each again presents an impenetrable linear wall. I was once almost persuaded that the blue shed had unintentional aesthetic qualities that could be regarded as an asset to the city. More significantly, it still serves an industrial purpose.

Each of these north-south barriers stretches the full mile from the bay to the centre. Each of them strangulates north-south movement into channels so restricted that the routes struggle to be places in themselves. These barriers have to be broken. The north-south routes must be punctuated with east-west links, cutting through the whole way from Riverside and Grangetown to Ocean Park and beyond.

The linearity of the north-south connections almost demand that the future east-west routes cross at perpendiculars. The result will be to give mid-Cardiff a grid pattern, like Glasgow, Barcelona, New York and Sploot. This is a vigorous form for a city. It would work well in mid-Cardiff. It is just a question of time, and that being the case, what prevents the nettle being grasped right away?

Even as you draw a single east-west line across the map of Cardiff you slice through homes and businesses. Each line drawn implies political, social and engineering bravado. But none of it should be out of the ordinary for the capital city of a sophisticated country. The Bute Street wall will be taken out into a gentle slope, but nothing too steep to be built upon, and to the east, there will be causeways across Atlantic Wharf allowing building to cross the water, defining smaller pools, perhaps further modulated with pontoons and houseboats.

By setting out a grid of city streets you define a swathe of new, valuable development plots. Definition and clarity are the key to effective preparation of the ground. It would follow, by virtue of their improved access and proper definition, that the value of these acres would increase significantly. With increased value comes the imperative to develop efficiently, and as a consequence the building lines will come close to the pavements, and the streets will take on the proper texture of a city.

Some of the new axes will need to be of larger dimensions than others to concentrate movement into discrete neighbourhoods, to provide zones for local retail, public spaces and civic amenities. Above all mid-Cardiff needs the richest mixture of property uses, as you would find in any square mile of mature city.

There was a point in the build up to the announcement of the Capital of Culture bid when Russell Goodway, then the leader of the Council, shared his

amazement at how much of the working population of the capital was engaged in creative business. He spoke of a minor epiphany: he now saw his city as truly a city of creativity. Perhaps as a result of that the next real step change in the future of Cardiff might not come with the 'sports village' (isolated beyond the southern peripherique) or 'St David's 2' (more of what works already), but alongside the one north-south link that is often forgotten, the winding back-route of Dumballs Road.

In the year since the Goodway administration was replaced by that of Rodney Berman, there have been signs of a positive change in the notoriously cagey behaviour of the City Council. Where major decisions on planning have for years been made behind closed doors, there are indications that they may soon be shared with the people of Cardiff. There is even an initiative underway in which representatives from the city's commercial and academic communities are being invited to participate with senior city executives

in a 'Futures Forum' to discuss the way the Welsh capital should develop.

Among the first initiatives to be considered might be an idea that first surfaced a few years ago at the time of the Capital of Culture debate. This is that the strip of city between Dumballs Road and the Taff could indeed be developed into a new 'creative quarter', a locus for 'Creative Cardiff'. This is an area of valuable blue collar employment, which should not quickly be displaced. It might, after all, just disappear. But, nonetheless, the idea that the re-imagining of mid-Cardiff might begin with a new, lively, complex, engaging creative quarter in the west is really compelling. A proper creative quarter would have space for the most useful of the small industries alongside new homes, civic spaces, schools, shops studios and so on.

Eyes have been turned towards Dumballs Road because of the development of Callaghan Square and the Central Station at the north end, and, perhaps because, quietly, for the time being at least, the city has given up on the hope that Lloyd George Avenue can be the elegant metropolitan boulevard, the attractive link between centre and bay, that we all hoped it could be.

A new route from bay to centre following the strangely twisting course of Dumballs Road, and hopefully retaining its quirky original name, might not be a grand boulevard, but it could at least be a proper part of our city, and properly Cardiff. If we get that right, and the creative quarter to bring city life to it, then, in due course, from north to south and east to west, we will get our grand boulevards too.

- *Jonathan Adams is President of the Royal Society of Architects in Wales. He was architect of the Wales Millennium Centre and is Special Projects Director with the firm Capita Percy Thomas.*



The southern end of a new route that would connect the bay with the city centre via Dumballs Road.

eurfyl ap gwilym estimates that Wales has been denied more than £1 billion by the Treasury over the past five years

# barnett squeeze



Over the five years between 1999 and 2005 spending on services such as health and education grew more strongly in England compared with Wales, Scotland and Northern Ireland. This was due to the operation of the Treasury's Barnett funding formula, which determines changes in the value of the annual block grant allocated to the devolved administrations. So far as Wales is concerned the result was that we lost approximately £1 billion during this period.

There were two main reasons. The first was because of what has become known as the Barnett 'squeeze'. This has both the intent and effect of increasing public expenditure on devolved services in Wales at a lower percentage rate compared with the growth rate for corresponding services in England. This convergence with England is brought about by increasing devolved spending per capita in Wales by the same monetary amount as England.

Given that such spending per capita is higher in Wales, the percentage increase is lower and in the longer term will tend to converge to the same level as in England. Relative expenditure per capita on devolved services in Wales compared with the corresponding expenditure in England declined from 115 per cent in 1999-00 to 112 in 2004-05.

The second reason for the reduced public expenditure in Wales was the requirement for the Welsh Assembly Government to fund its share of match funding for Objective 1 from within the block grant. Inevitably expenditure on health and education, the two big spending programmes funded from the block grant, had to be 'raided' for this purpose.

Since the Barnett formula was introduced in the late 1970s it has operated over two distinct periods: 1979 to 1997 when the Conservatives were in power at Westminster, and from 1997 to the present when Labour has been in government. During the period when the Barnett formula was administered by the Conservatives the convergence effect was ameliorated for three main reasons:

- During the early years, between 1979 and 1985, the Formula operated on real rather than nominal increase in public expenditure. Between 1979 and 1982 inflation was very high, peaking at 18.0 per cent in 1980. However, by using real increases the impact of inflation was not a factor forcing convergence.
- Between 1984-85 and 1990-91 total managed public expenditure did not increase in real terms and convergence only takes effect when there is an increase in spending.

- There was frequent use of the 'Barnett by-pass' whereby monies over and above the Barnett increases were added to the block grants for Wales, Scotland and Northern Ireland. An example of such a case was when the devolved administrations were compensated for an above inflation UK-wide pay increase awarded to nurses.

Indeed, if it had not been for Barnett by-passes the convergent effect of the Barnett formula over the years would have been considerably more severe than proved to be the case. A number of academic studies have noted the comparative absence of evidence of such a squeeze because of the frequent use of the Barnett by-pass. It is fair to comment that the Conservative government adopted a fairly flexible and pragmatic approach to funding devolved services.

However, since Labour was returned to power in 1997 the effect of the Barnett squeeze has been much more serious because, with two significant exceptions, the formula has been applied with its full rigour in every Comprehensive Spending Review. The one exception in the case of Wales was the addition of funds in recognition of the EU element of funding the Objective 1 programme, conceded only after vigorous lobbying. In the meantime Scotland has suffered the full impact of the Barnett squeeze although it started from a much more favourable position established in 1978.

Paradoxically, a second reason for the Barnett squeeze becoming more significant since 1999 is because the effect is greater when there are high nominal increases in public expenditure on services in England which, in the case of Wales, are devolved: the higher the increase the greater the squeeze. Under Labour spending on education and health in England has enjoyed high increases with a consequent strong squeeze on devolved spending in Wales.

Governments have consistently opposed changing or replacing the Barnett formula despite the fact that it ignores both differences and changes in relative need across the UK. One probable reason is the perceived favourable treatment that the formula affords Scotland and the sensitivity of making a change. At the outset in the 1970s the population ratios employed and the initial spending levels were skewed in Scotland's favour and to Wales's disadvantage. In 1976-7 the Treasury Needs Assessment estimated that need in Wales relative to England was 109 per cent whilst the actual spending level was 106 per cent. In the case of Scotland relative need was 116 per cent but spending was 122 per cent. This anomalous position formed the shaky foundation of the Barnett edifice.

It is also probable that the Treasury favours the continuation of the formula because:

- After more than twenty five years the Treasury has a well honed mechanism for applying the Formula.
- The Formula avoids detailed negotiations with the devolved administrations which would be in addition to those with the departments of state in Whitehall.
- Barnett avoids having to come up with a new, needs based approach which could be contentious both between the nations of the UK and within the regions of England.

However, there have been repeated calls for a review of the funding

formula with critics citing such independent studies as that of Iain McLean of Nuffield College, Oxford, in support of the claim that a needs-based formula would be fairer and result in considerable additional funding for Wales. One of the most vocal critics has been Joel Barnett, Chief Secretary to the Treasury when the formula was adopted. Speaking in the Lords in November 2001 he declared, "I had always assumed that the arrangements would be temporary until a more sophisticated method could be devised which took account of needs." And in January 2004 he added, "It is a great embarrassment to have my name attached to so unfair a system."

Most critics have concentrated on the need for a needs-based formula rather than on the convergent effect of the population-based Barnett formula. This is perhaps understandable given the lack of such convergence from 1979 to 1997. It could be argued that, under today's more rigorous funding regime, it is now time to focus more attention on the Barnett squeeze.

Given the change in Treasury practice since 1997, a key question that arises is whether the Assembly Government should seek, as a first step, a modification to the Barnett formula whereby the increase in the block grant is the same as the percentage increase in the corresponding spending programmes for England. This would at least eliminate further Barnett convergence. The change to the workings of the Formula would be minimal and the other concerns of the Treasury already noted would be addressed.

It needs to be borne in mind that monies lost due to the Barnett squeeze are substantial and build up cumulatively over future years. Estimating the impact of the Barnett squeeze is not very straightforward due to the way the Treasury publishes public expenditure information. This is especially the case with respect to expenditure on programmes which are

devolved. In the case of Wales the Treasury's Public Expenditure Statistical Analyses reports do not fully differentiate between those elements of spending which are devolved and those which are funded directly from Whitehall.

For the purposes of this exercise it was decided to estimate the Barnett Squeeze over the period 1999-2000 to 2004-05 using 1999-00 as the base line year. The reasons for selecting this period were:

- In 1997 Labour inherited the spending plans of the outgoing Conservative government and decided to adhere to them for the first two years.
- Labour changed the way the Barnett formula was employed by updating the population figures annually with effect from 1999.
- Public expenditure planning was changed in 1998 with the introduction of the Comprehensive Spending Review, with effect from 1999, whereby expenditure is planned three years ahead and updated every two years.
- The National Assembly and the Scottish Parliament were established in 1999.

Two approaches were employed to estimate the impact of the Barnett squeeze since 1999-2000. In the first approach actual changes in the block grant, which are determined by the Barnett formula, were calculated and then the additional sums that would be required to increase the block grant by the same percentage per head as the corresponding expenditure programmes in the UK as a whole were estimated. Allowance was made for the above Barnett increases in the block grant due to the EU Objective 1 funds. This approach showed that, using 1999-2000 as the base year, in 2004-2005 the block grant was £344 million lower than it would have been if there were no Barnett squeeze. Cumulatively over the five years if there had been no squeeze the block

agenda

grants would have been £1,014 million higher.

In the second approach actual increases in spending in England on the two largest programmes which are devolved to Wales, health and education, were taken. From the increases in spending in England the corresponding increases to the block grant for each year from 1999-2000 to 2004-05 using the Barnett formula were calculated and compared with the increases required if Wales were to receive the same percentage increases as England. This approach did not take into account any squeeze experienced on other spending lines which, while showing real growth in England, grew significantly less than health and education. In 2004-2005 the block grant was £376 million lower due to the Barnett squeeze corresponding to health and education spending increases in England and over the five year period the squeeze was £1,100 million.

Despite the two different approaches to the problem the estimates are consistent. Thus it is fair to estimate that the Barnett squeeze cost Wales at least £344 million in 2004-2005 and approximately £1,000 million over the five years from 1999-2000 to 2004-2005.

To put these estimates in perspective the loss in 2004-2005 represented 3 per cent of the block grant in that year and cumulatively over the five years the loss was 2.1 per cent. Over the period the squeeze was some 0.6 per cent per year. It is also consistent with the estimate that for the five years, devolved public expenditure per head in Wales was, on average, 109 per cent of that for the corresponding services for the UK as whole.

Would advocating such a change to the Barnett formula as a first step put effective pressure on the UK Government? Certainly, since Scotland would also benefit, it would remove the First Minister's argument regarding



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Gordon Brown blocking any change due its sensitive position. Of course, it would mean that England would lose out. However, given the weighting of England's population the monies it would lose per head would be modest. England represents 84 per cent of the UK population. Under this proposal for every £1 per head that Wales, Scotland and Northern Ireland gained, at most England would lose 19p.

On the other hand, the more fundamental objection of the lack of a needs base for the Barnett formula would not be addressed by this approach. Moreover, it might make the chances of eventual replacement of the formula even more remote. However, if the First Minister is right in believing that it will not be replaced as long as Gordon Brown is Chancellor of the Exchequer (or Prime Minister) then alternative approaches need to be considered.

A second objection to seeking removal of the Barnett squeeze is that, in its latest Pre-Budget Report in December 2005, the Government projects much lower, real increases in total public spending, just 1.9 per cent a year from 2008 onwards for the UK as a whole. Consequently the Barnett squeeze will be quite small since the lower the growth in devolved public expenditure the lower the squeeze. The main focus of debate will then turn to the overall lower, real growth in public spending across the UK.

However, it should be noted that in the case of England growth in public expenditure after 2008 will be concentrated on health and education (services that are devolved in the case of Wales) and the real squeeze will come in other areas, many of which are not highly devolved, for example defence and social protection. Given the high proportion of the block grant represented by health and education it follows that the block grant should grow by significantly more than 1.9 per cent in real terms. Non-devolved public spending will grow by significantly less (or even contract).

Thus the two budget areas that will be squeezed the most after 2008 will be non-devolved, UK-wide sectors such as defence, together with health and education in Wales, Scotland and Northern Ireland. Health and education will not be under comparable pressure in England because increases will be the direct outcome of UK Government policy and not subject to any Barnett squeeze.

The interaction of the Barnett squeeze and match funding was acknowledged by the First Minister in an interview with John Humphreys on the BBC Radio 4 Today programme on 19 March 2000:

"The Barnett Formula is now putting a lot of pressure on expenditure in Wales. We now cannot keep up with the percentage increases in health and education that the Department of Health and the Department of Education and Employment are doing in England. Convergence is crippling us at the moment and that is before the Objective One factor kicks in from April."

These comments are an interesting contrast to those of Finance Minister Sue Essex on 18 January 2006 when she claimed in the Assembly:

"The Barnett mechanism and statement of funding policy have provided a clear context for fair financial settlements for Wales."

The First Minister understood that even if the EU funds for Objective 1 were passed on to Wales by the Treasury, the Assembly Government would still have to find hundreds of millions of pounds of match funding from within the existing block grant. In the event a proportion, but not all, of the EU funds were passed on to Wales. However, the need to find match funding meant reducing other spending programmes covered by the block grant, and in particular health and education. Thus Wales is subject to a double squeeze – the Barnett squeeze and the need to find match funding from within the block grant.

The recent news that Wales is to be a recipient of Convergence Funding from the EU means that two key questions arise once again. Will the Treasury pass on to Wales those funds allocated by the EU? This was done in part under the current Objective 1 programme after a lot of pressure from within Wales. It appears that the new EU funds will indeed come to Wales.

The second question is whether the National Assembly will have to find its share of match funding from within the existing block grant. At the time of writing it appears that once again the Welsh Assembly Government will have to do so. As a result key public services such as health and education will be subject yet again to a double squeeze: Barnett convergence plus the need to find match funding.

The effect of the squeeze is apparent from the Treasury's latest Public Expenditure Statistical Analysis. Spending per head on health in Wales has declined from 109 per cent of the UK average in 1999-00 to 103 per cent in 2004-05. In the case of education the relative spend has declined from 105 per cent in 1999-00 to 100 per cent in 2004-05.

Due to the double squeeze Wales can expect a continuation of this downward trend in relative spending and it may well be that spending in Wales on key services such as education will dip below the level in England. The cumulative effect of the Barnett squeeze and the need to find match funding from within the existing block grant is already apparent and will continue in the coming years unless the Barnett Formula is replaced or, at a minimum, modified to stop the squeeze.

- *Eurfyl ap Gwilym sits on the boards of a number of public companies and is a member of Plaid Cymru's Economic Policy Commission.*

## police 1

# £77m merger



**rhobert lewis**  
discusses the  
arguments for  
an all-Wales  
police force

**t**he debate over creating a national Welsh police force through a merger of the four existing regional forces was largely pre-empted last December when the Home Secretary, Charles Clarke, closely followed by Welsh Secretary Peter Hain, declared in favour of the creation of strategic forces across England and Wales.

Clarke set a very challenging deadline for police authorities to submit business cases for change. However, as the 23rd December deadline approached, no police authority had submitted a full business case despite Clarke's offer of financial incentives to agree to mergers.

The case for change had been made by HM Inspector of Constabulary Denis O'Connor in a landmark report *Closing the Gap* a few months earlier. The 'gap' in question was identified as the delivery of effective police services at the level of Wales and the English regions.

O'Connor examined the preparedness of the 43 English and Welsh forces to deal with the so-called 'protective

services': counter terrorism, serious organised and cross force crime, critical incident management, murder investigations, public order events and strategic road policing. He came to the conclusion that many existing forces were not fit for purpose:

"The organisation of service delivery must be on a scale large enough to respond dynamically, but local enough to understand the diverse content within which it operates."

O'Connor's study suggests that forces over 4,000 officers are more likely to reach the required standard. For example, large forces have Major Investigation Teams. Without such teams, major investigations might abstract too many officers from patrol duties, starving local policing of resources.

However, there appears to be no real significance in the figure of 4,000 officers, other than a belief that medium-sized forces are more capable of rapidly dealing with a wider range of incidents than smaller forces. Certainly, the Association of Police Authorities does not accept the case made by

## welsh police force vital statistics

Police Authority	Population (million)	Area (million) hectares	Number of Police Officers	Number of Police Staff	Number of Authority Members	Av. Police payment for Band D Council Tax
Dyfed Powys	0.47	1.08	1,183	566	19	£143
Gwent	0.55	0.12	1,438	786	17	£145
North Wales	0.65	0.29	1,679	930	17	£158
South Wales	1.22	0.10	3,316	1,699	19	£120
<b>Totals</b>	<b>2.89</b>	<b>1.59</b>	<b>7,616</b>	<b>3,981</b>	<b>72</b>	<b>-</b>

Source: Dyfed-Powys Police Authority website



O'Connor for the creation of strategic forces, voicing concerns about the funding, local accountability and timescales of mergers. Nevertheless, some authorities have indicated their preferences to amalgamate or to stand alone and some chief constables have made their views known independently of their authorities.

In their oral evidence to the Welsh Affairs Committee last December, the four Chief Constables of the Welsh forces, principally through their chair Terence Grange, discussed options for change based only on the Welsh forces. The restriction of options to 'within Wales' is partly pragmatic because of the different way that Welsh forces are funded.

However, since much serious crime in north and south Wales originates from Merseyside and Bristol, it might be considered surprising that amalgamations across the English border had not been seriously considered. The absence of such an option was eloquently explained by Chief Constable Grange in a way that demonstrates how the National Assembly has begun to alter mindsets:

"We have a geographic and cultural construct and the country is called 'Wales'. It seems to me that there is no real argument for creating a police force that was part in England and part in Wales. We have a country. It seems to me we should police our country."

All Welsh police authorities and forces acknowledge that the only option that meets the Home Office's criteria on protective services is an all-Wales force. With some reservations the three Chief Constables leading the Gwent, Dyfed-Powys and South Wales forces, have supported the formation of an all-Wales force. At the same time, all four police authorities agree that re-organisation will be expensive. Economies of scale, if they do exist, would lie in the longer term and the cost of re-organisation to form such a force has been estimated

by a joint-police project team as £77 million. Who will pay for this? For the moment, many local politicians regard this question as a massive obstacle to change.

In such a short consultation period, the financial concerns of merger have overshadowed other reservations about an all-Wales force. One is that Wales is unlike any proposed English 'super-force'. In England amalgamations are likely to be based on relatively close groups of police forces, something precluded in Wales because of the overriding need to keep the Welsh forces together.

Quite apart from its cultural diversity, Wales is much bigger than any proposed English force area and its north-south communications are appalling. The Chief Constable of North Wales, Richard Brunstrom, reminds us of one of the issues that plague the administration of Wales at all levels, by noting that it takes longer to get from north Wales to Cardiff than from north Wales to London. For him, the transport infrastructure is a national characteristic which needs to be factored in when coming up with ideas for policing Wales. One way or another an all-Wales force is a compromise for all four forces, but it is perhaps the North Wales force that would compromise the most.

Richard Brunstrom has also ably dissected government strategy. By restricting the criteria for change to measurements of a force's capability to deliver protective services and by the very tight timescales imposed on 'consultation', the other consequences of re-structuring are getting ignored.

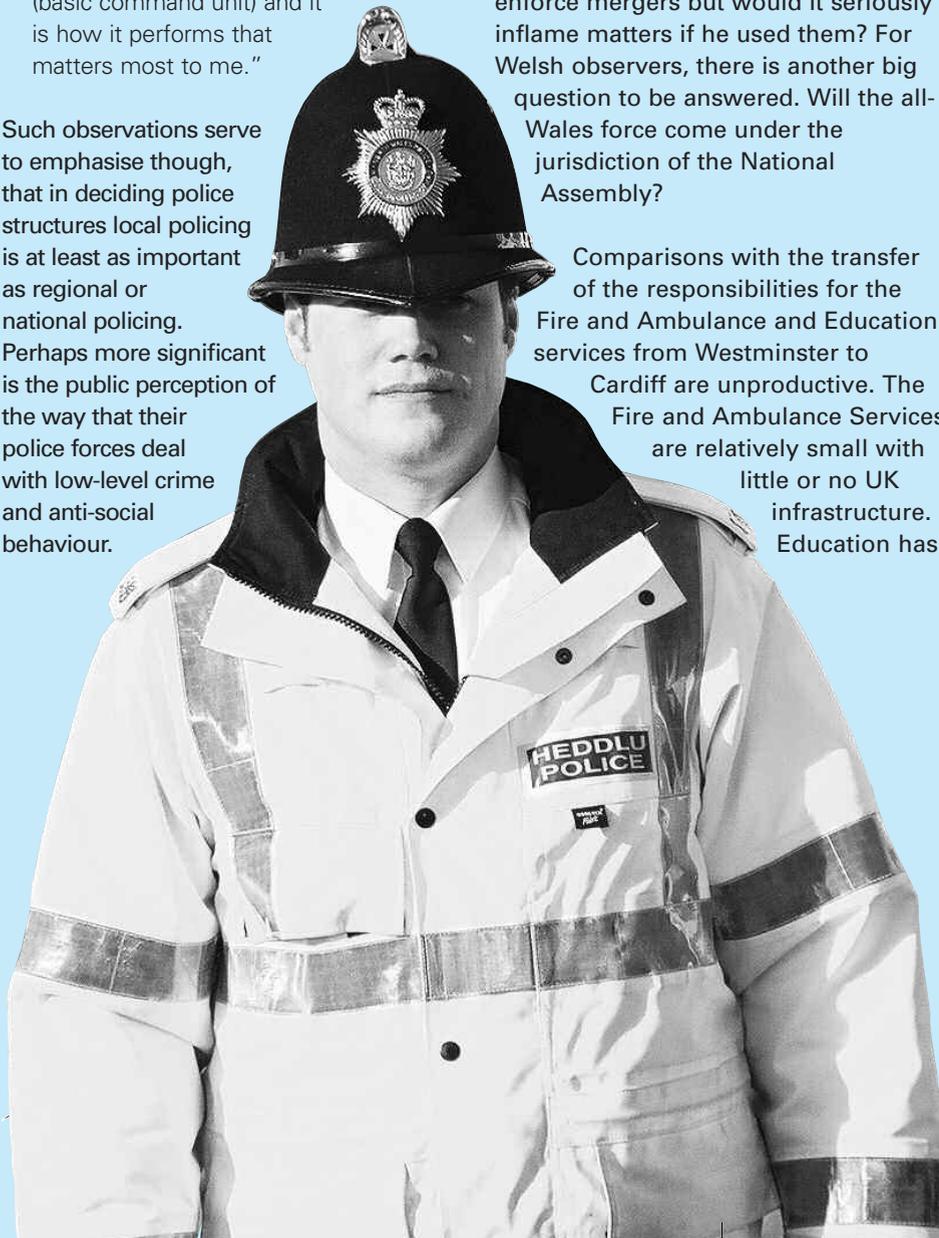
One consequence of re-structuring might be a weakening of the accountability of the police within an all-Wales force. Many citizens echo the views of local political representatives in valuing the accountability that smaller forces bring. My own view is that while re-structuring will reduce the

number of representatives on an all-Wales police authority, this will not necessarily cause serious damage to the relationships between the police services and the people they serve.

Part of the accountability argument is allied with a pride of local identity. On the other hand the identity of police forces has already been weakened by previous re-organisations as is the case of the geographically vast Dyfed-Powys and the culturally diverse North Wales force areas. In both these cases, the police authorities are already regional in composition. As one resident of Powys put it:

"I feel no more affinity to Dyfed-Powys than I would to a combined Wales force. If I have any affinity at all, it is for my local police division (basic command unit) and it is how it performs that matters most to me."

Such observations serve to emphasise though, that in deciding police structures local policing is at least as important as regional or national policing. Perhaps more significant is the public perception of the way that their police forces deal with low-level crime and anti-social behaviour.



In fact, the 16 basic command units in the existing Welsh forces generally have better detection rates than similarly-sized units in England. At first sight, it might appear that an all-Wales force would simply operate above the local command units which might continue roughly as now. However, there are fears that an all-Wales force will slowly drain resources from rural to urban areas. In the long-term it is difficult to see how the Chief Constable of an all-Wales force could resist such a transfer of resources in the light of very different crime levels throughout Wales.

Despite all the discussion, it is becoming increasingly clear that there will be change and the most likely outcome will be an all-Wales force. The Home Secretary has the power to enforce mergers but would it seriously inflame matters if he used them? For Welsh observers, there is another big question to be answered. Will the all-Wales force come under the jurisdiction of the National Assembly?

Comparisons with the transfer of the responsibilities for the Fire and Ambulance and Education services from Westminster to Cardiff are unproductive. The Fire and Ambulance Services are relatively small with little or no UK infrastructure. Education has

cultural sensibilities which have contributed to a distinctive Welsh educational system. Would the devolution of police control to the Welsh Assembly Government would produce either greater resources or a distinctive structure? With policing increasingly super-regional and heavily influenced by developments in England and the Home Office, the answer depends upon the precise nature and extent of the devolution and upon whether or not the current complex and piecemeal funding formula is revised. Nonetheless, Minister for Social Justice and Regeneration Minister Edwina Hart gave an unequivocal statement on likely policy differences to the Richard Commission:

"When we look at the priorities in terms of the Home Office and top slicing of police funding for priorities, those priorities are not Welsh priorities in terms of the agenda. They are very much a metropolitan and city agenda'."

For Wales's Chief Constables, ready access to Welsh Ministers is a real advantage that is not available to their English colleagues. Devolution of the police to the Assembly Government would simplify lines of communication further and there does appear to be an expectation that in the long-term police services will be devolved.

However, at present the Westminster government is in no mood to devolve policing, with successive Westminster Ministers rejecting such a change for the foreseeable future. Even so, here may yet be an ironic twist to the subject. The creation of an all-Wales police force, partly by imposition of the Home Office, is likely to strengthen such demands for devolution and one can expect this subject to resurface regularly in the coming years.

- Rhobert Lewis is Director for the Centre for Police Sciences at the University of Glamorgan.

## police 2

## nation builder



richard brunstrom says  
an all-Wales force  
should be part of the  
devolution process

In his famous 1949 poem Hon Professor Sir TH Parry-Williams railed against our notorious Welsh tendency to squabble:

Beth yw'r ots gennyf i am Gymru?  
Damwain a hap yw fy mod yn ei  
libart yn byw  
Nid yw hon ar fap yn ddim byd  
Ond cilcyn o ddaear mewn cilfach  
gefn  
Ac yn dipyn o boendod i'r rhai sy'n  
credu mewn trefn.

What do I care about Wales?  
It's nothing but chance that I live in  
her backyard  
This place on a map is nothing

But an insignificant backwater  
And a bit of a pain to those who  
believe in order.

As part of the 'mewnlifiad', the flood of incomers to Wales, I find that I empathise with Parry-Williams' evident frustration, perhaps the more so as a migrant to north Wales in particular. The continuing mutual suspicion between the 'Gogs' and the 'Hwntws', between Cymro and Sais, is as irritating and unnecessary on a daily basis as it is unhelpful to the nascence of Wales as a modern European country on a longer timescale. Why do we spend so much time and effort on trying to prove that the others, whomever they may be, have deceived or robbed us, and so little on striving to achieve our true potential as a unified whole, a single country?

The geography, demography and feeble transport infrastructure of contemporary Wales undoubtedly assist those who wish to expend their energies in that ancient Celtic tradition of fighting amongst ourselves. But surely we can and must now rise above this. Wales, as Sir Jeremy Beecham will shortly announce, truly does have the potential for excellence at the European level. Our size ('pawb yn nabad pawb') offers real benefits that are simply unattainable on the other side of the border. However, to achieve that of which we are capable the old internal animosities will have to be consigned to history. We are one real country for the first time in hundreds of years (the first time ever, perhaps), and in my opinion we simply must stand together as a nation united.

Of course, the inception of the Assembly has helped enormously in

the process of kindling a true spirit of nationhood. Who can help but feel an upwelling pride when standing in our iconic new Senedd, looking down into the debating chamber or out beyond the steel, slate, glass and wood to the Bay glittering in the new dawn? The Government of Wales Bill can only strengthen this renaissance, and the second referendum seems both inevitable and winnable. But the most important reason for a nation state to exist is to protect the lives, and then the way of life, of its citizens. In the words of Jeremy Bentham the aim of government must be to provide for the "greatest good of the greatest number". I concur. What then, of police restructuring?

As Rhobert Lewis points out in his accompanying article, plans to create a single police force in Wales are well advanced. Following the Home Secretary's public endorsement of the case for change set out by HM Inspector of Constabulary Denis O'Connor in his report *Closing the Gap*, things have moved rapidly, with Charles Clarke making a formal statement on 3 March of his intention to merge the four existing Welsh forces into one with effect from 1 April 2007. A four month period for objections commenced immediately and is expected to be followed by the necessary Order being confirmed, after Parliamentary scrutiny, on 25 July this year.

O'Connor claims that only so-called 'strategic forces' of 4,000 officers or more (we have 7,500 in Wales) have the resilience and flexibility to deliver the seven essential protective services that he identifies, including homicide investigation, counter-terrorism, and

## agenda

emergency planning, to the enhanced level deemed necessary while simultaneously ensuring that local neighbourhood policing can continue uninterrupted. He dismisses all other options, such as forms of partnership and collaboration, out of hand. Instead, he plumps for large-scale reorganisation across England and Wales as the only method likely to deliver the goods.

The O'Connor report has not received academic acclaim. In fact it has been deservedly, comprehensively and widely ridiculed. But O'Connor is not an academic, and the Home Secretary is clearly quite entitled to say (as he has) that he prefers the professional advice of the Inspectorate of Constabulary to that of O'Connor's professorial critics. All four existing Chief Constables in Wales agree with O'Connor's basic thesis. That is to say, there is indeed an identifiable gap in the provision of these vital protective services. Something must therefore be done, and quickly.

O'Connor's original work, and the Home Secretary's initial plans, took no account of the self-evident (to us Welsh) fact that Wales is different. Our geography, demography and transport infrastructure demand that Wales be governed as a country of regions. It is an unalterable fact that it takes more or less the same time to travel by train from London to Edinburgh as it does from Llandudno to Cardiff. Governance of an all-Wales police service will require regional and local structures if the service is not to become unacceptably remote from the people.

A decision making process that is a five hour journey away will not even be workable, let alone acceptable. A regional police committee to provide democratic oversight (all the more important in light of the substantial centralisation of police governance contained in the Police and Justice Bill currently in Parliament) and a regionally accountable 'top cop' are both necessary. Each requires a specific amendment to primary legislation.



O'Connor's work also lacks a credible financial plan. His naïve and blithe assumption that most of the (substantial) costs of enhancing the protective services can be met from economy of scale savings based upon the simplistic tenet that 'big is beautiful' ignores the lessons from history to a degree that is worrying. More new money from London is required if the gap is to be satisfactorily closed. Negotiations continue.



The National Assemblies new debating chamber, pictured during the opening ceremony on 1st March 2006: "The inception of the Assembly has helped enormously in the process of kindling a true spirit of nationhood."

But there are additional reasons, specific to Wales, for supporting the creation of the Heddlu Cymru/Police Service of Wales. The delivery of domestic peace and tranquillity is another justification for the existence of governments. Wales, as a small to medium-sized self-governing country, will benefit enormously from one national police force, working closely with both government and people. This is possible in Wales to an extent unimaginable in England.

The creation of the new force has the potential, perhaps beyond any other public service, to act as a force for good in binding the nation together. It has the potential to banish the residues of our fractious past and to assist in the development of the new, confident future. As Parry-Williams recognised in *Hon*, having gone back to his roots in Rhyd Ddu, Wales is a

country whose outlook and values are strongly based in our network of local communities, but a nation nonetheless:

Mi glywaf grafangau Cymru'n  
dirdynnu fy mron  
Duw a'm gwaredo ni allaf ddiac  
rhag hon.

I feel the talons of Wales tearing my  
breast

God help me I can't escape from her.

Whatever their background, almost all those I have met in Wales share a passionate belief in our country, a belief we should exploit. Building a locally based national police force will help us do so. This is a big step, but if done properly, it will be the right one. As Lloyd George once memorably said: "Don't be afraid to take a big step if one is indicated. You can't cross a chasm in two small jumps".

- *Richard Brunstrom is Chief Constable of North Wales Police. This article is based on an address he gave to an IWA North Wales Branch dinner at the Plas Maenan Hotel near Llanwrst at the end of March 2006.*

# north wales voice needed



dylan jones-evans  
questions the  
centralisation  
of power in  
Cardiff Bay

**t**he decisions to merge the WDA, ELWa and the Wales Tourist Board into the Assembly Government will mean that there is now one body responsible for many aspects of economic development within north Wales, albeit split across departments. The parallel decision to base the Assembly Government's northern headquarters at Llandudno Junction, equidistant from the furthest reaches of the region, could be considered political genius, if one were not cynical enough to ask whether this location would have been chosen if the old Hotpoint site had not been available.

Of course, 18 months ago many would never have envisaged that the management of economic development in north Wales would have taken this turn. In 2004, under the guidance of its chief executive Graham Hawker, the WDA had done what many of us had feared through our dealings with the Cardiff office, namely developed a strategy whereby the regional offices would be downgraded and eventually abolished.

This flew in the face of any logic or, more importantly, the strategic imperative of having a relative degree of self-determination in terms of dealing with many sensitive local issues for which executives 180 miles away in their offices overlooking Cardiff Castle would have little concern. It also showed little appreciation of the excellent work that the WDA's North Wales Division, working in partnership with other bodies, had undertaken within the region over a relatively short space of time. In fact, my view at the time was that the whole concept of devolution within Wales amongst its public bodies was being undermined at a crucial period in the economic future of the nation.

Whether the timing of the announcement to light the flame under the bonfire of the Quangos was a planned strategic decision, a sop to Labour MPs worrying about further powers for the Assembly, or a result of the power struggle between the Minister for Economic Development and the chief executive of the WDA, is something we will have to await in Rhodri Morgan's memoirs.

## north wales economic profile

- Flintshire and Wrexham had the highest gross value added (GVA) per head within the region in 2003 of £15,834, although in relative terms, this declined from 101 per cent of the UK level in 1999 to 95 per cent in 2003.
- The lowest level of prosperity within north Wales is to be found in Anglesey, at £8,747 per head, which equates to just 54 per cent of the UK level. Coincidentally, Anglesey is also the poorest region in the whole of the UK.
- Gwynedd experienced one of the largest increases in GVA in Wales in the period 1999-2003 with a growth of 33.2 per cent, 50 per cent higher than the average Welsh growth rate and the same growth rate as Cardiff. Only five other regions out of 131 NUTs 3 regions in the UK have shown a higher growth rate since 1999.
- Prosperity in Conwy and Denbighshire has grown at the same rate as that of the Welsh economy, although the level of prosperity remains at 80 per cent of the Welsh average at £10,071 per head.

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However, the immediate side-effect for the regional governance of the north Wales economy is that Graham Hawker's grand centralisation strategy was immediately abolished. Inadvertently, and probably accidentally, the concept of a localised strategic approach to the economic development of the four regions of Wales was saved, for the time being at least.

Therefore, the merger of the Sponsored Public Bodies into the Welsh Assembly Government has potentially given north Wales an opportunity to recast itself economically. Whether this opportunity will now be grasped is in the hands of those appointed to manage the process. Certainly, they will need to resist the urge for centralisation of control, despite the dispersed geographical location of Assembly Government offices.

The creation of an 'economic powerhouse' in Llandudno Junction has meant that much of the focus has been taken away from the vital role that local authorities play in economic development, education, planning and transport infrastructure.

Top down strategies need to be relevant to organisations operating on the ground. An Assembly Government official said recently that he welcomed the proposal to commission research to explore how the existing North Wales Development Strategy and the Wales Spatial Plan "could interconnect". Surely, this exercise should already have been undertaken prior to the publication of the Spatial Plan, especially given that the North Wales Development Plan has been developed and agreed by all the main public and private bodies in the region? More importantly, there is little evidence that the Wales Spatial Plan has considered the different economic development strategies of the six north Wales local authorities prior to its publication, although there has been consultation afterwards.



A stretch of the A470 pictured to the north of Dolgellau. It is still very much a rural road and one of the major difficulties in making the voters of north Wales "aware of the Assembly's powers and influence over their daily lives".

This is an issue that cannot, and should not, be taken lightly. In 2003, I undertook an exercise for the WDA which examined the links between the individual economic development plans of the four local authorities in north west Wales and various other national strategies. Not surprisingly, there was very little connectivity between what was happening at a local level, and other national strategies such as Pathways to Prosperity or, for the four counties, any strong reflection of key priorities between the work of the local economic partnerships and the Single Programming Document – the main strategy for the Objective 1 programme.

Therefore, in terms of the economic governance of north Wales, could one argue that there is suddenly an imposition of a strategy that has been developed outside with little input from

the main economic bodies? Does this mean that, over time, the economic governance of north Wales will be dominated by the Assembly Government, with scant regard for the other public and private bodies strategies and imperatives? On the other hand, will local authorities develop their own strategies whilst paying lip service to the national strategy?

Of course, north Wales already has a body that is battling for it. Founded in 1996, the North Wales Economic Forum currently comprises representation from all of the key agencies in the region, as well as business representative organisations. Its five key aims are to promote investment in business, people and communities, infrastructure, the image of north Wales; and in intellectual capital. It does this through:

- Lobbying the Government of the United Kingdom, the Welsh Assembly Government, EU bodies and others, as the strategic voice for north Wales.
- Developing and securing commitments to pan-north Wales strategies.
- Facilitating joint thinking and working.
- Exchanging examples of best practice, securing synergies and minimising duplication of activity.
- Researching and monitoring the economy and generally promoting north Wales.

Whilst it is generally recognised that the current activities of the Forum are key to the future of North Wales and that such a partnership is an effective way of identifying and addressing major issues, there have been concerns about its future now the WDA, Wales Tourist Board and ELWa have been absorbed into the civil service. Although the Assembly Government has stated that it will continue to provide the same level of funding as those three bodies, it has also said it will review the arrangement within the next year.

This does not indicate that there is a guarantee of continuing financial support for the Forum at the same level, especially as the Assembly Government is not a full member but instead has taken observer status. There would not be much common sense for a government to support a body that may wish to criticise its policies. In this respect, perhaps the real question for the remaining members of the Forum is whether they wish to continue funding its role as the main consultative body for pan north Wales economic development when the main economic development organisation has taken a peripheral role?

Removing the Assembly Government from the forum, is perhaps the Minister's way of allowing this

organisation, and the other three economic forums in southern Wales, to slowly fade away without having any direct responsibility for their demise. That may well come to pass, but over the next year there is certainly a rare opportunity for other parts of the public sector, along with representatives of the private sector, to establish an independent body to advise the Minister and the Assembly Government offices in north Wales.

One change would be to give greater representation to the private sector in north Wales. The private sector, or its representative bodies, is not as strong as you would find in south Wales and, probably because of the industrial strength of Flintshire and Wrexham, tends to be concentrated in the north east.

The success of the Forum in bringing together different bodies across north Wales suggests that there should be greater co-operation amongst the public and private sectors. Despite the changes to the economic development function of the Assembly Government, there is still a requirement for a body that brings together all organisations in north Wales to ensure it has distinctive voice within the corridors of Cardiff Bay.

There will continue to be changes to the governance of north Wales as the National Assembly matures and, after 2007, gains new powers and responsibilities. North Wales needs to have a powerful voice in Cardiff Bay, either through individual Assembly Members or through the creation of institutions that will represent it. Indeed, the legitimacy of the Assembly itself will depend on north Wales voters believing it can make a difference to their daily lives, rather than being an expensive talking shop a four hour drive or train journey away.

In 2003, only 37.4 per cent of the population bothered to turn out to vote, and Alun and Deeside had the

worst turnout of any constituency in Wales, with only a quarter of the electorate going to the ballot box. Contrast this with the general election, where over 60 per cent of the north Wales electorate voted, including those in Alun and Deeside.

Do we know why more people vote in UK elections when important issues such as health and education are devolved issues? Surely one of the key challenges for all political parties is to convince people across north Wales that it makes a positive difference to their families and their communities. A far greater effort is needed to ensure that voters are aware of the Assembly's powers and influence over their daily lives.

- *Professor Dylan Jones-Evans is Deputy Director of the Centre for Advanced Studies at Cardiff University and prospective Conservative Assembly candidate for Aberconwy. This article is an extract from the keynote presentation he gave to the IWA conference **The Future Governance of North Wales** held in Caernarfon in February 2006. The full text can be found on the IWA website [www.iwa.org.uk](http://www.iwa.org.uk)*

ferdinand mount **says everything in Britain  
has been modernised except its politics**

# making politics breathe



After eighteen months of investigation, the final report of the Power Inquiry, published in February 2006, was a devastating critique of the state of formal democracy in Britain. The Inquiry, chaired by Helena Kennedy QC with myself as a member, was an independent investigation into the condition of democracy in Britain, funded by the Joseph Rowntree Charitable and Reform Trusts. The central question it faced was why political parties and elections have been a growing turn-off for years while many of us actively support campaigns such as Greenpeace or the Countryside Alliance. And millions more take part in charity or community work.

The cause is not apathy. The problem is that we don't feel we have real influence over the decisions made in our name. The need for a solution is urgent. And that solution is radical. Nothing less than a major programme of reform to give power back to the people of Britain..."

When little more than 20% of the electorate has voted for the winning party, as in the United Kingdom general election of May 2005, legitimacy begins to drain away. If only just over half of us bother to vote at all in national elections and scarcely a third in local elections, the bureaucracy begins to think of elections as a tiresome and increasingly insignificant interruption in its continuous exercise of power. What develops is something that Britain's foreign secretary Jack Straw calls (approvingly, I am astonished to say) "executive democracy" and the Conservative

politician Lord Hailsham more rudely described in 1976 as "elective dictatorship".

And if the political parties attract only a tiny fraction of the members they used to, then the pool from which our political leaders are recruited shrinks to a puddle. Our representatives cease to be representative. Look how the working classes have largely disappeared both from the constituency parties and from the House of Commons.

For this political withering away is not inflicted equally across the nation. The most striking declines are to be found in the voting patterns of the young, the poor and some of the ethnic minorities. The worst off are beginning to disappear from the political radar. Apathy entrenches political inequality. Those who have most to complain of tend to complain the least. Resentment and despair drain out of conventional politics to well up in less manageable, more dangerous forms of social action.

In any case, the contentment alibi just does not wash. Every opinion poll on the subject shows that the non-voters do not stay away because they are happy with their lot. They stay away because they believe that voting won't make a blind bit of difference.

Over the past few months even Britain's politicians have woken up to the fact that something is badly wrong. Reforming the political system may be a subject for political anoraks, but when it is raining this hard, anoraks are what you need. The department of

**d**oes it really matter if people don't vote? Why should we worry if some of us prefer to sink into a sudoku or watch the sushi bar go round rather than turn out on a wet Thursday night to choose between two candidates we have never heard of? Could it even be a signal of general contentment that joining political parties has become such an esoteric hobby? Perhaps there is even an old Chinese proverb which says "Happy is the country with a low turnout".

There have been times when I shared this indulgence towards political apathy. I even had a soft spot for that anarchist slogan of the 1960s "Don't vote, it only encourages them". But increasingly I have been driven, rather reluctantly, to the conclusion that political apathy is not such an innocent phenomenon. It has consequences – and victims.

## politics and policy

constitutional affairs contains a whole section under Harriet Harman trying to devise ways of making politics attractive again. The new Conservative Party leader David Cameron has set up one of his task forces under Kenneth Clarke with much the same remit.

The guts of our Commission's diagnosis is that British politics remains designed for an age that has gone, and gone for ever: an age of fixed and all-encompassing social allegiances and organisations, an age when voters having made their choice were content to leave the government to get on with it, expecting no further voice in affairs for the next four or five years. Today disillusion has seeped so far into the whole process that it is hard to see how the old mutual trust and public acceptance could be revived without reform right across the system. Tinkering with one bit at a time, however ingenious, will only exacerbate the sense of frustration when it becomes obvious that the rest of the system has not changed at all.

To start at the beginning: if you fail to catch the interest of the young as they grow up, you are unlikely to excite them later on. So our first proposal is that all young people must be actively introduced to their rights and duties as citizens at the earliest opportunity. We think this means before they leave school. So, votes at 16, preceded by a practical and serious course in the history and workings of the British political system.

Second, voters need to be registered, individually and automatically, not as members of a household (and thus, so often, only if Dad bothers to fill in the form). Britain's opposite numbers in countries like Germany and Sweden



Helena Kennedy QC, Chair of the Power Inquiry.

are amazed that our electoral registers are so incomplete and out of date.

Third, the political system has to make sure that you can have a real say in who is to represent you. Every party needs to open up its procedures for candidate selection to non-party members.

Fourth, party funding has to be cleaned up. We suggest limits on individual donations of £10,000 and on group donations of £100 per member. Millionaires could still give large sums to a pressure group of their fancy but the pressure group would need to have any political donations authorised by a vote of its members. British politics is also generally underfunded by comparison both with its own past and with other social activities today. So we propose an ingenious but modest wheeze for public funding, especially designed to help parties without sugar daddies. At each election, every voter would be able to nominate a local political party to receive, say, £3. If you do not vote or you do not want the bastards to have

## agenda

an extra penny, then your £3 would stay in the public treasury to be spent on hospitals and tanks.

Fifth, people may still be deterred from voting if they feel that their vote does not make any difference, which in safe seats it doesn't. (Nothing was more off-putting at the 2005 general election than the spectacle of Conservative and Labour strategists boasting that they needed only to canvass the 2% of voters in marginal seats who were going to make the difference and whose names they had locked away in their "voter

vaults".) The only answer is to introduce some form of responsive electoral system in which every vote cast goes towards helping a candidate to get elected. I have spouted all the arguments against proportional representation myself in the past. David Cameron and Ken Clarke are spouting them still. But I have been converted to reform, not so much because it is fairer than first-past-the-post but because it is the only way to galvanise the parties to canvass every ward in every seat.

But we cannot stop there. The sweep of reform has to go beyond the ballot-box. For the voting system can be as democratic as you like, but it still won't draw the disenchanted to the polling station if the House of Commons continues to be popularly regarded as a rubberstamp and a house of correction for the independently minded in which the whips always have the last word. We have to rebalance power at the centre too.

After Charlie Falconer and Tony Blair made such a hopeless mess of reforming the law lords, the former (as the reluctant lord chancellor) and Harry

Woolf (the lord chief justice) signed what they called a "concordat" – a kiss-and-make-up agreement reached in January 2004 setting out the duties and rights of judges and entrenching their independence.

We need two more such concordats. The first would be between parliament and government, to give members of parliament much greater powers to introduce legislation and hold the government to account through genuinely independent select committees. It begs description, for example, that we have never had a full independent inquiry into the foot-and-mouth fiasco in 2001 or the decision to go to war in Iraq in 2003.

The second concordat would set out the division of powers between central and local government. There is no other country I can think of where government can so casually bully and emasculate local councils. (Personally, I would like to see a third concordat, between the United Kingdom and the European Union,

which would set precise limits on the EU's powers – as the rejected European constitution so signally failed to do – and give national parliaments the right to question and even reject proposals from the European Commission before they become set in concrete.)

Concordats of this sort can, I think, give clear voice to the proper division of powers without the whole weary business of trying to put together and pass a comprehensive written constitution. But even a better balanced system with more real powers for MPs and local councillors will still leave voters without much of a direct voice between elections. There needs to be another channel.

Representative democracy will only benefit from juicing up by a measure of direct participation. In places like Switzerland and California, holding referenda on controversial issues, especially those that cut across party lines, has long been part of the furniture. Now,

all over the world – from Brazil to British Columbia to Estonia – nations are experimenting with new forms of decision-making.

The thought of letting ordinary voters this close to the levers of power makes the most high-minded liberals a little queasy. Won't the great unwashed start voting to string up undesirables? Extensive research, carried out for the Power commission by Graham Smith of Southampton University, is reassuring. The experience of all these devices is that people vote soberly and after careful reflection. Most politicians are glad to embrace the outcomes, realising that their authority is strengthened rather than undermined by listening directly to the voice of the people.

This may seem an ambitious programme, spread as it is over three fronts: reviving elections and parties, rebalancing our institutions, and giving voters a direct say in national and local decisions. But we should reflect that over the past twenty-five years we have reformed almost everything in Britain from the trade unions to soccer's offside rule. The one area that remains more or less just as it was is the political system, which has become shabby, vandalised and unloved like a bus shelter where the buses don't stop any more. Time, I think, to take pity on a set of British institutions which used to be so widely envied and imitated and could be made a source of pride again.

The full report of the Power Inquiry can be downloaded from its website [www.powerinquiry.org](http://www.powerinquiry.org)

The screenshot shows a web browser window displaying the Power Inquiry website. The page title is "POWER - An independent inquiry into Britain's democracy". The main content area is titled "Download report" and features a large graphic of the report cover. Below the graphic, there is a section titled "POWER TO THE PEOPLE" with the subtitle "The report of Power: an independent Inquiry into Britain's democracy". It offers links to "Download full report >" and "Download Executive Summary >". A section titled "Obtaining a copy of the Power report" states that for the first month, the report is free of charge, but thereafter it is available for purchase. It provides contact information for York Publishing Distribution, including an email address and telephone number, and lists the price as "£10, plus £2 p&p". Below this, there is a section for "Download individual sections of the report >" with links to the Foreword and Acknowledgements, Executive Summary, Introduction, and Part One: The Disconnect, which includes chapters on the Myth of Apathy, Red Herrings, and The Reality.

- *Ferdinand Mount is a former Editor of The Spectator and author of The British Constitution Now. This article originally appeared on the international news magazine website [www.OpenDemocracy.net](http://www.OpenDemocracy.net) in February 2006.*

# safe haven



**gillian bristow**  
**asks whether enough**  
**is being done to**  
**involve the local**  
**community in the**  
**LNG development in**  
**Pembrokeshire**

**t**he construction of two terminals at Milford Haven for the receipt of Liquefied Natural Gas (LNG) towards the end of 2007 will have massive implications for the local economy and its communities. Their construction at South Hook and Waterston will make the town the largest LNG receiving terminal complex in Europe.

The two terminals are separately operated. The South Hook development on the western side of Milford Haven, which will be completed by the end of 2009 at a cost of £580 million, is being developed by Exxon Mobil and Qatargas. At Waterston, on the eastern side of the town, £279 million will be spent on the Dragon LNG terminal, by BG and Petronas. The scale of these projects cannot be underestimated. Running at full capacity, Milford Haven will ultimately provide in excess of 20 per cent of the UK's natural gas needs and will import up to £4 billion's worth of LNG over the next 15 years.

The investment is seen as an answer to many of Pembrokeshire's economic problems with the potential for improved local employment opportunities, long-term spin-offs for local suppliers and cheaper gas supplies for industry both locally and indeed the rest of Wales. However, serious questions surround both the immediate and long-term economic, social and environmental implications of the LNG industrial development in Milford. The development is clearly contentious and potentially risky yet to date there is limited evidence that the local community has been properly informed about and involved in relevant discussions around it.

There are a number of areas of concern. The safety issues around the terminals

and their operation have provided much of the focus for local residents and campaign groups, concerns which have inevitably heightened since the fire at the Buncefield oil depot in Hertfordshire in December 2005.

LNG is natural gas that has been processed to remove impurities and heavy hydrocarbons and then cooled and condensed into liquid form. LNG is approximately 1/640th the volume of natural gas at standard temperature and pressure, making it much more cost-efficient to transport. Specially designed double-hulled tankers carrying LNG will start arriving in Milford Haven by the end of 2007 where it will be turned back into natural gas before being fed into the UK gas supply through the pipeline network.

A release of LNG presents a number of hazards. Although it cannot explode like natural gas, it can create an intensely hot flame that rapidly evaporates more gas to create a 'pool fire'. The heat generated can burn people and buildings some considerable distance away. A particularly big fear at Milford concerns the jetty being renovated at the South Hook LNG terminal on the former oil refinery site. Some pilots fear a major accident could happen because tankers coming into the haven have to pass within a few hundred metres of the jetty and at one point head directly towards it.

To date, however, there have been very few major LNG incidents globally. In part, this may reflect the small size of the industry. As the demand for LNG grows, so statistically will the number of accidents that take place each year. Perhaps more importantly, the UK has limited experience of operating and regulating LNG facilities. LNG expertise

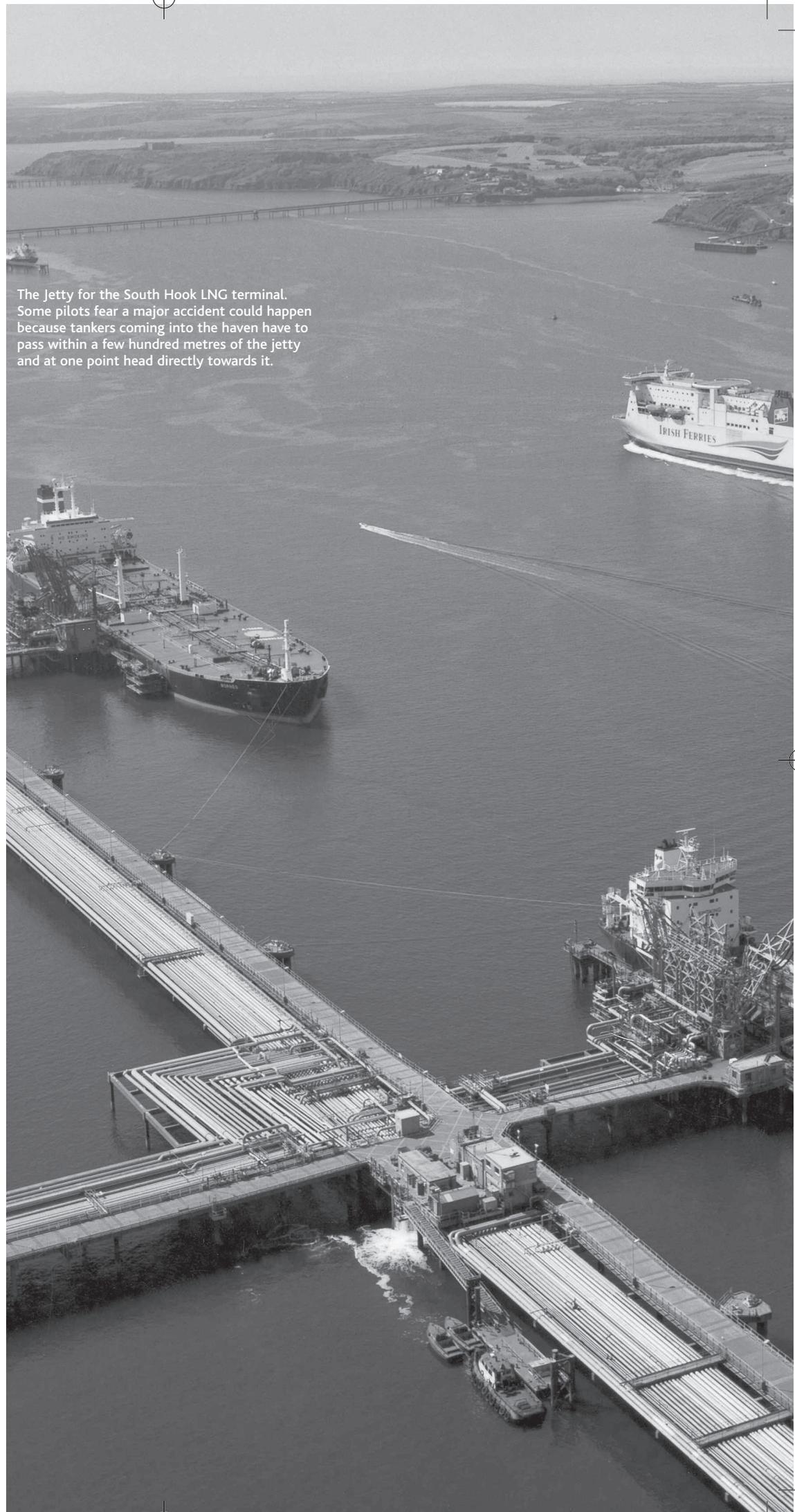
## agenda

in the UK is still developing with only five sites holding more than 200 tonnes.

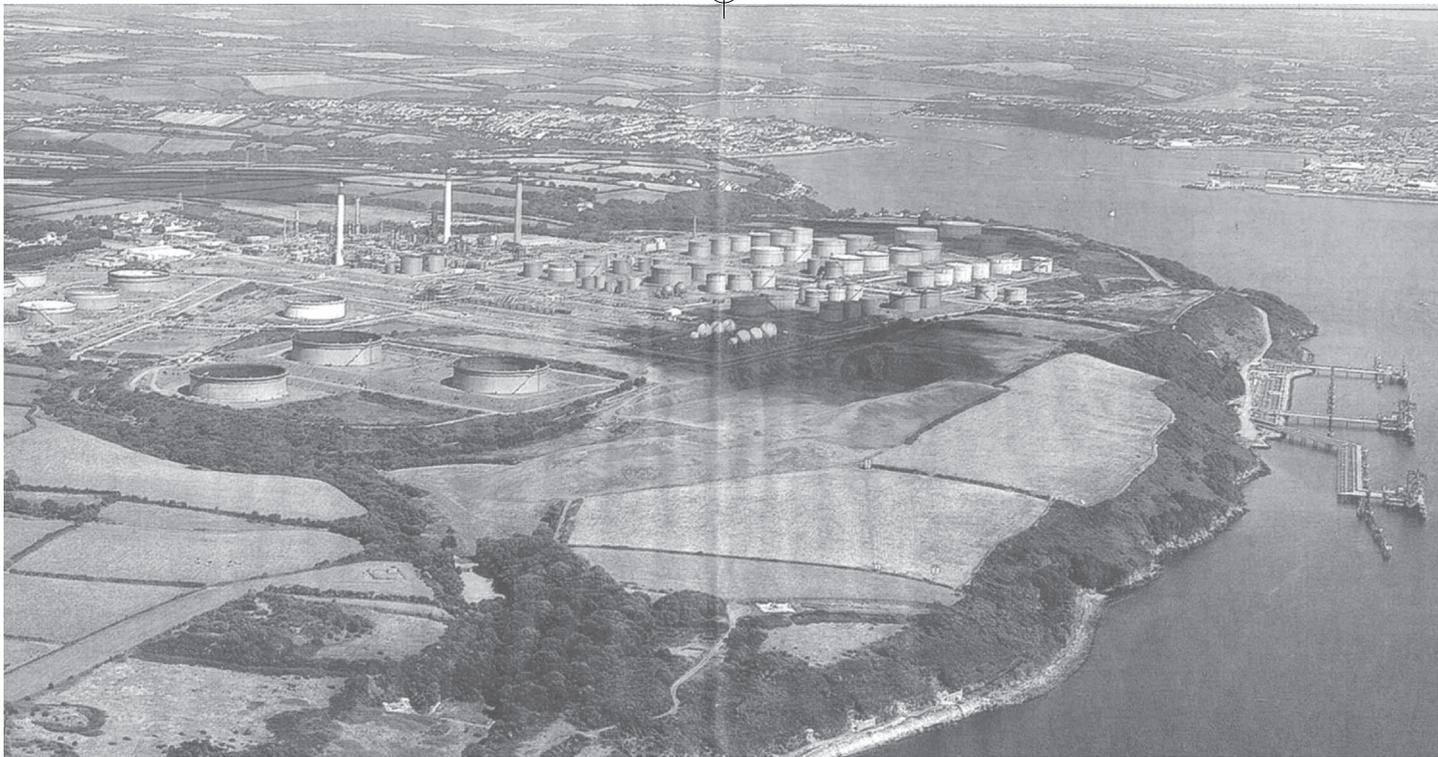
The key issue for Milford is whether appropriate risk assessments have been undertaken for the marine side of the operations and whether the results of those assessments have been factored into the planning process. Safety in the UK gas industry is usually assessed and controlled by the Health and Safety Executive which examined the shoreside operation during the planning process. However, because the Dragon and South Hook facilities form part of the administrative area of the Milford Haven Port Authority, the Health and Safety Executive did not carry out an assessment of the likelihood of an accident at sea.

This has created the somewhat incongruous situation whereby the Port Authority, acting as both regulator and financial beneficiary from the development of these facilities, has overall responsibility for assessing their safety. Moreover, the Port Authority has not released any details of their deliberations on the safety of these sites. This has raised concerns that safety issues have been glossed over in the pressure to develop the terminals and the desire to ensure the future security of the UK's dwindling gas supply.

The economic and social impacts of the developments are also a cause for much local concern. On a positive note, the development of the LNG facilities and associated infrastructure constitutes a significant investment for the small Milford Haven and Pembrokeshire economies. Approximately 1,500 workers are already employed in the construction of the two terminals and the Council expect this figure to rise to 3,500 this year. This will generate additional expenditure for the local economy. Furthermore, Transco will be constructing a 72-mile pipeline from Milford to Aberdulais, near Neath which is likely to employ in excess of 1,000 workers over the next three years.



The Jetty for the South Hook LNG terminal. Some pilots fear a major accident could happen because tankers coming into the haven have to pass within a few hundred metres of the jetty and at one point head directly towards it.



This aerial view shows how close the LNG facility is to the town of Milford Haven.

What is not clear, however, is the extent to which the local population is benefiting from these job opportunities. Unemployment in Pembrokeshire has fallen in the past year, bucking a trend which has seen much of the rest of Wales enduring a rise in the jobless total.

Of course, it is difficult to isolate the LNG effect within this. While the corporations involved have stated their commitment to recruit locally and have placed some contracts with local companies, they have also acknowledged the skills gap in the local area and recruited an unknown number of workers from outside and indeed across Europe. Furthermore, the long-term direct job opportunities at the terminals will be fairly limited since they are inevitably capital-intensive operations. It has also become clear that the gas will be pumped out of Wales so the extent to which Welsh industry will benefit from cheaper energy as a result remains unclear.

The influx of migrant workers is creating other pressures in the community with the already pressured housing market appearing to take the brunt of the strain. During 2004, before work had even begun on the LNG developments, Pembrokeshire had the second highest house price to income ratio in Wales with prices increasing by 20 per cent. Since then they will have risen higher still.

There is anecdotal evidence that private sector tenants are losing their homes as landlords terminate tenancies to switch to letting to LNG workers because of the higher rents that can be achieved. Pembrokeshire Council has reported a 25 per cent increase in the number of homelessness applications caused by people losing private sector accommodation for reasons other than rent arrears. Pembrokeshire College has closed its halls of residence to let out rooms to LNG workers. Meanwhile, rising costs in the purchase market have worsened the already considerable difficulties faced by the county's first-time buyers.

The lack of affordable housing caused by the LNG development is also regarded as having other detrimental effects including the creation of additional strain on the transport infrastructure, an increased incidence of crime, and difficulties in recruiting in the health service as medical staff, faced with the prospect of having nowhere to live in the county, are being forced to seek employment elsewhere.

Some of these effects may reflect the consequences of an increased level of anxiety amongst local communities, some of which may perhaps be undue. There is a need for more robust

evidence on the precise current and longer-term impacts of LNG. But the concerns and fears of the local community are unlikely to be assuaged if they do not feel they are being adequately consulted upon and involved in relevant discussions around the developments and their impacts.

Certainly, the limited compensation for local communities living within the shadow of these terminals secured by the planning authorities from the developers represents a missed opportunity. The development is still at an early phase and there is considerable scope for trusting the community with greater understanding of the relevant safety risks around LNG and putting in place key skills, training and other policy packages to help ensure there is maximum potential for local economic and social benefit.

Nonetheless, thus far not enough has been done to develop an equitable, just approach to decision-making where some of the power for governing the industrial development is given to the stakeholders that are affected by it. Without this, the long-term community benefits from LNG in Milford must remain in question.

- *Dr Gillian Bristow, is an IWA Trustee and lectures at School of City and Regional Planning, Cardiff University.*

## economic strategy 1

# government business

james foreman-peck argues that economic policy should address a worrying private sector deficit



In its latest economic strategy *Wales: A Vibrant Economy*, published in November 2005, the Welsh Assembly Government offers us processes, intentions and aspirations. However, there is rather less emphasis on the policies that will produce desired outcomes.

Areas are to be prioritized, indicators are to be tracked, and support is to be focused "where it can make most difference." The merger of the Welsh Development Agency, Wales Tourist Board and ELWa with the Welsh Assembly Government will "simplify Ministerial accountability; and provide opportunities to improve services to users, creating a single, strong, marketing hub to improve our reach and impact."

But Ministerial accountability is a legal and political concept with little to do with economics. It is about allocating responsibility for ensuring that public money is spent in the way the appropriate institutions have determined. What it does not do is guarantee that the money will achieve the objectives intended. The merger will also provide opportunities for deterioration in services to users, as has been the experience of so many reorganizations, at least temporarily.

Much of the strategy displays fruit of the Assembly Government's Economic Policy Unit research programme. As a consequence it provides valuable insights into the

Welsh economy. Wages and productivity are relatively low in Wales primarily because of the mix of jobs and industries. Output per head would be higher if 50,000 more people entered the workforce to bring inactivity rates down to the UK average. Net migration into Wales of workers with children means more persons under 16s are added to the Welsh population than are lost by migration of the 16-24 age group, an unremarked opportunity for the wider diffusion of Welsh culture.

Understandably less impressive is the chapter 'Delivering on the framework'. Leaving aside whether it is the framework we want delivering, the question is what can the Assembly Government do to encourage economic development? What economists look for in such cases is a model of how a process works, to guide and assure the effectiveness of intervention. The implied model behind the Assembly Government's new strategy involves 'coordination' and 'working with' various parties. Does this make sense?

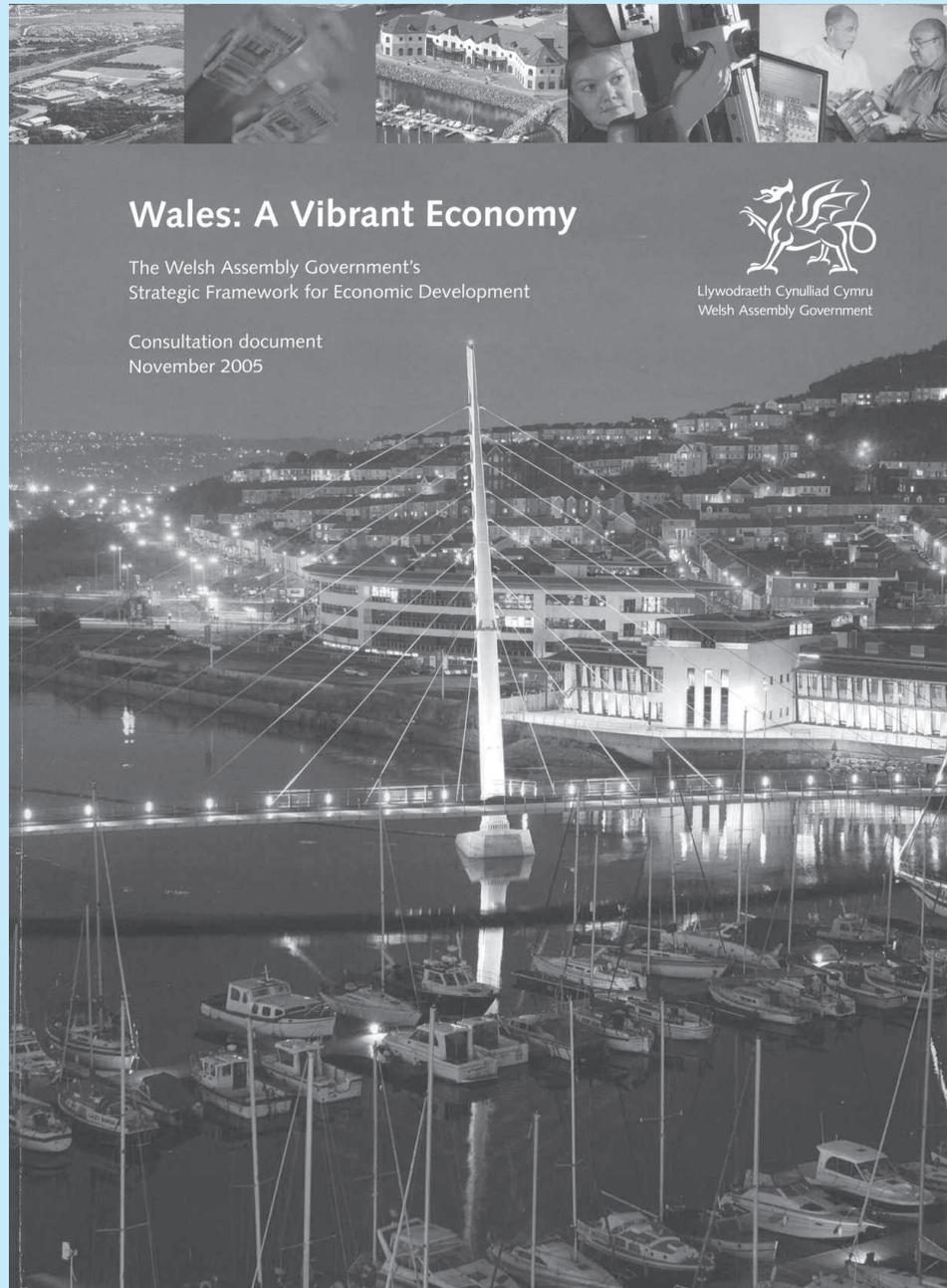
One of the few genuinely witty economics jokes in circulation is a variant of "how many Chicago economists does it take to change a light bulb?" The answer is "None, because if the bulb needed changing, the market would have done it already." The butt of the joke is the view of markets as autonomous, self-sufficient, and complete institutions for organizing all social activity.

A weaker version of this view, that markets are generally good ways to deliver most things, has become far more acceptable than a generation ago. The collapse of the Soviet empire was proof of the superiority of the market-based economies at supplying what people want, compared with central planning. Yet a substantial portion of our economy is still centrally planned. The National Health Service is the largest organisation in the UK allocating resources in this manner. Conceivably such institutions continue to exist because of recognition that even where markets could work they may not exist, particularly markets in information. Prices may not exist for certain products and services – they may be specific to a particular case – and people may be unaware of what they need to do to get what they want. We do not know what we do not know.

The extreme market position is that if it is in your interests to know something you will find it out, or at least you have a better chance of finding what you need than anybody else. Hours spent in coordinating meetings with public bodies, and filling out forms to apply for grants from them, are hours wasted on this view. Yet it is plausible that some coordination, cooperation and information exchange could be helpful, for such networking is one basis for certain successful activities clustering.

Anyway this seems to be the thinking behind the Knowledge Bank for Business unveiled with £14 million funding by Andrew Davies, Minister for Economic Development and Transport at the end of September. The Knowledge Bank has identified 50 smallish firms with rapid growth potential for which it will provide "tailored support." Each of them will be provided with a commercial manager who will ensure they receive the best support services available from the public and private sectors.

This is different from the old policy of 'picking winners' because only one or



## Wales: A Vibrant Economy

The Welsh Assembly Government's  
Strategic Framework for Economic Development

Consultation document  
November 2005



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

two firms need to be really successful for the policy to prove itself. Even so, if you ran a firm in competition with one of those selected, you might object to paying taxes to undermine your profitability.

Universities fit naturally into this knowledge networking framework, at least in principle. As Assembly Member for Swansea West, and a Swansea graduate, Andrew Davies must have been especially gratified to

open the £30 million Institute of Advanced Telecommunication at University College, Swansea last December. This was a collaboration with many large telecom companies, as well as the Assembly Government, Traffic Wales and Lang O'Rourke. Reputedly, planning is already well advanced for three spin-out companies. If they are launched successfully, Jaafar Elmirghani, Professor of Optical Communications and the head of the Institute, will have shown that

entrepreneurship can flourish in Welsh Universities.

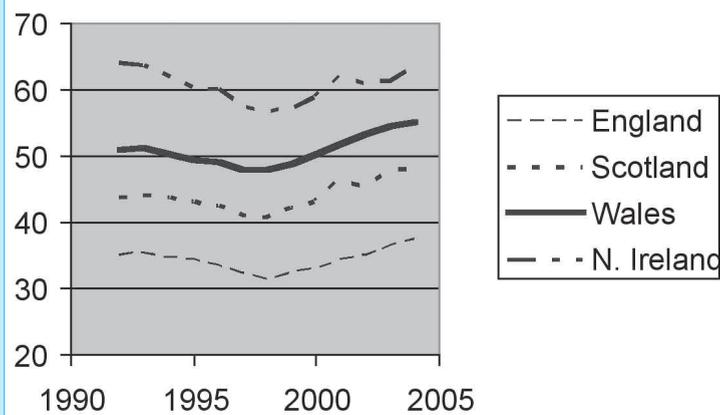
Much of the new strategy is concerned with financial support such as Objective One, and its replacement. The Chancellor's Pre-Budget announcement of another £28 million for Wales through the operation of the Barnett formula might therefore seem timely. However, the extra money amounts to about one fifth of one percent of the entire Welsh Assembly Government budget, and will hardly be noticed.

Quite independently of financial support provided to various organizations, Welsh government is big business. So much so that it raises questions about any GDP (GVA) target. Government spending on services in Wales is more than one half of GDP and the latest statistics show that the three public sectors of administration, education and health, were producing more 'output' than manufacturing by 2001. And, of course they also employ far more people.

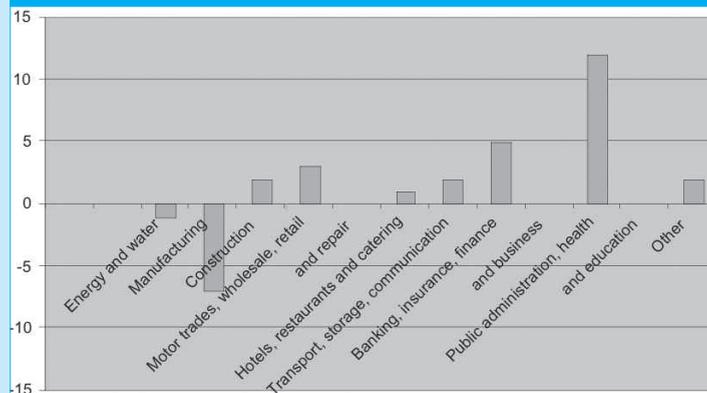
Yet the services of these sectors are not sold. They are not valued at market prices but at cost. So they could be worth more or less than the figures that are added in to calculate Gross Value Added. If people value these services at more than their cost then Welsh GVA is understated, and conversely. If these sectors were small the point would not matter, but they are large and expanding. Real government spending per head in Wales rose by one quarter between 1999 and 2004 and as a proportion of apparent Welsh output exceeded one half (see Figure 1).



**figure 1: government spending as a % of GVA 1992 – 2004**



**figure 2: sectoral changes in Welsh employment 2001-04 ('000)**



Even more important than the impact upon a GVA target is the consequence for the growth and sustainability of the economy. With this level of demand for public sector employment and other resources, the state could be squeezing out the private sector. Perhaps not surprisingly, this possibility receives no discussion in the Assembly Government's latest economic strategy, but it should.

A helpful study from the Welsh Statistical directorate, *Gross employment flows (or employment churn) for Wales' Economic and Labour Market* (A. Nuaimi, November 2005) highlights what is at stake. Between 2001 and 2004 there was an excess of 19,000 job gains over losses. When broken down by sectors,

the research shows that jobs in public administration, health and education expanded by some 12,000 (see Figure 2).

So, insofar as education and health are all public sector and there are no other public sector organisations, private sector employment grew by one third less – a 7,000 difference. There are two alternative interpretations, neither of which is particularly comforting. The first is that without the public sector expansion, we would only have gained 7,000 jobs. The second is that in the absence of the increase in the share of government spending in Welsh output, private sector employment would have increased by more than 7,000 jobs.

Why worry? Some private sector market activity involves exporting and therefore contributes to a more autonomous and dynamic Welsh economy. At best most public sector employment only does so indirectly – for example, some sections of Welsh Higher Education are substantial exporters, in the sense of selling to non-Welsh residents. A vibrant economy needs a prosperous export sector as well as good public services. The indications are that the Welsh public-private balance is not yet right.

- Professor James Foreman-Peck is Director of the Welsh Institute for Research in Economics and Development at the Cardiff Business School.

## economic strategy 2

## carbon cutting



morgan parry argues that the Assembly Government's new economic development strategy needs a radically different approach

**W**e've learned a great deal since the Assembly's Government's economic development strategy *A Winning Wales* was published in 2002.

Climate change, has been established as the most serious manifestation of unsustainable human activity, and the prognosis is worsening with every month that passes.

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But climate change is only one example of our dysfunctional relationship with our life support

spring 2006

systems. Last year the UN's Millennium Ecosystem Assessment identified 14 other ecosystem services that, like atmospheric climate regulation, are being degraded or used unsustainably. The UK Government's 2005 Sustainable Development Strategy *Taking It On* accepted that:

"Increasing prosperity, in the UK and across the world, has allowed many people to enjoy the benefits of goods and services which were once available to just a few. Nevertheless, the environmental impacts of our consumption and production patterns remain severe."

For many in the low-lying regions of the world, our prosperity leaves them drowning as sea levels rise. Given the Assembly Government's claimed leadership in matters of sustainable development, it would be reasonable to expect its new economic development strategy to address this paradigm shift, and go further in proposing solutions. Yet despite a sound analysis of some of the causes of economic inactivity and the benefits of community development and social enterprise, the Assembly Government's latest policy document *Wales: a Vibrant Economy* is based on the same economic philosophy as *A Winning Wales*.

It fails to challenge any of the economic drivers of climate change. Instead the word 'sustainable' is bolted on to the word 'growth' over thirty times, as if merely repeating the phrase will make it meaningful. The document ignores the fact that to be sustainable the Welsh economy would need to reduce its resource throughputs by a factor of three, and its carbon intensity by at least a factor of five. In the

competitive, growth-driven world of Assembly Government thinking, this is nigh on impossible.

If you're about to turn the page, believing that nothing should stand in the way of economic growth, answer this question first. Which technologies will deliver the required 60 per cent decrease in CO2 emissions if, as predicted, economic growth drives increasing consumption of energy and resources?

Remember, there are no examples anywhere in the world of economic growth being decoupled absolutely from resource use. Equally, there is no model, even from the most optimistic advocates in the automobile or aerospace industries, of how increased energy and resource efficiency will keep up with increased consumption.

On the electricity supply front, a doubling of the nuclear capacity (the ultimate technological fix) would only result in an eight per cent decrease in CO2 emissions. That is according to the UK Sustainable Development Commission's *The Role of Nuclear Power in a Low-Carbon Economy*, published in 2006. Therefore a 'business as usual' economic model will produce catastrophic climate change impacts and resource depletion at a cost which will dwarf any short-term economic gain.

In constructing *Wales a Vibrant Economy*, the Assembly Government has embraced a 'competitive regions' philosophy. This requires the development of a large city region in the south east of Wales to 'agglomerate' economic mass, with high-growth business sectors and new transport infrastructures.

Yet the climate-change impacts of this model, arising from the infrastructure alone, would be astronomical. In a paper *A Sustainable Economy for Wales* produced for Cynnal Cymru, the Sustainable Development Forum for Wales, Dr Calvin Jones, of the Cardiff Business School, notes that the competitive region model has little theoretical justification. He says it is inherently inefficient, encourages development of derivative and adopted policies rather than true policy innovation, and does not take proper account of the allocation of economic rents. He concludes that such a regional economic policy is "not just flawed, but potentially actively damaging to sustainable actions."

*Wales a Vibrant Economy* admits that "the consequences of agglomeration for policy making are not straightforward, since it is difficult to change economic mass in a positive direction in the short or medium term." In other words, it is difficult and even undesirable to change Wales in order to fit the chosen economic philosophy, and would negate any effort to plan spatially or support community development.

Since Wales will never achieve the 'agglomeration factor' of regions such as South-East England, then logic suggests it should develop its economy in a different direction. It is surprising therefore, and not a little alarming, that no such alternative model is offered. If *Wales a Vibrant Economy* was subjected to a Strategic Environmental Assessment (as may be required by EU Directive 2001/42/EC) alternatives would have to be considered.

A number alternative strategies suggest themselves. The Carbon Trust has described the path towards a low-carbon economy. In 2003 the Department of Trade and Industry published a White Paper *Our energy future -creating a low carbon economy* on the same topic, although it was recently undermined by the Prime Minister's Energy Review.

*Wales a Vibrant Economy* acknowledges that "developing a low carbon economy in all its aspects, including transport, will become of increasing importance". In the same breath, however, it implies that we can defer action to some point in the future.

Since the climate impacts being felt today are the result of emissions made 20 years ago, and in those 20 years emissions have increased substantially, we cannot afford that delay. True, the

Assembly Government has prioritised support for new technologies which is an important component of a low-carbon future. Yet by investing public money in the climate-busting M4 Relief Road and into the proposed intra-Wales air service, it is taking us in the opposite direction.

A second possible strategy would play to Wales's core strengths of what *Wales a Vibrant Economy* describes as "strong communities, a stunning natural environment, and an exceptional



Cefyn Croes windfarm in mid Wales: "The Assembly Government should develop an alternative strategy based on a re-localised low-carbon model."

quality of life." By re-localising some aspects of our economic life, we would automatically reinforce local communities, reinvigorate local democracy and reduce environmental impacts.

Re-localisation is also the model that anticipates the future. At present energy costs are low (but rising) and labour is cheaper in south East Asia. As a result production is 'globalised' and driven eastwards. However, as raw materials and energy become globally scarcer, and labour costs in the developing world rise, it will become more efficient to produce goods locally, using local renewable energy and recycled materials. Wales is also well provided with fresh water resources, which globally will become a significantly limiting economic factor.

At a recent Cynnal Cymru seminar, leading Welsh academics and practitioners from a range of economic disciplines came up with the following principles for a sustainable economy. It should be one that:

- Understands that society and its economy are wholly dependent upon natural capital and ecosystem services.
- Accepts both the intrinsic and economic importance of those natural resources.
- Does not rely solely on markets to attach long-term value to irreplaceable resources.
- Is mainly local and community-led in production, consumption work and leisure.
- Actively plans and regulates current socio-economic activity for a low-carbon future.
- Values improvements in welfare for lower income groups more than increases in overall wealth.

Of course if *Wales a Vibrant Economy* was located in its rightful place in the Assembly Government's hierarchy of plans and strategies, it would follow all these principles. Under section 121 of the Government of Wales Act 1998 the

National Assembly has a duty to set out how it intends to produce a Scheme to promote Sustainable Development in all its functions. There is no ambiguity in the injunction that Sustainable Development must be the framework within which all Assembly Government policy should be developed:

"... the Scheme is the National Assembly's overarching strategic framework and sets out the vision of a sustainable future for all of Wales where action for social, economic and environmental improvement work together to create positive change ... all other strategies sit beneath this framework, their role being to underpin the delivery of a sustainable Wales."

In March 2005, the Assembly Government signed up to the Strategic Framework for Sustainable Development, including the following five principles:

- Living within environmental limits.
- Ensuring a strong, healthy and just society.
- Promoting good governance.
- Using sound science responsibly.
- Achieving a sustainable economy.

The new Framework definition of a sustainable economy has no mention of growth, acknowledging that it is a concept (in the UK at least) whose time has passed. Yet despite the rhetorical use of the word 'sustainable' in *Wales a Vibrant Economy*, the underlying model is deeply unsustainable. It is clear that the authors have not understood or accepted that we live in a very different age, demanding a radical new economic philosophy.

The industrial revolution was possible because energy and raw materials could be exploited for the first time without regard to the consequences. The British Empire was possible because our economy grew faster than anyone else's, on the back of limitless resources plundered from foreign lands. Wars

were fought and won because our technologies were developed faster than our opponents' and our factories were more productive.

In all of this growth was an imperative: more throughput, externalised costs, and with the ends justifying the means. This is no longer possible. Henceforth, the means must be appropriate to the ends. Development and renewal must replace growth as the economic objective.

Climate change, resource depletion and species extinctions (all clear examples of our breaching our environmental limits) have replaced revolution, empire and war as the challenge of the age, together with the continuing existence of absolute poverty in Africa. All require a change in mind-sets across the developed world. They will not be addressed by the self-regarding competitive attitude exemplified by *Wales a Vibrant Economy*.

And in case there is any doubt that the evidence on environmental limits is less than compelling, or that it is an economic issue for us in Wales, consider the Millennium Ecosystem Assessment. Published in March 2005, this gives us a new understanding of the basis of our economic wealth. It was produced by 1,360 experts from 95 countries. Guided by a board that included representatives of five international conventions, five UN agencies, international scientific organizations, governments, and leaders from the private sector, NGOs and indigenous groups, the work took four years to complete. It establishes clearly that the human species, while buffered against environmental changes by culture and technology, is fundamentally dependent on the flow of ecosystem services, the value of which far exceeds the total global GDP.

Fifteen of the 24 ecosystem services examined by the Assessment are being degraded or used unsustainably. They include fresh water, capture fisheries, air and water purification, and the

## agenda

regulation of climate, natural hazards, and pests. Many have been degraded as a consequence of actions taken to increase the supply of other services, such as food. These tradeoffs often shift the costs of degradation from one group of people to another or defer costs to future generations. In effect, the benefits reaped from our engineering of the planet have been achieved by running down natural capital assets.

The Assessment reports that the degradation of ecosystem services could grow significantly worse during the first half of this century. The harmful effects of the degradation of ecosystem services are being borne disproportionately by the poor, are contributing to growing inequities and disparities across groups of people, and are sometimes the principal factor causing poverty and social conflict. In all regions, and particularly in sub-Saharan Africa, the condition and management of ecosystem services is a dominant factor influencing prospects for reducing poverty.

Technology is not solving the problem. The absolute level of consumption of ecosystem services continues to grow, as does the growth in consumption of energy and materials, outpacing increases in efficiency. By 2050, global energy demand could double as populations rise and developing countries expand their economies. Since 1950, global water use has more than tripled. Within 25 years, half the world's population could have trouble finding enough freshwater for drinking and irrigation.

GDP growth and energy/resource use are directly correlated in every country where this has been measured. The link is not being broken anywhere in the world and the conclusion is unavoidable. Since our current technology cannot enable us to grow our economies without increasing further our impacts, we must stop growing our economies in the way we are.

This is of direct relevance to Wales' economic development strategy. If 'Winning Wales' seeks to increase GDP



"By 2050, global energy demand could double as populations rise and developing countries expand their economies."

growth by any means that increase CO2 emissions, it will result in a reduction, rather than an increase in our economic wealth. That is because our wealth ultimately depends on the protection and enhancement of ecosystem services, not on their destruction. According to the Millennium Ecosystem Assessment:

"The natural balance sheet we bequeath to future generations depends on choices made at every level and in every corner of the planet. The degradation of ecosystems can be reversed, but this involves significant changes in policies, institutions and practices, that are not currently under way."

Of course, many of the factors determining the macro-economic framework within which the Welsh economy operates are beyond the control of the Assembly Government, and pressure for change will need to be sustained at the UK and the EU level. The UK Government's Sustainable Development Strategy *Taking it On* has responded by identifying the need for a 'One Planet Economy'.

However, current fiscal frameworks encourage regions and countries to compete for resources and to externalise social and environmental costs and the Lisbon agenda institutionalises this at the EU level.

## economy

In Wales we have an opportunity to break the mould and make some of those changes in policies, institutions and practices suggested by the Millennium Ecosystem Assessment. There would be 'first-mover' advantage in the medium term, and we could attract visionary individuals and businesses.

Using the additional powers contained within the Government of Wales Bill 2006, we could give competitive advantage to companies that use natural resources sustainably, and drive through radical changes in our public infrastructures. Reduction of CO2 emissions should be a non-negotiable precondition for everything else in our economic development strategy.

But we need to acknowledge the risks involved. Jumping off the competitive growth economy's speeding train would expose us to short term opportunity costs as well as medium-term advantages. During the Sustainable Development Commission's visit to Cardiff in March, its chair Jonathan Porritt suggested that the Assembly Government should develop an alternative strategy based on a re-localised low-carbon model.

Operating to a clear timetable, and working with our partners in the Network of Regional Governments for Sustainable Development, we could make the transition from one model to the other, and so achieve a truly sustainable economy. We are not condemned forever to be chasing our neighbours in a race we cannot win, for a prize we do not need.

- *Morgan Parry is Head of WWF Cymru and a Board Member of Cynnal Cymru – the Sustainable Forum for Wales. This article is based on the Forum's response to the Assembly Government consultation.*

brian morgan **says the Assembly Government should produce a Welsh model for the Private Finance Initiative**

# footing the bill



**U**nder the Private Finance Initiative (PFI) the Government gets the private sector to raise the cash, design and build some structure and then operate and maintain it. The main attraction is that it allows the Government to undertake additional investment in public sector assets without coming up against the troublesome constraints of the budget deficit, known as the public sector borrowing requirement (PSBR).

However, it is important to emphasise that with or without PFI the taxpayer still foots the bill. The only difference is that under PFI the costs of capital projects can be pushed onto future generations. For some critics this is tantamount to 'mortgaging the future'. Others say quite simply that if future generations will enjoy most of the benefits, why shouldn't they pay towards it? Sounds logical but if the Victorians, or more importantly the Romans, had taken that view then we might never have been bequeathed our urban infrastructure or enjoyed that classic comedy sketch in the *Life of Brian* – what have the Romans done for us?

The key question to pose is "Does PFI offer value for money?" The most damning feature of private finance is that borrowing costs are undeniably higher for the private sector than for the government. However, PFI might still offer value for money if:

- The project is built on time and on budget – compared with overruns and delays which affect 80 per cent of government funded projects compared with only 20 per cent of PFI projects.

- Private sector project management skills reduce the cost of delivering the service to customers.

One indisputable fact is that UK politicians are extremely reluctant to finance big projects compared with our continental partners. For example, how many readers remember the 2005 *World Athletics Championships in London*? Of course, the games didn't actually take place in London because after a number of disastrous attempts to build a stadium, the organisers cancelled the award and gave it to the Finns.

Consider the state of the UK transport network. In ten years time both east and west Europe will be covered with high speed railways, moving freight and passengers seamlessly across the continent via inter-modal transport links. In ten years time in the UK we'll have just the 70 miles of track currently being built to the Channel Tunnel. So we certainly could do with some bright new ideas in the area of public sector investment.

However, the recent UK transport White Paper painted a bleak picture – traffic levels increasing by 25 per cent by 2015 with more congestion and more delays extending across an unexpanded road network. Inevitably the only option on the horizon is more motorway tolling and pay-per-mile schemes.

This is unfortunate because there is a wealth of research, for example by the OECD, confirming that infrastructure investment promotes regional growth. Similarly, bad infrastructure has been identified as a major cause of the UK's low productivity compared with our main competitors – France and

Germany. Moreover, the quantity and quality of transport options affect the location and inward investment decisions of firms because congestion has a significant impact on their efficiency.

Just to remain competitive, regions and cities require skills, new schools and colleges, and a healthy workforce

of this ambitious programme is £400m [over five years].”

However, expenditure of £400m over five years amounts to less than 0.666 per cent of the Assembly Government’s Budget. Now the usual reason why economists calculate figures to the nearest 0.1 percentage point is to prove that we have

“national obsession with arse covering by civil servants” (quoted in the *Economist*). Administrators are reluctant to take even moderate risks.

Of course, it is unrealistic to expect PFI to address all these issues. Nor can PFI circumvent the planning nightmare. However, to make headway in Wales



The Second Severn Crossing – in future such major capital projects will be unlikely to proceed without PFI.

aided by new primary care centres and hospitals. Provision of all of these can be significantly influenced by PFI.

It is not just about productivity. For instance, transport infrastructure also has a big influence on the quality of life. It is not surprising then that in England the new business-led Regional Development Authorities are seeking to significantly influence infrastructure investment in their regions.

Are things improving in Wales? Some recent publications might lead us to think so. The Assembly Government’s recent *Transport Framework Policy Document* insisted that

“... policy is being implemented by sustained investment in the strategic road network. This includes 31 major road schemes ... The estimated cost

a sense of humour, However, in this case one needs such a calculation to make it significantly different from zero. Surely PFI could boost this figure? And what about north-south road links? The document continues:

“The extent to which improvements are needed to road links between north and south Wales was one of the key issues raised for consideration in our strategic review of the Welsh trunk roads programme ... and we will be dealing with that issue in our separate report on the outcome of that review.”

And so it goes on. Like the rest of UK politicians, Welsh politicians are simply reluctant to finance big projects. The main culprit according to Marco Goldshmeid, Managing Director of the Richard Rogers Partnership is a

we need to rise above the ‘public good’ versus ‘private bad’ level of debate and look seriously at the alternatives. We need to re-evaluate PFI and undertake a SWOT analysis of current schemes to ascertain how they might be improved.

Undoubtedly, there are problems with PFI that can be considered under the headings inflexibility and quality:

- **Inflexibility** Some claim that PFI is perpetuating the current expensive model of hospital-based health care. Original PFI schemes assumed the healthcare model would last for the next 30 years and ignored the switch to primary care and specialist centres. Upfront negotiating costs of PFI contracts are also high and time consuming and need to be streamlined to reduce costs. It now looks as if many current projects are too inflexible and based on long term



Open in December 2002, the new 70-bed, £66m Neath/Port Talbot Hospital at Baglan was built under a PFI Scheme by Baglan Moor Health Care Limited for Bro Morgannwg Health Trust. Complete with a 24 hour accident and emergency service, it will revert to public ownership after 30 years and repayments totalling £275m.

contracts that are too long and too rigid. Similarly, borrowing costs are inevitably higher under PFI and these need to be brought down through new ways of raising finance. In other words PFI needs to be updated.

- **Quality** The build quality of some PFI projects has been very poor. Some PFI structures have been perfect examples of low energy efficiency, poor architectural design, and high life cycle costs. This is perhaps the most damning criticism of PFI. Low quality buildings are expensive to maintain in the long term even if borrowing costs can be reduced and construction efficiencies taken into account. It seems that in the past PFI projects have inevitably gone for the 'low risk, low cost' option. This will have to change if PFI is to become more accepted.

These are the some of the negative arguments against PFI. But they are not necessarily terminal arguments against the Private Financing concept, because the negatives can be corrected. Low architectural merit and high negotiating costs can all be addressed at the tender stage. It is also possible to look at innovative ways of using Treasury guarantees to reduce borrowing costs and some pioneering developments are already going on in the capital markets. An example is a liquid secondary

market for PFI projects encouraged by bundling a number of projects together for resale and then recycling the proceeds back into new projects.

A key question for Wales is: will greater use of PFI boost our relative GDP? Research suggests that more infrastructure investment will stimulate economic growth. So will PFI allow more infrastructure investment? Those worried about the political correctness of PFI ought to take note of the following equation:

$$\text{PFI} = \text{Design} + \text{Build} + \text{Finance} + \text{Operate}$$

The Assembly Government could develop and organise a Welsh PFI which replaced some of the above plus signs with a negative. For example:

$$\text{Welsh PFI} = \text{Design} + \text{Build} - (\text{minus}) \text{Finance} - (\text{or minus}) \text{Operate}$$

That is to say, the private sector could design, build and operate without financing or design, build, finance and NOT operate, or any other combination that the Assembly Government felt attractive and deliverable. Another innovation would be for Wales to re-package PFI projects into smaller bundles that would be more attractive and more manageable for smaller

Welsh companies. A Welsh PFI should be based on best international practice for the type and scale of projects that are appropriate for Wales.

The challenge is to structure a Welsh PFI so that it addresses potential weaknesses. The tendering process should be managed to:

- Reduce borrowing and upfront contractual costs.
- Insist on green design techniques to force contractors to focus on longer term issues that improve the quality of PFI projects and reduce life cycle costs.

Within the Welsh hinterland the built environment can be a significant constraint on growth. Yet investment in the road and rail network, schools and hospitals also offers competitive advantage. Infrastructure investment can be an important engine of growth and there are a number of potential projects such as the Severn Barrage crying out for funds. The Barrage would make Wales self sufficient in energy and create an economic power house by constructing new road and rail links that integrated the economies of Wales and South West England.

PFI could also be incorporated into projects providing improved north-south links and better access to Ireland and Europe. Getting these investment decisions right is an important route to economic regeneration. A new PFI, one redefined for specific Welsh needs, is an exciting option and that's why we need an open debate about the contribution it could make to our future prosperity.

- *Brian Morgan is Director, of the Leadership, Enterprise and Economic Development Unit at Cardiff Business School. This article is based on the keynote presentation he gave to the IWA conference Financing Large Scale Public Sector Projects in Wales in November 2005.*

# cherished heartland



**peter davies relates how the Prince of Wales' charities are engaging with the problems of the rural hinterland**

**t**he IWA and the Brecknockshire Agricultural Society hoped that their report *Cherished Heartland* would concentrate the minds of key policy makers in recognising that farming is the key management tool for preserving the heritage and long term environmental integrity of the hills and uplands of Wales.

It certainly had the desired effect in terms of focusing the minds of those concerned with managing the Welsh interests of The Prince of Wales' charities in Wales, including The Prince's Trust, Business in the Community, Arts and Business, Prime Cymru, The Prince's Regeneration Trust and Princes

Foundation for the Built Environment. The Prince's charities are engaged in a number of innovative programmes that closely relate to the main recommendations of the Cherished Heartland report. These include:

- Improving returns through local value-addition.
- Developing information and promotion campaigns to secure product identity appeal to consumers.
- Restoring and enriching a sense of purpose through collaborative action.
- Engaging with the National Parks.

Prince's Trust Cymru has responded to the need to retain young people in Wales' rural communities through the 'Get Into Land' initiative delivered in collaboration with Coleg Sir Gar, Carmarthenshire. The structure of the course also recognises that the hardest to reach young people do not automatically see a future for themselves in agricultural employment. Some classroom based work and shadowing of established students on courses, as well as job placements, give course members experience of stock and mechanical skills, small animal husbandry, and equine work as well as on-farm diversification.

Since its launch in 2001 Prime Cymru, the charity dedicated to supporting the over 50s in establishing new enterprises, has supported over 375 start-up companies in rural areas. Prime Cymru advisers have worked within Powys, Ceredigion and Pembrokeshire to develop business ideas that have become successful rural enterprises, creating a more diverse economy that is based on the skills and experiences of the increasingly mature population of our rural communities.

However, in considering ways in which we can increase the impact in rural

areas it may be that we can also draw inspiration from two initiatives led by The Prince of Wales in Caithness and Sutherland and the Peak District. A 'Seeing is Believing' visit, led by The Prince of Wales in 2004, took business leaders to meet farmers and crofters in Caithness and Sutherland as part of his campaign to aid the local economy in one of Britain's most remote areas. The visit stemmed from a study undertaken by the Castle of Mey Trust which called for more co-operations between development agencies, local farmers and the business community.

A full-time secondee from the United Kingdom Atomic Energy Authority has managed the three planks of the initiative – agricultural products, tourism and the built environment – which The Prince launched in August 2005. In the first six months since its launch, approximately £60,000 of additional income has gone straight to local farmers and businesses who are members of the scheme. A new company, North Highland Products, currently markets beef, lamb, and soft cheese, with more products in the pipeline. They are marketed under the Mey Selections brand which has as its centrepiece an original watercolour of the Castle of Mey given by The Prince.

The North Highland Tourism Operators' Group was formed earlier in the year. It has 130 members from Caithness and Sutherland representing all aspects of accommodation providers and visitor attractions. The intention is to work with VisitScotland to 'brand' the North Highlands area as unique within the Scottish Highlands in an effort to lift the profile of the area.

In terms of the built environment, discussions are underway with a number of agencies and charities to obtain funding



The Prince and the Duchess of Cornwall visiting Gelli Aur College near Llandeilo in the summer of 2005 to inspect the *Get into Land* initiative sponsored by the Prince's Trust Cymru.

to carry out an inventory of vernacular buildings in the North Highlands to determine the number, location and type. The inventory will begin to prioritise those buildings which may be found to have a sustainable future use in partnership with owners who are interested in restoration. One of the main targets of this work is unused and run-down farm buildings which could be restored to a high standard for farm or country holidays.

In the Peak District a visit by The Prince of Wales, arranged by Business in the Community, was the catalyst for an initiative between local farmers to develop the means to add value to their primary produce. The visit brought together over 30 local farming families from within the Peak District National Park with members of the business community. The result is a demonstration project that aims to create added value markets and diversification opportunities to ensure the sustainability of hill farming within an environmentally sustainable, attractive and protected landscape. The project is now being managed by Business in the Community through a senior business manager funded through Compass Group plc, with the aim of developing models of practice that could be applied within other National Park areas.

The Peak District Initiative is being managed through Business in the Community as part of its Rural Action campaign. This campaign has been at the leading edge of The Prince's Charities work in rural communities, focused on four practical initiatives:

- Food farming and local sourcing.
- Strengthening trading conditions in market towns.
- Provision of affordable housing.
- Business support for rural enterprise.

Business in the Community has used its capacity to engage senior levels in the food and drink industry to create the 'Plough to Plate' project, where one of the key objectives is to address issues of sustainable food and farming across the food chain. Farmers are helped to respond to new market opportunities and to reconnect them to consumers, and consumers to the countryside.

The experience of the Castle of Mey, the Peak District and the Rural Action campaign reinforces the findings of the *Cherished Heartland* report and provides some pointers for the way forward in connecting the knowledge and expertise of the farming community with partners in the rural economy and the food and drink industry.

This will be central to a process being initiated by the Welsh Assembly Government's programme *Sustainable Farming and Environment: Action Towards 2020*. This is promoting policy options for sustainable farming and land use in Wales, taking into account "both upland and lowland farming, the needs of the environment, rural communities and the general public."

Such initiatives can make a real difference. The scale and importance of the challenge is described in the IWA's report *Cherished Heartland*. It will require leadership and a commitment to greater collaboration across the public, private and community sector to protect and secure our rural heritage.

- Peter Davies is Chair of the IWA West Wales Branch and Co-Chair of the co-ordinating committee of the Prince's Charities in Wales. Formerly Managing Director of Business in the Community UK (1995-2005), he is now based in Pembrokeshire as a project consultant. For further information on the work of The Princes Charities visit [www.princeofwales.gov.uk/trusts](http://www.princeofwales.gov.uk/trusts)

# a £3 billion opportunity

tamsin stirring looks at the IWA's new report on the *Future of Social Housing in Wales*



**W**ith unprecedented numbers of Welsh households not able to get on the home-ownership ladder and recently published homelessness statistics showing that 2005 will be the second highest year for homelessness since records began, the timing couldn't be better for an examination of the future of social housing in Wales.

The publication of *The Future of Social Housing in Wales* is therefore to be welcomed, not least because the IWA has been able to look at the social housing sector from a non-housing specialist perspective. In the introduction the report asks whether social housing can be seen as a choice or a tenancy of last resort. Should it be

regarded as merely a step towards home-ownership? Can future provision be a response to evidence-based needs rather than be inevitably determined by demand pressures? And to what extent is current provision creating or reinforcing a dependency culture?

In seeking to answer these questions, the report covers a lot of territory – history, trends, changing context and nature of supply, the Welsh Housing Quality Standard and the transfer of local authority stock to housing associations, housing market areas, future trends and policy implications. The report brings together in one place material from a wide range of published reports and interviews with people working within housing and related areas. It also offers a guide to some of the key current issues and debates on social housing in Wales.

The report's overall conclusions are straightforward:

- Social housing needs to be rebranded as providing subsidised affordable homes for specific population groups – those needing help on the housing ladder, those needing sheltered housing and homeless households.
- Most Welsh local authorities will have to transfer their housing in order to meet the Welsh Housing Quality Standard.
- There will be significant regenerative impact of investing the around £3billion that is needed to reach the quality standard.
- Local authorities need a stronger strategic role.

- Housing associations should take on an enhanced community regeneration role.

The first of these conclusions has proved controversial within the social housing sector itself. Based on the premise of 'constructive residualisation', it is seen by many as a view of the future that simply accepts much of the status quo, rather than challenging it.

The proposal that there could be significant advantages in establishing an all-Wales housing finance company to borrow money across the social sector is interesting and worth exploring. Whether such a vehicle would be able to achieve significantly better borrowing rates than those secured by existing housing associations needs further examination.

The report is welcome as a starting point to a debate about what the future of social housing could be in Wales. Its focus on achieving the Welsh Housing Quality Standard is understandable given that this is one of the major current housing concerns of the Assembly Government. However, housing markets are interconnected. What we do and don't do in the social housing sector is affected by, and impacts on, the other tenures.

Those on long waiting lists are paying the price for low levels of investment in new social housing in Wales over recent years which have failed to take account of changes in housing

markets. For this reason, if for no other, we need a broader debate about the future role of social housing.

Although tenures are distinct, in particular the division between buying and renting, social housing organisations already undertake a variety of roles that cross tenures. Such roles can be built upon, for example by:

- Offering a range of low-cost home ownership products, including part buy-part rent and equity loan schemes. Given recent changes in housing markets, the demand for such schemes has increased markedly and there is clearly scope for significantly increasing the output of 'affordable' housing delivered in partnership with housing associations.
- Providing services to private sector tenants and owner-occupiers such as repair and handyperson schemes. This is currently largely done through Care and Repair agencies which are part of a number of housing association group structures. For the future, making links with local training and work placement schemes and community regeneration initiatives, such services could be offered to much larger numbers of people.
- Developing expertise in providing accommodation that helps deliver on non-housing agendas, for example the role of 'extra-care' accommodation in relation to the Wanless agenda on health. Extra-

care accommodation can be offered on a part-rent, part-buy basis, addressing public concerns about the ability to pass on assets to the next generation.

In addition, the emerging debate on equity shares for social housing tenants offers an opportunity to blur traditional boundaries between tenures

and address at least some of the reasons why renting is not seen as attractive by many people.

And we must not ignore the important voice of existing social housing tenants and those who would like, or need, to live in the sector, whether for part, or all of their life. We owe it to all these households to ensure that the sector is not residualised nor stigmatised.

Personally, I am sure that the social housing sector in Wales has sufficient energy, commitment and skills to ensure that it doesn't go down the route of 'constructive residualisation'. We definitely need a noisier debate on the issue, one which goes beyond the social housing sector to include other disciplines, the general public and our politicians.

The report is a good start. With increasing numbers of Welsh citizens worried about where their children and grandchildren will live when they want to leave home and the 2007 Assembly elections on the horizon, a next logical step is to take the debate into the public domain and quickly.

- *Tamsin Stirling is an independent housing consultant and editor of Wales' housing and regeneration magazine, Welsh Housing Quarterly [www.whq.org.uk](http://www.whq.org.uk)*



The cover photograph of the IWA's report shows Plas Y Mor Integrated Care scheme for the elderly at Burry Port which has 38 one and two bedroom flats for people over 55. A joint venture between the Gwalia Housing Group and Carmarthenshire County Council, around half of the tenants are provided with extra care by an in-house care team. Part of the building includes a day centre for older people from the local community, a kitchen delivering hot meals, hairdressing, chiropody and guest bedrooms. In 2005 the complex won both the Royal Society of Architects in Wales design award and the Western Mail / Principality Building Society awards for best residential development and most sustainable development. Assessors praised the complex's clear design principles and its commitment to sustainability. Created in conjunction with PCKO architects, the complex utilises natural lighting, recycled insulation and a timber frame made with wood from sustainable forests. It also features solar hot water panels and photo-voltaic roof tiles which reduce the cost of heating and electricity for residents.

## underclass 1

## below the threshold



**james stewart**  
introduces a major  
new study on poverty  
and social exclusion  
in Wales

**I**f you were looking for the right location to launch a hard-hitting report on poverty and social exclusion, you couldn't do better than Cardiff Bay which contains the local government ward with the most deprived community in Wales. It was somewhat ironic therefore that the magnificent, £100 million copper-topped Millennium Centre provided the venue for the launch of the Joseph Rowntree Foundation's first report focussing on poverty in Wales.

The centre along with the rest of the Cardiff Bay regeneration have been hailed as symbols of a new Wales. The remains of what was once the world's greatest coal-shipping port have been transformed by the construction of hotels, restaurants, offices and luxury flats together with the new home of the National Assembly. Yet the indigenous multi-ethnic population of the old Docks area has been largely untouched by this new prosperity. According to the Welsh Assembly Government's *Index of Multiple Deprivation 2005*, child poverty in Butetown stands at 74 per cent, 'income deprivation' at 54 per cent, and 'employment deprivation' at 26 per cent.

This particular patch of poverty and social exclusion is only the most blatant example of a widespread malaise. As one might expect, the problems are worst in the south Wales Valleys, but the booming capital city is not immune. A quarter of its wards have high levels of dependency on state benefits. The report's authors led by Peter Kenway, Director of the New Policy Institute, say: "Cardiff, more than anywhere else, is marked by inequality of income."

First Minister Rhodri Morgan told the conference that a report like this one,

launched in November 2005, presents a snapshot at a particular moment. He cautioned against a knee-jerk reaction which ignored the statistical trends. But however you look at them, many of the bald facts which make up the 'snapshot' are shocking.

Out of a population of around three million, there are 650,000 people living in 'income poverty'. That is more than 20 per cent. The number in 'deep poverty' (surviving on less than 40 percent of average income) has not fallen in the last decade. They are a quarter of a million strong, almost a tenth of the population. Nearly 100,000 people are classed as 'economically inactive, but wanting work' due to sickness, disability or lone parenthood. There are 170,000 children living in homes below the poverty threshold, a third of them in the south Wales Valleys.

On the other hand, there is some good news about the direction in which things are moving. In the past decade, Welsh poverty rates have fallen faster than those in England or Scotland and are now no worse than the average for Britain as a whole. Unemployment has almost halved in the same period, to around 3.5 per cent of the working age population. The fall in the level of child poverty from 37 per cent in 1995-96 to 27 per cent in 2003-04 was bigger than in any English region or Scotland.

The Assembly Government's aim is that no child should be living in poverty by 2020. However, Peter Kenway told the conference that, despite real progress, the rates of child poverty were still only comparable with the late 1980s and not as good as the 1970s. It would be 2040 at the earliest before the target would

be reached. In view of the priority the Assembly Government has given to this subject, it was perhaps surprising that the First Minister did not address this predicted failure.

Although poverty and social exclusion are problems for the whole of Wales, time and again, the statistics brought the spotlight onto the Valleys. Their rates of unemployment are only slightly worse than the Welsh average, but the proportion

per cent higher than anywhere else. Valley areas account for the highest proportion of low birth weight babies (along with Cardiff and Newport). Children in the Valleys have more decayed or missing teeth by the age of five. In Merthyr Tydfil 79 per cent of doctors' practices did not qualify for 'quality service' payments.

Yet even within the Valleys there are great inequalities in the provision of basic

with next door but that has come across as one of the hardest things to achieve," he said.

Poverty and social exclusion are intimately related to educational achievement. More than half the working-age population of Wales lack basic numeracy skills (the average for England is 46 per cent); 25 per cent lack basic literacy skills (16 per cent in England). Wales has the highest proportion in Great



Views of Butetown, a stones throw from the Millennium Centre where the Rowntree report on poverty was launched.



of those classed as economically inactive and wanting work is much higher. Half the areas with the highest levels of limiting long-term illness are in the Valleys, rising as high as 27 percent in Merthyr Tydfil. At almost a fifth of the working age population, long-term limiting illness is higher in Wales than in Northern Ireland, Scotland or any English region.

In Merthyr Tydfil and Blaenau Gwent the rate of under-16 pregnancies is 50

health services. Along with Flintshire, they have the highest proportion of single-handed GP practices. In Rhondda Cynon Taf the figure is 10 per cent. In Blaenau Gwent, 25 per cent of family doctors work alone, yet in neighbouring Torfaen, the figure is just 2 per cent. Mark Drakeford, Assembly Government special adviser on social policy and health, spoke with evident frustration about the failure to provide good services across the board. "We need to share good practice

Britain of 16-year-olds getting no GCSEs at all. One in four 19-year-olds lacks basic qualifications and there has been no real improvement in this area since 1997-98. Those with fewer than five good GCSEs at the age of 17 are very unlikely to get any further qualifications or to benefit from job-related training.

Peter Kenway painted a bleak picture of the prospects for many young people in Wales. "The bottom third are stagnating at

a level where the future risk of low pay or unemployment is high or very high," he said. "They are going to be tomorrow's poor adults and the parents of tomorrow's poor children. In this case it is impossible to see how poverty and social exclusion can be got rid of in the foreseeable future."

Professor David Egan, special adviser on education, stressed the Assembly Government's initiatives. Reforming education for ages 14-19 is a priority.

integral to an underlying structural problem of the Welsh economy. The implication was that if the economy can be normalised, the benefits will reach those parts of the population who have, until now, been excluded from potential prosperity. "We're not a normal economy," he declared. "We never have been a normal economy. There has always been a very narrow segment of work in Wales. It's been a monoculture unlike anywhere else in Europe, perhaps

private employers. Overall, between 2001 and 2004 three times as many people were in 'in-work' poverty as in poverty arising from unemployment. Yet in the mid-90s the two groups were similar.

No-one could accuse the First Minister of complacency. However, if one was looking for a passionate spokesman on behalf of the people the report was about, Professor David Adamson of the University of Glamorgan came closest. He had chaired community discussion groups as part of the research process and spoke with evident frustration. As he said, "The quality of life in Wales can range from very comfortable First World, to degraded, almost Third World. It is unforgivable." Describing the Assembly Government's response, he added, "The engine is running, but the handbrake is still on. And Rhodri is asking whether to take his foot off the accelerator!"

Sitting in the Millennium Centre, one could not help wondering what we would have heard if one of the poor and socially excluded citizens of nearby Butetown had been able to stand at the podium and describe life at the bottom of the pile. The Assembly Government's own Task Group report on child poverty in 2004 quoted children who are living that reality. The words of just one of them say it all:

"If you're poor, you're bullied, which means you don't try your best in school. You give up. If you don't do well in school, you'll end up with a crap job and no money."



There are plans to give the youngest children aged 0-3 a 'flying start' while a new curriculum is on the way for 3-7 year olds. As he put it, "The best place to spend money is with the youngest children." The imminent appointment of an education 'tsar' would give a new impetus to the government's policies.

Rhodri Morgan's message seemed to be that poverty and social exclusion were

in the world. We are trying to normalise an abnormal economy.'

The First Minister did not address one surprising finding of the report, one that lies directly within the Assembly Government's sphere of influence. The second biggest employer of low-paid workers in Wales is the public sector, coming after retail and before tourism. The figures exclude people whose public sector jobs have been contracted out to

• James Stewart is a freelance journalist living in Pembrokeshire.

## underclass 2

# educating for social justice



**david egan declares**  
**we cannot go on**  
**tolerating the waste**  
**that results from low**  
**levels of educational**  
**achievement at 16**

**I**t can be argued that there is a consensus that education has been one of the most notable successes of the Welsh devolution experience thus far.

Nonetheless, the Rowntree report's coverage of education and lifelong learning provides a timely and salutary reminder of how much more still needs to be achieved.

Whilst there is nothing in the report that will be new to the Assembly

Government and the educational community at large, it is the concise and focused use and presentation of statistical data relating to educational performance that is so striking.

In relation to schools, its main messages are that whilst the overall performance of pupils at 11 and 16 has improved considerably, there continues to be a chasm in levels of performance between young people in deprived and more affluent areas and, compared to the other UK nations. We have a longer tail of minimal or no achievement.

The evidence presented draws upon earlier work undertaken by the Assembly Government in partnership with the Welsh Local Government Association, during the 'Narrowing the Gap' project. The findings have also more recently been confirmed by Estyn, the Office of the Chief Inspector of Education and Training in Wales. Whilst there are schools that do buck the association between low performance and deprivation, in general the correlation is a strong one. In the main these schools are to be found in the Heads of the Valleys area and parts of the large conurbations of Swansea, Cardiff, Newport and Wrexham. Among the factors that characterise their low levels of attainment are the relatively low levels of performance of boys compared to girls and particular problems with literacy.

The Assembly Government has a number of policies designed to improve overall levels of performance in our schools. They include Wales-only powers to improve the transition from primary to secondary schools. There is evidence that this is often the

point when progress begins to slow. Welsh results are better than England at age 11, but the obverse is the case by the age of 14.

National Curriculum reforms, due by 2008, will introduce a more skills-based approach designed to engage young people more fully in their learning during the early years of secondary schooling. The major reform underway for 14-19 education and training is strongly driven by the need to offer young people a more flexible and personalised curriculum. The intention is to also to offer a greater range of qualifications, capturing within the Welsh Baccalaureate a much wider range of attainment. This is in contrast to the current obsession with 5\*A-C at GCSE as the sole benchmark of success.

However, it might be reasonably argued that because they are aimed at all schools, these policies will not address the issue of social deprivation and low performance. The Assembly Government is currently giving much thought to this issue. Any major policy initiative aimed at supporting schools in our most deprived communities that does emerge is unlikely to introduce a 'command and control' model, focused solely upon improvements in 5\*A-C GCSEs. Evidence points to the need for far more sophisticated approaches, including:

- Greater engagement of a range of professionals in supporting young people.
- Active involvement of the community including links with employers and other education/training organisations.
- A curriculum that involves young people in more authentic learning.

As a nation we simply cannot go on tolerating the short and long term waste that results from low levels of educational achievement at 16. One of the most stark facts presented by the report is that very few of those young people who feel themselves to be failures as a result of not achieving 5\*A-C GCSEs at sixteen, ever acquire any further qualifications. This represents a criminal waste of talent and potential.

The report's evidence on adult qualifications represents the accumulative effect of many years of low achievement in our schools. One in four of our 19 year olds have no basic qualifications. There continues to be major differences in levels of participation in higher education between our most deprived and most affluent communities. We continue to have high numbers of unskilled workers who do not participate in adult learning. Again, they are often concentrated in our most deprived areas.

The Assembly Government has a number of major policies that are focused upon improving this deficit in adult skills. The Skills and Employment Action Plan and the Basic Skills Strategy, both of which were re-launched in 2005, can be seen to be achieving slow but steady success. For example, the most recent figures on adult qualifications point to real progress in average levels of

### very few 17-year-olds without either five good GCSE's or NVQ2 at age 17 have acquired further qualifications by the age of 24



The graph, taken from the *Monitoring Poverty and Social Exclusion in Wales 2005* report, shows how the proportion of young adults with various levels of highest qualification varies by age. The levels of qualification shown are a mixture of academic and vocational qualifications. The ages shown are 17 and 24. To improve statistical reliability, the figures are the averages for the years 1997/1998 to 2004/2005.

qualification since 2001. Over the same period there was a 5 per cent fall in the number with no qualifications.

In the medium to long term real progress is only likely to be achieved if we change attitudes towards the value of vocational learning. This has to begin in schooling and is central to the 14-19 reforms. The mindset of pupils, teachers, parents and, most importantly of all, employers, has to be changed so that we can offer young people progression through vocational learning to employment, further and higher education.

For too long the UK has lagged behind Western Europe in this respect and there are clear signs that the Accession States of Eastern Europe are now fast catching up. Can Wales use devolution to become the first truly vocational learning country in the UK? We should note that Northern Ireland is looking to do the same.

The appointment of a Vocational Skills Champion by the Assembly Government, the work being done to improve the quality of work-based learning, and the opportunities provided

by the potential creation of learning campuses with the linking of school, further and higher education provision in Merthyr Tydfil and Ebbw Vale are all encouraging signs in this direction.

Devolution has enabled Wales to build upon the existing distinctiveness of its educational system. That has always contained a strong tradition of using education to further social justice. Examples include the 'pennies of the poor' that built our first university college at Aberystwyth, the passion for independent working-class education that infused the activities of the miners union, and the ability of seriously depressed areas such as the Rhondda in the inter-war years to pioneer nursery education. As the devolution process moves forward, the need to target deprivation in our small nation, with its limited resources but immense, socially driven, aspirations will become compelling.

- Professor David Egan is special adviser to the Minister for Education and Lifelong Learning in the Assembly Government.

## underclass 3

## to those that have



mark drakeford argues  
that health policy  
should focus on  
equality of outcome

**I**n the seventh year of devolution, we are still in the process of creating the raw material from which the sort of Welsh-specific policy-making which the Assembly offers can be translated into practice. In the last quarter of 2005, we saw the publication of the latest, most sophisticated, iteration of the unique Welsh Health Survey, the second major report of the Townsend Standing Committee and the Rowntree document *Monitoring Poverty and Social Exclusion in Wales 2005*.

Policy making in Wales depends on the quality of information on which it is able to draw. Different perspectives and different political parties will read

different lessons from the raw materials so presented. But without that raw material, any lessons are likely to be at best partial and, at worst, directly misleading.

There is much in the Rowntree Report which casts new light on emerging trends. The conclusion that child poverty in Wales has fallen further and faster than in any other part of the United Kingdom comes as a surprise, despite the work of the Assembly Government's Child Poverty Task Group. However, in the field of health the picture painted by the report is one which essentially reinforces rather than recasts the analysis which has emerged increasingly clearly over the past ten years.

Thus it records the substantial legacy of ill health which makes Wales stand out so strikingly from other parts of the United Kingdom. It records, again, the spatial and social concentration of that ill health, delineating it by class and by geography. It draws out the impact which health inequalities produce right through the life course, from the womb to the tomb. Finally, it reminds us of the persistent challenge of the inverse care law which sees the least strong services in those areas of greatest needs.

Indeed, if there is a fresh insight to be drawn from the Report's conclusions, it is to advance our understanding of that inverse care law. Policy makers have tended to regard the Tudor Hart analysis as a snapshot in which an existing pattern of service distribution has to be tackled and remedied. In fact, the inter-relatedness of health with other social factors, vividly traced in the Report, suggests that the inverse care law is

better thought of as a movie. Efforts to counteract it are not conducted against a static pattern, but one in which the tide is always flowing in the wrong direction.

Left to itself, the service pattern is always likely to add to the strength of existing advantage, and to neglect the needs of disadvantaged areas. The policy portfolio needed to deal with such an adverse dynamic needs to be both more extensive and more continuous than previously appreciated.

This sharper understanding of the challenge faced in addressing health inequalities in Wales can be read from the Report because of the Beveridge-like way in which it demonstrates the continuing interplay between the five giants which welfare services have to tackle: ignorance, idleness, squalor, want and disease. The relationship between health status and other key dimensions of poverty and social exclusion emerges throughout the Report – the ability to seek employment or pursue education, the relationship between housing, environment and health and so on.

What other policy conclusions flow from the Report's health findings? From my admittedly partisan viewpoint, it seems that, to any fair minded reader, they must surely reinforce the Wanless contention that a strategy based solely on ratcheting up supply of services to meet the never ending demand of illness is one, in Wales particularly, which is doomed to go on repeating the patterns and inequalities which lie behind the circumstances which the Report outlines. Responding to those circumstances, points us again to the redistributive agenda of the Townsend reforms, to the

## agenda

work of the Health Inequalities Fund, to the co-terminosity of local health boards and local authorities in dealing with the determinants of ill health and with the work of Health Challenge Wales in harnessing individual and collective effort behind this agenda.

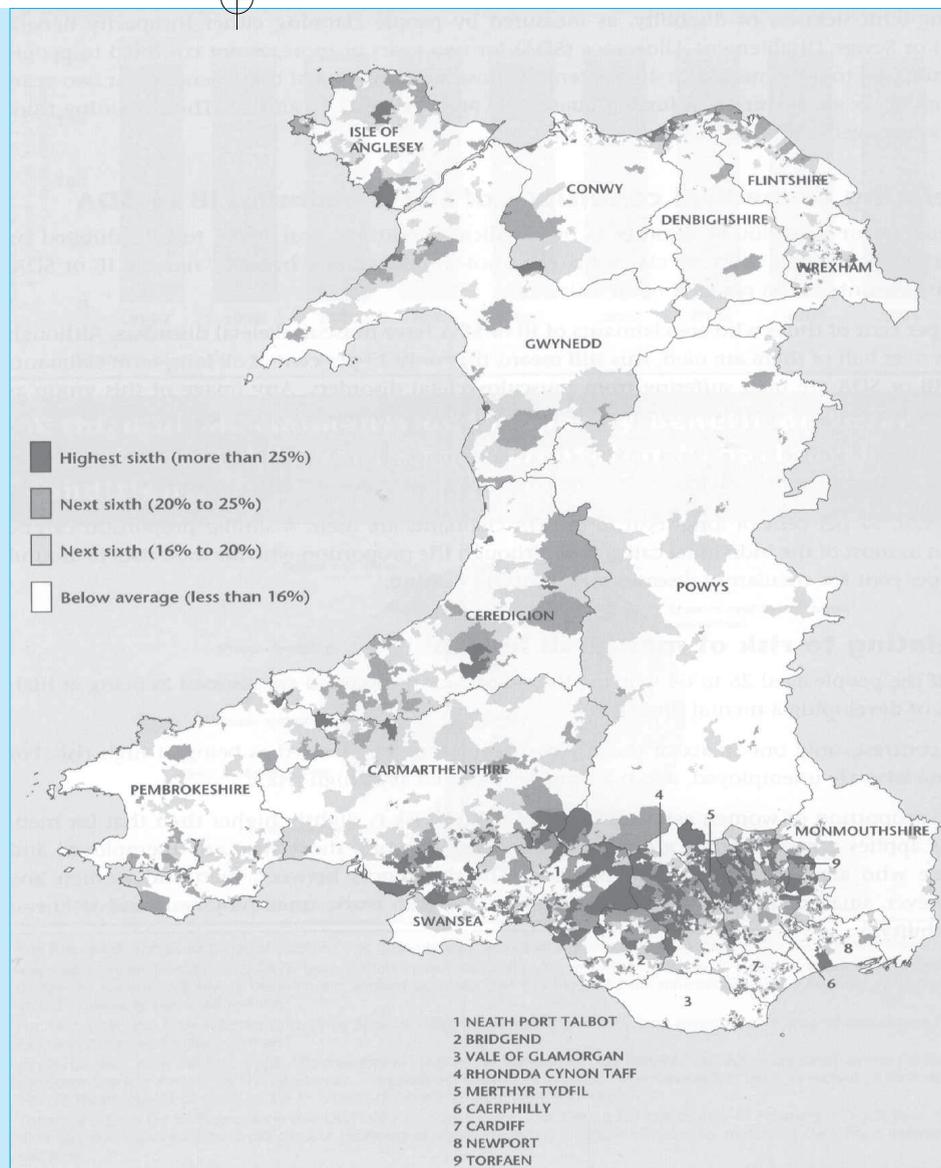
This effort has proved controversial, and has come under attack for two main reasons:

- Firstly, and wrongly, it has been interpreted as implying a lack of attention to the services which are required for people with health needs in the here-and-now.
- Secondly, and correctly, it has been viewed as embodying a radical shift from the politics of equality of opportunity, to the far more fundamental politics of equality of outcome.

As far as the first of these criticisms is concerned, the Report reinforces the policy prescription that where treatment is concerned, it is primary health care services which need to be the focus of our attention, rather than the media-obsession with hospitals and acute care.

Nine out of ten contacts with the health service take place at primary care. Much which requires the patient to visit a hospital can, and will in future, be available closer to home, with primary care in the driving seat because, here, too, the picture is changing rapidly. Who would have believed, even a short while ago, that the Rhondda and Cynon Valleys would be served by a new cadre of salaried GPs and other primary care professionals?

The Report rightly records the difficulties which are still to be found on the ground in some Valley communities, although its conflation of single-handed practices with poor service is not one which patients appear to share. What it does not capture, perhaps, is the sense of change for which Local Health Boards are responsible. They are renewing and reinvigorating their services in an area where there are some of the greatest concentrations of difficulty, as described in the Report. As this process rolls forward, so the Report's



Location of long term illness – although most centred in the valleys, neighbourhoods with a high proportion of working age people reporting a limiting long-term illness are found across Wales.

identification of the shift from hospital-based care for those chronic conditions which are concentrated in Valley communities, and amongst less well off populations, will become a reality.

As to the second area of controversy, any rich, advanced country which has, as the Report confirms, a rate of premature death in two local authorities which is 50 per cent higher than a local authority barely two hours travel distant, has to be one in which narrowing inequalities of outcome commands priority in public purpose. The wider policy agenda of the Assembly Government, with its emphasis on collaboration between the citizen and the State, with its belief in the capacity of Government to be a force for good, but one which acts alongside, rather than simply on the user of services, provides the positive backdrop against which efforts in health can be directed.

In the sometimes harsh world of practice, this does mean being willing to make investment decisions today – such as those in medical education – which will only see their return in future political lifetimes. It means harnessing the enormous affection which people have for the health service as an asset in the process of change, rather than as an enemy to it. It means spending money where need is greatest, and tackling some substantial vested interests for whom the status quo will always be preferable to change. In my reading of the Report, nothing undermines this set of conclusions. Rather, the information it sets out about health in Wales can only reinforce it.

- Mark Drakeford is Cabinet health and social policy adviser at the Welsh Assembly Government and a professor of social policy at Cardiff University.

# not just money

andy kлом says Wales should look beyond trade and funding in its engagement with the EU



**t**he EU agenda for the current period is overflowing. The Barroso Commission is single-mindedly focussing on the Lisbon Reform Agenda. It is pushing, pulling, and cajoling members to reform, adapt and gear up to greater global competition. Like a concerned parent in a family, the Commission is trying to help members meet the challenges of the future.

An underlying issue is money. The future EU budget has just been approved by the Council of Ministers, but the European Parliament is still to have its say. No one knows how long it might take. As discussions start focussing on detail, all will be looking at where the money is going.

For the European Commission the budget aims at realising the main focus

spring 2006

of the Lisbon Agenda: growth and jobs. The core challenge in today's Europe is to provide sustainable economic growth to generate quality jobs. Success will allow the EU to share in the solidarity brought by spending on structural funds at home and promote development aid abroad. This is where the EU's money should be going.

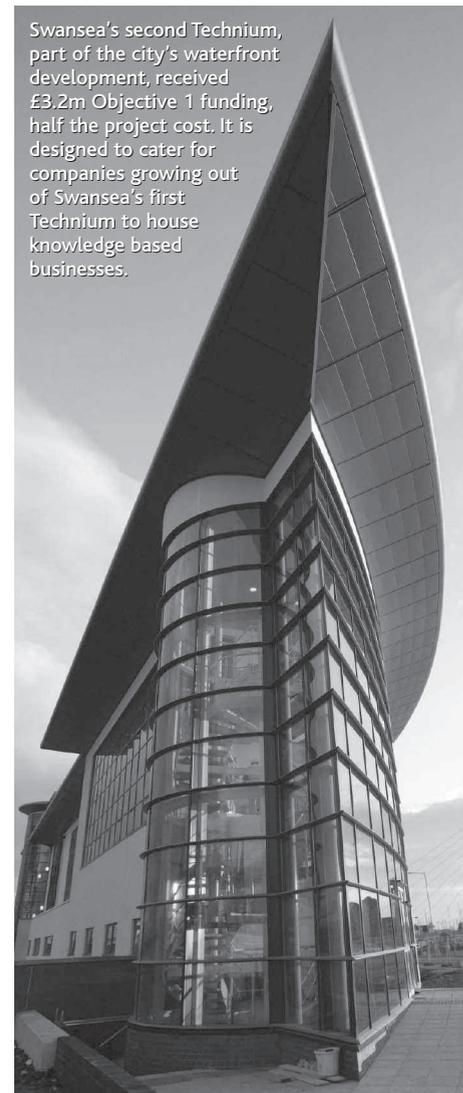
Then there is the issue of the EU Constitution. Many thought it was dead. However, 13 EU members approved it and several others only postponed ratification. The year of reflection and consultation, launched by Tony Blair and the 24 other EU heads of government in June 2005, seems too short for many. In fact, consultations in Britain have not even started. Voices in the European Parliament and European Council, as well as the Austrian Presidency, are asking for a longer period to consult. However, last year's decision foresaw the process culminating in a report on the future of Europe being presented to the EU Summit in June 2006.

In Wales the European Commission is trying to focus on three main activities: meetings with civil society organisations; holding information surgeries; and organising public or 'town hall' meetings in different corners of the country to discuss various EU topics. All this is based on the EC initiative *Plan D for Democracy, Dialogue and Debate*, which was presented to the National Assembly for Wales in November 2005. The first two 'town hall' meetings in Wales were held during March in Llanelli on the structural funds, and in Llangefni

on employment and maritime policies. Others will follow in other parts of Wales during the rest of the year on research, education and culture, agriculture, business, environment, globalisation, labour migration, and schools.

Wales currently enjoys EU financial solidarity through the structural funds, paid for by European taxpayers, often from countries much less prosperous than Britain and often paying much more into the EU budget than Britain

Swansea's second Technium, part of the city's waterfront development, received £3.2m Objective 1 funding, half the project cost. It is designed to cater for companies growing out of Swansea's first Technium to house knowledge based businesses.





The new Opto-electronics Technology and Incubation Centre in the St Asaph Business Park in north Wales. Known as OptIC it received a £5.75m Objective 1 grant towards the total project cost of £16.2m. The objective is to facilitate the growth of high technology Opto-electronic companies in north Wales.

does. This solidarity amounted to around £1.5 billion during the 2000-2006 period. Following the recent EU budget decision in December, these funds are expected to continue until 2014. The exact amount is still unclear, but it will be the maximum available.

Wales seems mostly related to the European Union through this funding. But is it really? Being part of the EU Single Market of 25 countries and 450 million consumers, Wales earns around £5.5 billion yearly as a result of trade within the Single Market. Six years of Structural Funds represent around £1.5 billion, six years of Single Market represent some £33 billion. This indicates that Europe is significantly more important to Wales as a marketplace than as a funding agency. Does anyone know this? Have you read about it in the newspapers?

The EU is essential to the functioning of modern Wales. EU investment is being used to regenerate a country that has coped with so many economic and social challenges, to help it move forward and tackle the challenges of the future. And it is paid for by European taxpayers who know what they are paying for, thanks to EU

information provided through information centres in their own countries, often supported by their authorities in collaboration with the European Commission.

But where is this information in Wales? Is there any debate about the EU? It is clear that national authorities and representatives bear a huge responsibility in explaining the EU and informing their people about the basics, giving them facts and figures. For its part the European Commission Office in Wales provides information with a limited number of staff. However, the Commission is now introducing the *Europe Direct* network to Wales, with EU information centres being established in various areas by May 2006. These centres will provide EU information on EU programmes, and be focal points for debate and activities regarding the European Union.

At long last, EU information will be coming closer to the people of Wales. In many countries the government, the parliament and the schooling system provide basic information about the EU and what it means for them. In other countries private foundations do so, often backed by businesses which have

a major stake in the Single Market. Ireland is a great example. In Wales the European Commission will be the main provider, together with its local partners in the different regions of Wales.

As a country that benefits so much from EU membership, through trade and by funding, one would expect to find a strong desire in Wales to know more about European opportunities and where they are coming from. Tax-payers have a right to know what is happening with their money and a right to debate the future for which they are paying. This is presently happening in various countries throughout the EU. People in Wales also pay taxes, so that is why the European Commission Office in Wales is continuing to organize 'town hall' meetings in different corners of Wales, to discuss EU funding, but to also look beyond the funding and discuss the future of Europe. This strengthens debate and the debate strengthens democracy.

- *Andy Klom is Head of the European Commission Office in Wales.*

creu cyfle  
cultural explosion



david hughes  
underlines the  
importance of cultural  
projects in promoting  
European cohesion

## crossing borders

One of the most pervasive fears associated with the recent enlargement of the EU was that it would produce a flood of cheap migrant labour which would threaten job security and levels of pay in the 'old' Member States, otherwise known as the EU 15.

No less than 12 of the 15 old Member States have placed restrictions on access to their labour markets by EU 10 workers. Two Member States – Sweden and Ireland – decided not to place any restrictions at all, whilst the UK has no restrictions either but has implemented a Workers Registration Scheme.

Two years following the 1 May 2004 enlargement we are now in possession of a few facts about workers' movements. There has been an increase in the number of EU10 workers in the old EU 15, but the impact has been limited. This is also the case in those three countries which did not maintain restrictions.

If we look at the numbers of work or residence permits issued to citizens from the EU 10, we get the impression that their part of the working age population ranges from close to zero in France to 3.8 per cent – the highest – in

Ireland. But even these figures overstate the reality because many work or resident permits are issued for a short period. The result is that the figures do not take account of people returning home.

If we look instead at the net inflows and outflows, we get a better picture of the number of EU 10 nationals who have settled in the old EU 15. This figure ranges from 0.1 per cent in France to 1.4 per cent in Austria and 2 per cent in Ireland. The figure for the UK is 0.4 per cent. These are very small proportions, but they still require some interpretation. Is it true, for example, that there was a higher influx to the UK and Ireland simply because there were no restrictions? Or was it also due to the fact that in these countries' unemployment rates are low and labour is in demand?

Some of the EU 15 have unemployment rates close to 10 per cent, despite restrictions on incoming workers. In Ireland and the UK, unemployment stands at less than half that. More importantly, there is no evidence that the arrival of workers from the new Member States has led to any increase in unemployment in either Ireland or the UK (or, for that matter, in any other Member State).

In reality, these facts should surprise no-one: labour markets are not simply a matter of dividing up a fixed amount of work between workers. Growth and jobs are created by flexible labour markets, by removing obstacles to job creation and mobility, not by protectionist measures.

Indeed, the evidence would tend to show that migration flows following enlargement have had a positive effect on the economies of the EU15. The workers arriving are often skilled, young or prepared to take jobs that nationals are not keen on. If migration flows cause a problem, then it is probably for those economies which are losing these workers, rather than those who are gaining them.

This is not to say that labour migration has not caused any

problems at all. There have been specific situations where the conditions of workers in specific sectors have been affected. Nonetheless, overall labour flows have been too small to affect either job security or wages in the EU.

However, dry facts like these do not always change people's perceptions and anxieties. One of the best ways of doing this is to bring people into contact with human realities, and this can often best be done through cultural exchanges. A function of the European Commission's Department of Education, Training, Culture and Multilingualism is to promote awareness of the values our different countries share, despite their cultural diversity. In a speech in London in February the Commissioner, Jan Figel identified the core of what we hold in common. As he put it:

"Values such as freedom, fairness and responsibility form part of a common core of values all European Union nations hold dear. They are vital to our European way of life – based on parliamentary democracy, the rule of law, freedom of opinion and of faith, a free press, and a broadly cohesive European social model."

We see cultural collaboration as key to promoting these shared values. This was behind our support of the IWA's Cultural explosion project which has brought cultural activists in the accession states into an engagement with people in the creative industries in Wales. Cultural operators play a key role in the integration of our continent.

For this reason, recent enlargements have always been preceded by the participation of the acceding countries

Delegates during a break at the Creu Cyfle / Cultural Explosion Conference at the Galeri, Caernarfon on 20th February 2006.



in the EU's Culture Programmes. Seven of the new Member States (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia) joined the Culture 2000 programme already in 2001. Slovenia joined in 2002, and Malta and Cyprus followed in 2003.

The tradition of cultural programmes as first ports of call for candidate countries continues today. Since 2005 both Romania and Bulgaria are part of the programme. Turkey joined in January this year and negotiations have already started with Croatia.

Cultural operators in all these countries – except Croatia – take part in the Culture 2000 programme on the same basis as their counterparts from the Member States. That is to say, they participate both as project leaders and as co-organisers or partners. And levels of participation by the new Member States have been impressive. In 2001, 143 cultural operators from the then candidate countries took part in projects funded by Culture 2000: 10 as project leaders, 55 as co-organisers and 78 as partners. This figure rose to 251 in 2002 and growth has continued since then. Last year, for cultural heritage projects alone, 28 projects, out of 43 in all, were presented by or with new or acceding states. This is quite an achievement.

Examples of the kind of projects which the European Commission finances include:

- **International Festival of the Deaf of St. Francis of Sales** This project involves the organisation of a Festival in Nitra, Slovakia, by operators from the Czech Republic, France, the Netherlands and the host country. Its goal is to increase the accessibility of art and artistic creation for disabled people, especially the hearing impaired. The activities include drama workshops, painting workshops, a seminar on Deaf Culture, an art exhibition, theatrical performances and Festival outputs such as books and a video.

The project received 50,000 Euros.

- **Conflicts and Cooperation: the Road from the Past to the Future**

Universities from various Northern countries (Estonia, Sweden, Lithuania, Latvia and Finland) joined forces to present their part of the world from a historical and cultural point of view by creating an extensive encyclopaedia. This will highlight and explain the areas of common heritage in the Baltic region. This multi-annual project received more than 575,000 Euros under Culture 2000.

- **Translation of works in the languages of the new Member States**

The programme supports this by providing funding for publishing houses. In 2005 out of 50 publishing houses supported, 26 were from the enlargement or acceding countries.

- **European Capital of Culture**

Liverpool will be Capital of Culture in 2008. As of 2009 there will be two European Capitals of Culture each year, one from the 15 old Member States and one from the 10 new ones. It is also proposed to triple the funding for capitals of culture from 500,000 to 1.5 million Euros.

The new Programme *Culture 2007* is currently being finalised by the Council of Ministers and the European Parliament with the final adoption likely in the next few months. There are two important points to note about the new programme in comparison with the current one. Firstly, it will be open to all cultural and artistic fields without, as is the case now, predetermined categories. It will be open to a greater variety of cultural operators, ranging from national or local administrations to networks and cultural sector companies. Secondly, it will focus on three main goals:

- Increasing transnational mobility of people working in the sector.
- Supporting the transnational mobility of works of art.
- Encouraging intercultural dialogue.

The new Programme will run until 2013. The Commission proposed a total budget of 408 million Euros, but under the budget deal reached by the British Presidency, we will probably have to live with around 320 million Euros, which is about £220 million.

There are also other Community programmes where cultural operators definitely should consider competing with other sectors. Perhaps the most obvious of these is the MEDIA programme in support of the audiovisual industry. With a likely budget of almost 650 million Euros, this supports key stages in the audiovisual value chain, including training, development and post-production. Moreover, the programme offers extra support for co-operation with the new Member States.

Cultural projects can also play a key role in the field of education. For example, under the vocational training programme *Leonardo da Vinci* theatres, performing arts centres and museums work together to improve training skills. The adult education programme *Grundtvig* supports radio stations while the *Comenius* programme supports transnational cooperation by teachers. And so on.

For the next financial perspective, the current education and training programmes will be replaced by a single Lifelong Learning programme with a budget of some 6 billion Euros (£4 billion pounds). We believe it has enormous potential, not just for boosting economic growth on this continent, but also for promoting mutual understanding.

- *David Hughes is a Member of the Cabinet of Mr Jan Figel, European Commissioner for Education, Training, Culture, and Multilingualism. This article is based on the opening presentation he gave to the IWA's Creu Cyfle / Cultural Explosion Conference held in Caernarfon in February 2006.*

# shadow boxing



**gordon james argues that the Assembly needs greater powers over energy policy if it is to lead the way on Climate Change**

**I**n October 2005 the Welsh Affairs Select Committee announced that they would conduct a broad ranging inquiry into the relationship between the UK and Welsh Assembly Governments on energy policy, and energy needs and provision in Wales. The inquiry's immediate context was rises in energy prices, the decommissioning of ageing coal and nuclear power stations, and concerns about the security of energy supplies. This last would inevitably dip into the hot issues of nuclear power and renewables, including wind energy.

However, the most important long-term context for the inquiry is climate change. As greenhouse gas emissions continue to rise, scientific evidence is demonstrating loudly and clearly that the impacts of climate change are worse than predicted and happening sooner than expected. Reports warn that we are now on the edge of 'tipping points' beyond which dangerous climate change is likely to be unstoppable.

One example is research undertaken jointly by Oxford University and Tomsk State University in Russia that recorded the melting of an area of Siberian bog, the size of Germany and France combined. This is now threatening to

unleash billions of tonnes of methane, a potent greenhouse gas, into the atmosphere. A number of reports have warned of a record loss of sea ice in the Arctic and the break up of the Greenland ice cap. Nearer home we are informed that soils in Britain are no longer acting as carbon sinks but, due to rising temperatures, are now releasing huge quantities of carbon dioxide into the atmosphere.

Meanwhile, politicians in London and Cardiff proclaim success in achieving a reduction in emissions of the basket of six greenhouse gases – carbon dioxide, methane, nitrous oxide and three chemical compounds – in line with the Kyoto agreement. This is a hollow claim that can only be made if emissions from aviation and shipping are ignored. Even under this scenario, reductions have been achieved more by chance than judgement. The switch from coal to gas, partly an outcome of the Thatcher government's war with the miners, and the decline in manufacturing are important factors.

Official figures show that Wales is performing worse than the other UK countries. Between 1990 and 2003 we achieved an overall greenhouse gas reduction of 3.6 per cent against a target of 12.5 per cent by the end of the decade. The battle is being lost in reducing the main greenhouse gas, carbon dioxide. Between 1990 and 2003 Wales recorded a slight increase, compared to small reductions in the rest of the UK, thus falling far short of the Westminster Government's target of a 20 per cent reduction by 2010. In fact, since the Labour administration came to power in 1997, carbon dioxide emissions in the UK have risen by an estimated five per cent.

# wave dragon

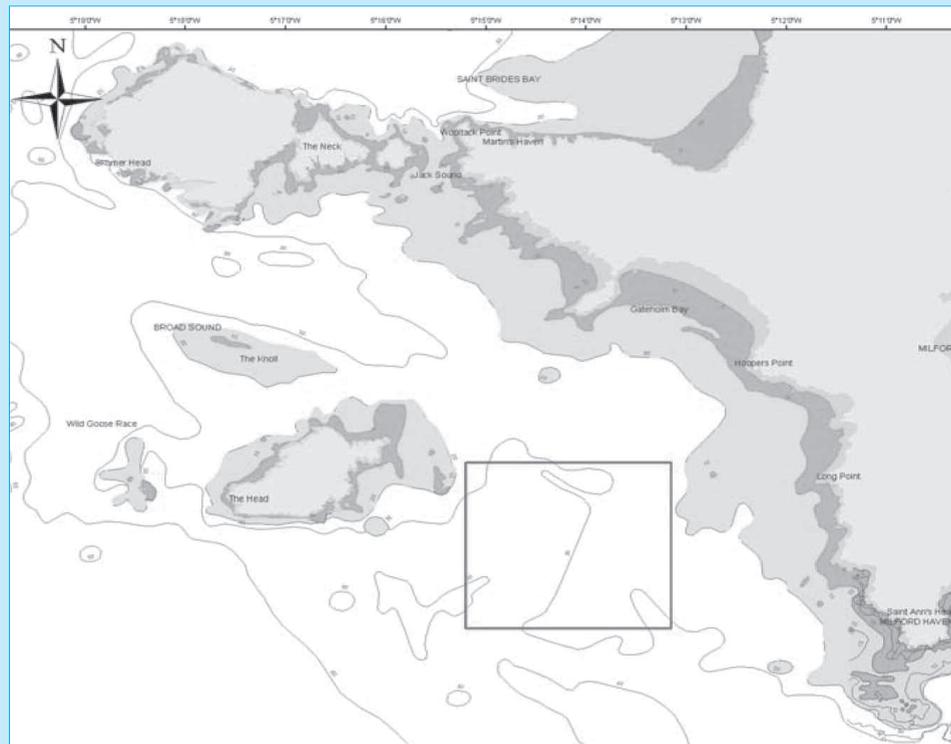
**t**he Danish company Wave Dragon are proposing the world's largest wave energy converter off either West Dale or Marloes beach in Pembrokeshire. This demonstration site (see map) falls within the Pembrokeshire Marine Conservation Area and an Environmental Impact Assessment is being undertaken. Work is also ongoing on noise and wave modelling.

The device works by channelling waves into a reservoir above sea level. The water is then released through a number of turbines and generates electricity in the same way as hydro power plants. The technology has been developed and tested over the past eight years in tanks in Denmark and Ireland. The Danish prototype was believed to be the first offshore device in the world to deliver power to a national electricity grid.

The £11m project received a £5m grant under European Objective 1 funding in March 2006. The first stage involves the deployment of a 7 megawatt unit close to the shore off Dale or Marloes by spring / summer 2007. A cable will

be laid from immediately below the device beneath the sea bed to the shore, pass underneath the beach and cliffs and then underground to connect with the grid.

Although the demonstrator unit is close to shore where the impact of wave power is reduced, it should still be able to generate enough power for 2,500 to 3,000 homes. If it proves



The Wave Dragon will be located within the square on the map. Skomer Island is at the top left hand corner of the map, Marloes to the north of the square, and West Dale to the south-east.

In its submission to the Welsh Select Committee inquiry, Friends of the Earth Cymru argued that energy policy in Wales and elsewhere must now be driven primarily by the overriding need to reduce carbon dioxide emissions. This means weaning ourselves off our addiction to fossil fuels, which are the main source of carbon dioxide. The major effort must be to use energy much more efficiently and by developing renewable sources of energy. As Jim Hansen, the leading American climate scientist whom the Bush administration recently tried to gag, has warned (writing in the *Independent*, 17 February 2006):

"We cannot wait for new technologies like capturing emissions from burning coal. We have to act with what we have. This decade, that means focussing on energy efficiency and renewable sources of energy. We don't have much time left."

This amounts to nothing less than an energy revolution in which Wales can take a lead role, as it did in the industrial revolution, with the possibility of reaping economic as well as environmental benefits. We certainly possess sufficient natural resources that could be harnessed to produce low carbon energy.

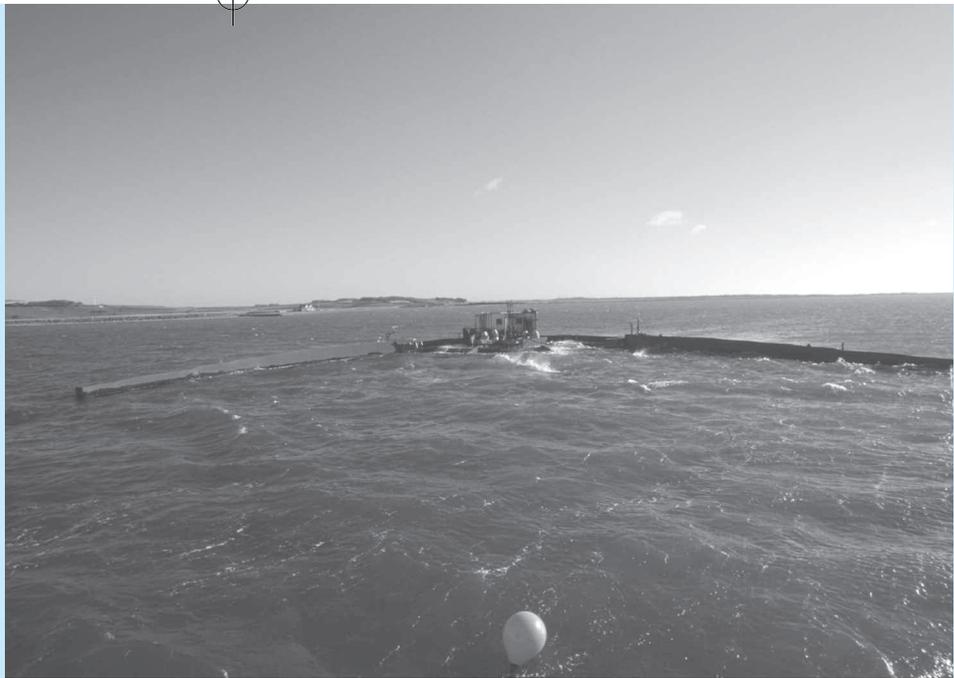
The Assembly Government recognises that Wales has a role to play. As early as April 2000, the First Minister agreed to a strategic study into the potential for renewable energy developments. The following year, the chair of the Economic Development Committee recommended that it should undertake a review of energy policy based on "the Assembly's responsibility to promote sustainable development whilst facilitating economic growth and development." Accordingly, two reports were produced on renewable energy in April 2002, and energy efficiency in April 2003.

## agenda

successful, the second stage during 2008-09 will comprise eleven units further offshore at a more energetic wave site. These will have a capacity of 77 megawatts providing enough electricity for the whole of Pembrokeshire, 60,000 homes.

The project has the potential to generate new jobs in a wide range of industries across Wales, including maritime services, engineering, and construction. If the second stage of the development is undertaken the construction phase could create up to 1,000 jobs with around 20 permanent operational jobs. Swansea University is interested in becoming involved through the development of power electronics and participation in environmental studies.

Selecting the site was not a simple task. It had to be off the west coast of Britain with easy access to the grid. Because of the cost of undersea cabling the demonstrator project also had to be close to the shore. Access to a major port was necessary for construction and later service and maintenance. The project is based at nearby Pembroke Dock within Milford Haven. At the same time the generators had to be clear of major shipping lanes. All these requirements led to the choice of the Pembrokeshire Marloes site.



The Wave Dragon device seen from a distance (above) and a close up with waves breaking (below).



Both reports attempted to steer Wales towards becoming "a global showcase for clean energy developments and energy conservation", a vision set out in the Assembly Government's national economic development strategy, *A Winning Wales* in January 2002.

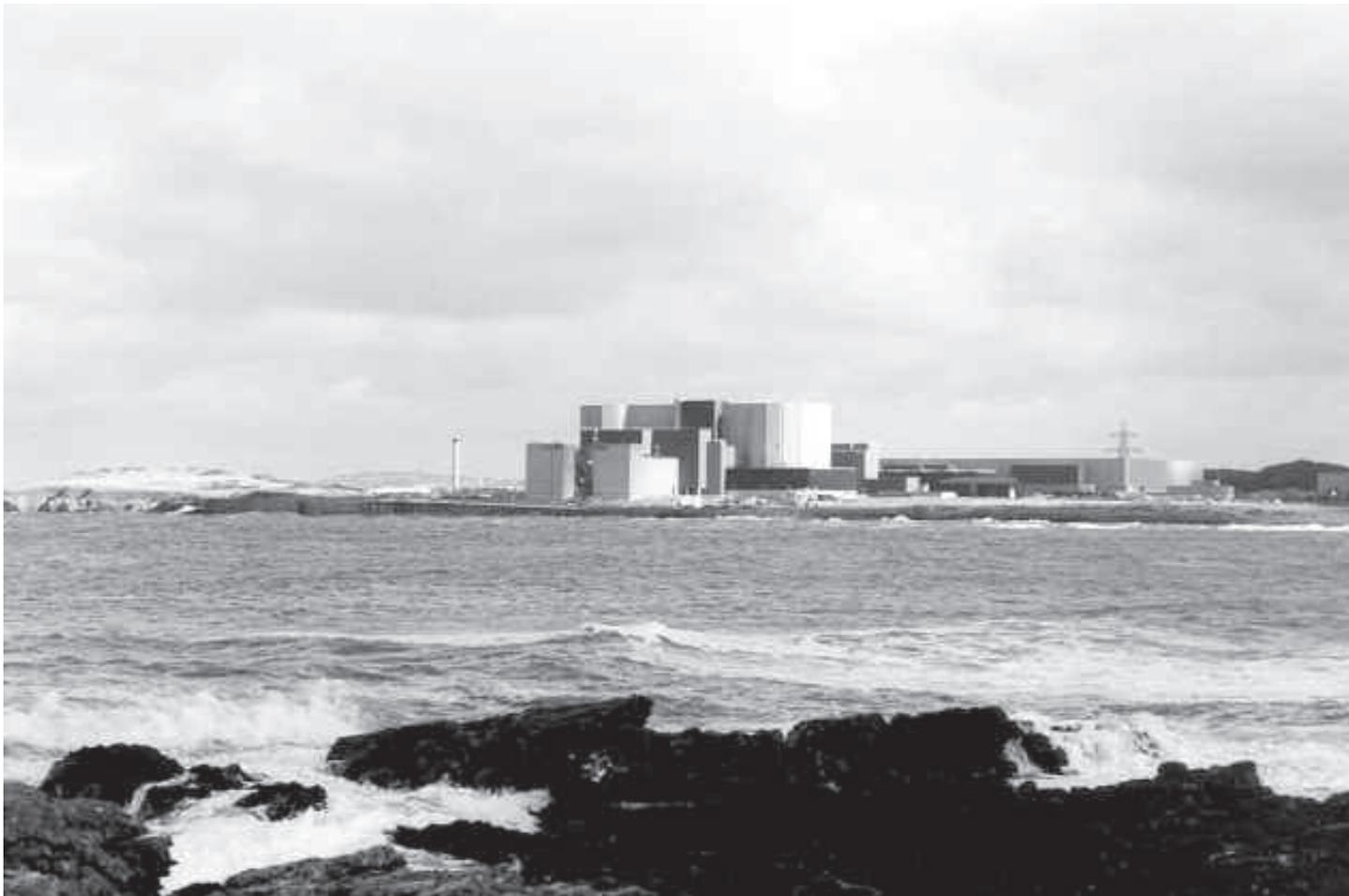
In February 2003 Economic Development Minister Andrew Davies, outlined five priority policy areas that included a commitment to 'clean' coal technology and the setting of a target to reduce carbon dioxide emissions in Wales by 20 per cent between 2000 and 2020. Since then, the Assembly

Government has moved energy issues forward by producing an *Energy Efficiency Action Plan* (February 2004), *TAN 8: Planning for Renewable Energy* (July 2005), and an *Energy Route Map* consultation document (June 2005). A number of energy actions are also referred to in the *Sustainable Development Action Plan* (October 2004), the *Wales Spatial Plan* (2004) and the draft *Environment Strategy* (2005).

However, the reality is that the Assembly Government's role in energy matters is, in most respects, little more than shadow boxing. This is because

responsibility for key policy areas, such as the promotion of energy efficiency and renewable energy, building regulations and consents for generating stations over 50 megawatts, still resides with Westminster.

Apparently Wales is incapable of managing energy issues with the same level of competence that we bring to areas such as economic development, health, education, transport, culture, the environment, planning and financial management. Or, it might, as implied by the Richard Commission [Ch.9 Para.30], have more to do with



Wylfa Nuclear Power Station on Anglesey: "Besides the excessive cost and the risks of terrorist attack, proliferation, accidents and routine discharges to the environment, there remains the unsolved problem of what to do with waste that will remain hazardous for hundreds of years."

preventing the Assembly having the powers to determine the future development of nuclear power in Wales.

A brief look at the Assembly Government's energy efficiency action plan gives an indication of the ineffectiveness of the current situation. While the UK Government's plan sets targets for reducing carbon dioxide emissions from households, government buildings and the business sector by 2010, no targets or timetables for delivery are set in Assembly Government's *Energy Saving Wales*. And, according to the *Sustainable Development Action Plan*, "the Assembly Government, its agencies and the NHS in Wales" will only "report annually on the use of energy in its estates" rather than set a target of cutting carbon emissions by 29 per cent as stated in the UK plan.

With the National Assembly's statutory commitment to sustainable development, one would have preferred it to be ahead of the UK Government on a policy that so clearly embodies such a combination of benefits – environmental (reduced greenhouse gas emissions), social (less fuel poverty and ill health) and economic (lower fuel bills and more jobs).

The Assembly Government's impotence on energy issues is likely to be most pronounced in the case of nuclear power. Its admirable opposition to this costly, dangerous and unnecessary form of electricity generation risks being swept aside by Westminster should the UK government's energy review back this ineffective 'quick-fix', as now seems inevitable no matter what evidence is

offered. Already, the Scottish Labour party has caved in to pressure. In a surprise move, it voted on the final day of its conference in February to support new nuclear build north of the Border.

In Wales, the Assembly Government is coming under intense pressure because of the threat to jobs on Anglesey should Wylfa close, as planned, in 2010. This is despite the fact that a new nuclear power station would employ far less than at present and electricity from renewable and gas resources could safeguard the 600 jobs at Anglesey Aluminium.

Much of this pressure is coming from the CBI and the TUC. Both organisations have lobbied hard, making the mistaken claim that nuclear power provides thirty per cent of the

country's energy. In fact, the contribution from this hazardous source is a mere five per cent of Wales' overall energy needs as opposed to around thirty per cent of its electricity.

It is surprising that the CBI, which champions free enterprise, should support an energy system that has always relied on hefty state subsidies to survive. In addition to these, it is now estimated that the cost to the taxpayer of decommissioning existing nuclear facilities will be in excess of £56 billion. It is equally surprising to see the TUC back something that is a poorer job creator than the alternatives of energy efficiency and renewables.

Besides the excessive cost and the risks of terrorist attack, proliferation, accidents and routine discharges to the environment, there remains the unsolved problem of what to do with waste that will remain hazardous for hundreds of years. Why on earth are we even contemplating bequeathing such an unsolvable problem to future generations simply to generate a portion of our electricity which could be obtained from cleaner, safer and more cost-effective sources?

While the Assembly Government might find it difficult to resist the pressure to go for new nuclear, it deserves praise for resisting the misinformation of the anti-wind lobby that has had a tendency to doubt the science of climate change while glancing a sympathetic eye towards nuclear power.

The Friends of the Earth Cymru's submission to the Welsh Affairs Committee provides figures to demonstrate that existing and proposed onshore and offshore windfarms could generate 27 per cent of Wales' electricity. Despite being maligned by landscapists, who seem much less upset by the scarring of opencast coalmining that feeds a carbon producing power station, wind energy remains the most cost-effective and technologically advanced of all the renewable options.



Tidal lagoons off the Welsh coast could generate a similar amount as wind while other technologies, such as marine current turbines and wave energy devices are being developed. Ironically, one of the best locations in the UK for marine current turbines would be off Wylfa head.



There is considerable potential for micro-energy systems such as the solar panels seen here at the Machynlleth Alternative Technology Centre.

Energy crops and forestry and woodland residues provide a source of low carbon energy that is widely applied in some other European countries benefiting both the environment and the rural economy. These biomass sources could also be used to co-fire coal power stations to reduce CO2 emissions. Further reductions could be achieved by retrofitting these power stations with efficient technologies, such as advanced super-critical boilers, while cleaner coal gasification systems are being developed.

A recent study by the Energy Saving Trust has demonstrated a considerable potential for micro-energy systems, such as solar panels, roof-mounted wind generators, heat pumps and

domestic combined heat and power systems. Within forty years these could provide a third of the UK's electricity.

In addition to cleaner forms of energy generation, there remains what the government once described as "the cheapest, cleanest and safest way of addressing our energy policy objectives." The benefits of energy efficiency improvements have been recognised for years yet the average house in the UK still only has a rating of 51 out of a possible maximum of 120. A national energy efficiency programme that would "save millions of tonnes of carbon dioxide and create up to 50,000 new jobs," as promised ten years ago by the Labour Party in its environmental policy document *In Trust for Tomorrow*, is still required.

The likelihood of the Welsh Assembly Government fulfilling its aspiration of becoming a global showcase for clean energy, and thereby playing its part in the green energy revolution, remains remote while Westminster retains responsibility for Welsh energy policy. As we get diverted into another false and costly nuclear dawn at the behest of Downing Street, rising carbon dioxide emissions will continue to feed a frightening black cloud hanging over our children's future.

- Gordon James is Welsh Assembly Campaigner with Friends of the Earth Cymru.

# nantgwynant

ruth williams, john  
pritchard, and neil  
caldwell **advocate**  
**investing in the**  
**environment**

**n**antgwynant is located on the southern side of Snowdon and includes the communities of Beddgelert, Nantgwynant and Nantmor. The National Trust is a major landowner in the valley, owning about one-third of the land area. In 1994 it acquired the Craflwyn Estate which had been neglected for some years, and embarked on a restoration programme for the house, gardens, woodland and parkland.

The Trust was able to secure European Objective 5b project funding to repair parts of the estate and to develop the workshops and education centre 'Deilan Las'. A grant from the Foundation for Sport and the Arts allowed the local footpath network to be opened up.

In 1998 the Trust launched a major public appeal to 'Save Snowdon' with Sir Anthony Hopkins donating £1m. It raised £4.6 million within 100 days of

campaigning. This secured the Snowdon estates for £3.6 million leaving £1 million to carry out valuable management work on the land. This was used as match funding to apply for the grants which have since been used to fund the Nantgwynant Integrated Land Management Project.

This integrates environmental and heritage ideas into an action plan which includes the protection, conservation and rejuvenation of the countryside and built heritage. The project is also aimed at encouraging the local community to develop a sustainable, diverse and integrated future for the area.

As part of the project we carried out a socio-economic evaluation of its impact. Phase 1 took place between 2000-1 when £350,000 was spent in the local area with 47 per cent of the money coming from a grant from European Objective 1 funds. In 2002 the

## nantgwynant local income impact 2000-01 (Phase 1)

Trust Employment	£410,000
Suppliers and Contractors	£275,000
Volunteers	£10,295
Visitors	0
<b>Total</b>	<b>£695,300</b>

Trust secured a further £2.22 million from the European Objective 1 funds at 55.7 per cent grant level, plus £230,000 Pathways to Prosperity funding from the Welsh Assembly Government.

During Phase 1 we found that:

- The local wage bill was over £333,000 deriving an income for the area around £410,000.
- Twenty-four working holiday groups and 14 volunteer groups from outside the area generated an income of over £10,000.
- A total of £355,000 was sub-contracted to 52 businesses, 40 of which were local – these secured two-thirds of the Trust's expenditure.

During the main restoration Phase 2 of the project, between 2001-04:

- The local wage bill was £777,000 deriving an income for the area of over £955,000;
- Over £1million was spent with 130 suppliers and contractors, 60 per cent of which were locally based.
- Seventy per cent of local businesses indicated positive changes in turnover and profit since 2000 partly attributed to working with the Trust, and 60 per cent said their business would deteriorate in the absence of the Trust.

### nantgwynant local income impact 2001-04 (Phase 2)

Trust Employment	£955,710
Suppliers and Contractors	£1,075,000
Volunteers	£60,703
Visitors	£168,302
<b>Total Impact Phase 2</b>	<b>£2,259,715</b>

- There were 15 long term local volunteers and an increased number of working holidays at Craflwyn generating an expenditure of £96,000 (£46,000 when adjusted for leakage).
- Expenditure by visitors is estimated to be around £355,000 which converts to local income of about £170,000.

The Trust has made strong efforts to develop its relationship with the community, although the response has been mixed. Contractors and nominated community members have been generally – though not always – positive and supportive of the work. Positive comments from businesses included:

“They do many things well – five years ago I thought the Trust was codswallop but having had the experience I think they do a tremendous job”

“They opened my eyes to a lot – heritage approach is to be admired.

Skills development is key and there is huge job satisfaction amongst the workforce.”

The study shows how the Trust has been able to integrate high value conservation work while enhancing the local visitor attraction product, attracting a wide interest group to the area through some innovative activities. The final phase, between 2004 to the present will be fundamental in consolidating the benefits and in continuing to deliver sustainable rural regeneration.

- *Dr Ruth Williams is Wales Policy Manager with National Trust Wales, John Pritchard is an economist with KPMG Wales, and Dr Neil Caldwell is a community and environmental consultant. A copy of the report on which this article is based is available from the National Trust Wales office in Cardiff, Tel. 029 2046 2281.*

Volunteers clear rhododendrums during Phase 2 of the project.



## culture and communications

agenda

geraint talfan davies **says the arts funding review is a chance to get away from policy-making on the hoof**

# governing culture



**t**he one good thing to emerge from the depressingly avoidable clash between the Assembly Government and the Arts Council of Wales has been the setting up of a public review of the contested issues by an independent panel. It is the sort of sensible process that one might have expected prior to the determination of any policy, rather than have it imposed on a Government that had failed to make its policy-by-assertion approach prevail. But one must be thankful for small mercies.

Wales is not alone in facing difficult issues about the governance of the arts. There has been some tension between the Arts Council of England and its sponsoring department the Department of Culture, Media and Sport. However, a thorough review, conducted by six experts in their field – including the former Chief Executive of the Royal Opera House and the Chief Executive of Creative New Zealand (the country's Arts Council) – has sought to put the relationship on a better footing, while endorsing the existence of the Arts Council of England as an expression of the arm's length principle.

In Northern Ireland Peter Hain, their and our Secretary of State, has given the province's own Arts Council a similar endorsement.

The situation in Scotland has been more complicated. A hugely expensive Scottish Cultural Commission spent £500,000 and nearly two years reviewing the whole cultural scene, commenting on everything from the

role of Government down to the professional indemnity arrangements for young architects. Its very breadth proved its undoing, since the scale and scope of institutional change that it proposed was indigestible by the politicians. The Scottish Executive ended up proposing something not dissimilar to the Assembly Government's proposals for Wales. This was to transfer five large national companies from the Scottish Arts Council to Government, though the public digestion was aided by a £20m annual uplift in arts spending in a country that already has the highest arts spending per head in the UK.

Much will be expected of the independent panel in Wales. Individually, its members have a considerable track record.

The Chair, Elan Clos Stephens, not only successfully chaired S4C for eight years but has powerful and relevant academic credentials, as has Professor Wynn Thomas, our leading expert on the English literature of Wales and Chair of the Welsh Books Council. Paul Loveluck, President of the National Museum and Galleries of Wales, has the roundness and the sharpness of the better class of civil servant, having worked within the old Welsh Office before periods as Chief Executive of the Wales Tourist Board and then the Countryside Council for Wales.

Roger Lewis, Managing Director of ITV Wales, has immense musical knowledge and was the man who made Classic FM the most successful commercial radio station in the UK in

recent decades. Vicky Macdonald, was the Curator at the Royal Cambrian Academy for 12 years, and has been an effective contributor as one of Arts Council of Wales's National List of Advisers. Alan Watkins, Wrexham's Officer for Leisure Libraries and Culture brings to the table extensive knowledge of local government's contribution to the culture.

It is as well that these people are of an independent cast of mind for, collectively, the make up of the panel demonstrates how difficult it is to establish true independence in Wales. The extent of the public sector is such – and, inevitably, not least in the arts – that it is difficult to line up people who are not beholden in some way or another. So we have two leaders of organisations that are themselves funded by the Culture Department that is commissioning the review and one current broadcaster, whose industry in Wales is overseen, though not actually regulated, by the Culture Minister. In these circumstances, it is surprising that at least one member of the panel was not drawn from outside Wales.

I hope that the Chair has demanded proper servicing for her panel, since



Elan Clos Stephens – Chair of the Independent Arts Funding Review panel.



that is often the key to the success of reviews of this kind. It was certainly an asset to Lord Richard's Commission on the powers of the Assembly, while the Peer Review of the Arts Council of England also had the benefit of assistance from consultants experienced in the field.

Indeed, in both process and content the English review canvassed a list of questions uncannily close to those at issue in Wales and its report will be a useful starting point for the Welsh panel's researches. It exemplifies the fact that the debate about the relationship between the arts and Government – particularly in England – is being conducted at a much more sophisticated level than has been the case to date in Wales.

In recent months the English Minister for the Arts, David Lammy MP, has delivered two speeches that, though challenging for his own Arts Council, were extremely thoughtful and held out a vision placing the arts at the centre of society with a degree of public and political acceptance akin to that enjoyed by the BBC or the NHS.

The panel in Wales will at least have the benefit of decently wide terms of reference. The Culture Committee knocked back the Minister's first draft which tried, rather too transparently, to turn the exercise into a performance review of the Arts Council. It even managed to omit the very question that had led to the review being imposed upon him, namely the issue of the relationship between the Arts Council and the Assembly Government. But sense prevailed.

Only in one regard might the panel have a difficulty in creating a manageable workload for itself. That is the inclusion in the terms of reference, on one reading, of some issues of policy as well as structure. In that sense it will be interesting to see how the review process, in both timing and content, sits alongside the Minister's

review of the Assembly Government's cultural strategy.

So what should we be looking for when the panel reports later this year? First and foremost, any recommendation for change should be a justified response to a defined problem, and offer a real prospect of improvement on the status quo. That seems obvious but in relation to the proposed transfer of responsibility of six large arts organisations from the Arts Council to the Government, the two questions that the Minister and the Government failed conspicuously to answer over an eighteen month period were:

- What is the problem that this is designed to fix?
- What benefit will flow from the new arrangements?

Any kind of answer to either of those questions would have made it easier to have a proper discussion.

Second, the panel should seek solutions that can command wide support not only in the arts sector, but also across the political spectrum. In the foreseeable future Assembly Governments of whatever colour are only ever likely to have tiny majorities. This is a reality that sits uncomfortably with the arts, a field that desperately needs long term planning and stability.

Third, there is one lesson from similar reviews in Scotland and England that I hope the panel will seize upon as a real opportunity for Wales. That is the need to demonstrate that a fundamental solution to the place of the arts in society, as well as to its effective governance, must engage the whole of Government and not just a Culture Department.

- *Geraint Talfan Davies is Chairman of the IWA and was Chairman of the Arts Council of Wales for three years until April 2006.*

# daffodil meets the big apple

peter stead joins in with *Wales Week in New York*

Like every Welsh person who has lived in the United States I have been both fascinated and tantalised by the general failure of Americans to come to terms with what Wales actually means. Mostly, of course, one wants to be accepted on one's own terms, but on those occasions when the Welsh card is played (the signatories of the Declaration of Independence, suburban names in Philadelphia, Jack Daniel, Richard Burton, a sudden rendering of a hymn) one is rewarded with an amused acceptance of one's exotic eccentricity.

I was once a member of a talented History Department in the American South, half of whose members were Jewish. A plethora of Jewish festivals meant that the Department Chair was finding it difficult to find a date for a seminar. Finally March 1st seemed the obvious choice. 'I'm afraid', I said, 'that's the National Day of my people'. The facial responses of my colleagues gave testimony to the hours or volumes I would need just to explain Wales.

This year I was in New York for Welsh Week and was well aware of the difficulty of persuading locals to envisage Wales. On St. David's Day itself one knew that the daffs had been ordered and one looked forward to some kind of impact being made in the designated centres of activity. However it was also Ash Wednesday and, in this most Catholic of cities, this meant packed churches and almost every other person carrying a prominent black cross on their foreheads. Only a

battalion of Cardiff City fans could have made any rival impact on that day.

The United States is vast, complex and self-absorbed. It was a week of conversations with taxi-drivers from Haiti, Bangladesh, Eritrea and the Dominican Republic. We had one rather more traditional type, a brilliantly funny New Yorker straight out of the movies who had been in the navy and who had visited the UK. He enquired as to which side of England Wales was to be found (he thought it was an island) and asked whether it was winter there. All week one began one's definitions with the Celts (whoever they were) and then eliminated the Scots and the Irish before falling back on Messrs. Burton and Thomas.

And yet it was a highly satisfactory week and undoubtedly our cause is in good hands. The Wales Office in the prestigious and strategically located Chrysler Building is a terrific resource, a base for all visitors from home as the visitors book testifies, and the centre from which Catrin Brace and a team of economists can establish contact with all the cultural, political and business networks seeking to develop a Welsh dimension. We were delighted to join with a distinct Welsh community in New York and there was a real family feel to the splendid reception at the UN hosted by the Ambassador Sir Emyr Jones Parry (who was eager for an update on his beloved Swans) and to the Annual Dinner of the St. David's Society of New York at the Yale Club which was very amusingly chaired by the banker David Morgan.



Culture Minister Alan Pugh in New York with Professor Dai Smith, Editor of the New Library of Wales, formerly out-of-print English language Welsh classics. Here they are seen presenting the series in the New York Public Library to the Head Librarian Alan Pally.

We were left in no doubt that the infrastructure is in place. What had to be determined was whether the week's visiting delegations would make any impact. Certainly there was quality on offer and it was thrilling to hear the painter Kevin Sinott, the ceramicist Peter Wills, the jewellery designer Mari Thomas, the photographer Moyrah Gall and others reporting not only a general interest in their displayed work but also on definite offers from galleries. A group of Welsh chefs made a major impact at the UN with their lunches of Welsh dishes and ingredients and the Welsh Whisky Company chairman Brian Morgan seemed to be in all the right places convincing experts that the tradition of Jack Daniel lived on and was now given full expression in the Penderyn brand.

Deliberately placed at the heart of Welsh week was the tradition and current

practice of Welsh writing in English. Inevitably, however, there were greater difficulties here than with any other manifestation of Welsh culture. There was always going to be the danger here of the Welsh visitors talking to themselves. There was a prominent advert for Parthian's splendid new Library of Wales in the *New York Review of Books* (appropriately Culture Minister Alun Pugh was in town to promote that) and Welsh writers appeared in a general Barnes and Noble programme advertised in *The New York Times*. But my impression was that audiences for some of the readings were almost 'family' only. An exception was a reading by Owen Sheers which attracted a large crowd.

Nevertheless there were magical moments. Menna Elfyn was in sparkling and amusing form at the Yale Club, Joe Mazelis superbly narrated one of her

## culture and communications

long stories as the snow fell outside the positively Dickensian setting of Dylan's White Horse Tavern, and Rachel Tresize thrilled an audience at NYU as she graphically evoked the youth culture of the Valleys. Dai Smith gave a typically spirited and challenging promotion of his Library of Wales series, although some of the few New Yorkers in his audience were bemused by his sustained denunciation of everything to do with Richard Llewellyn and Dylan Thomas. After all they were the two Welsh authors to succeed in America and still remain in print without government sponsorship.

Undoubtedly it was a useful, profitable and culturally rewarding week. Of course lessons were learnt. Both displays and readings could best be organised in conjunction with specific stores such as Bloomingdales and Borders rather than in the open space at the Time Warner Center. The greatest impact I have ever seen Wales make in New York was a month after 9/11 when the Morryston Orpheus sang at Grand Central Station. That day Alwyn Humphries and his choir had a huge appreciative audience for songs both Welsh and American. Music must be deployed, as must the stars. On another visit to the city I noticed that there were posters of Ioan Gruffudd as Hornblower on every bus, huge portraits of Catherine Zeta on all the movie hoardings and excellent reviews for Kate Burton's Hedda Gabler on Broadway. A journalist was needed to pull all that together. Similarly Wales Week should sign up some stars and let *The New York Times* do the rest.

Usually when I am in New York I am on my own or with my wife. This time I was there with fellow-countrymen consciously promoting Wales. I think we laid some real foundations. Meanwhile at the United Nations I stood before a large and distinguished audience and read Dylan's *Let Me Escape*. For me, at least, the big Apple will never be the same again.

- Professor Peter Stead is an historian and cultural commentator.

# welsh cinema

steve blandford finds that two recent films open up new possibilities for identity in 21st Century Wales



As someone who has written fairly regularly about film and television in Wales I have become used to the kind of jokes exemplified by Philip French's remarks in *The Observer* back in June 1999, "If you thought Welsh cinema was a suitable subject for a book in the series of slim volumes that includes Dutch mountaineers and Belgian Comedians, you should have a look at David Berry's *Wales and Cinema: The First Hundred Years*."

French's joke is ironically part of a highly complimentary review of one of the key films in the patchy history of recent Welsh cinema, Justin Kerrigan's *Human Traffic* made in 1999. It is a film that I would argue is also key to the Welsh contribution to a rapidly changing sense of British identity, something which French's review also goes on to suggest:

"Just as *Trainspotting* makes a clean break with the traditional Scotland of tartanry and kailyard, of Scott and Barrie, so *Human Traffic* turns its back on the Wales of male voice choirs and the whimsical humour of *The Englishman Who Went Up a Hill But Came Down a Mountain ...* It seems more like an American picture than a British one; the influences working on it are Quentin Tarantino, Woody Allen, Bob Rafelson's *Head* and early Scorsese."

As French suggests, *Human Traffic* turns its back very

firmly on traditional questions of Welsh identity. However, it is recognisably from south Wales in the way it connects the Cardiff cityscape to the 1990s club scene that is the world of *Human Traffic*. Of course this is no earth shattering discovery, except that in a world where images of a vibrant, youthful, contemporary Wales remained scarce the significance of a film that asserted Wales's membership of a wider contemporary culture had some measure of importance.

Essentially *Human Traffic* follows five main characters, only one of them Welsh, as they use their weekends around the club scene to rediscover themselves after the week spent in alienating repetitive work. The concept of identity is at the heart of the film. In one of its fantasy sequences a parodic re-enactment of that potent symbol of traditional British nationalism – *The Last Night of the Proms* – the national dimension to identity is explicitly included only for it to be seen as something profoundly alienating to the generation portrayed here.



John Simm leading actor in 'Human Traffic' which "tries to do for Cardiff and Wales what 'Trainspotting' had done for Edinburgh and Scotland."

## agenda

This is a film that wears any politics very lightly, but there is little doubt that it looks at how the marginalised young seek new kinds of reality and identity in response to the distance they feel from the traditional markers of personal identity in work, family and country. In his 2001 essay *Internal Decolonisation? British Cinema in the Celtic Fringe*, a rare piece that includes any discussion of Welsh cinema, Martin McLoone makes an explicit comparison between *Human Traffic* and *Trainspotting*. He concludes that central to both films is a new questioning of old ways of discussing the relevance or otherwise of national identity:

*"Human Traffic* tries to do for Cardiff and Wales what *Trainspotting* had done for Edinburgh and Scotland. What is being questioned in both films, if not rejected outright, are traditional notions of Britishness, Welshness and Scottishness and the dominant regimes of imagery that the cinema has used to represent them."

In terms of a reconsideration of identity, the film *A Way of Life*, released in 2004 to great critical acclaim, usefully raises the question of what constitutes a 'Welsh' film at all. It was directed by Amma Asante, a young black British woman raised in Streatham in south London whose parents emigrated from West Africa in the 1960s. The film is set in the south Wales Valleys and received a large proportion of its funding via the Lottery in Wales as well as the now defunct HTV.

Asante has stated that she sees the film very firmly as Welsh and that she was inspired to write and direct it by what she saw as the complex identities of her own brother's children. They have a Welsh mother and a black father from Streatham, making them, in Asante's own words, "half of everything you could possibly imagine." Asante's commitment to the project being rooted in south Wales was extensive, trawling youth drama groups and workshops



Film director Amma Asante – inspired to write and direct *A Way of Life* by what she saw as the complex identities of her brother's children.

throughout the Valleys in order to cast with the kind of authenticity that she felt the project demanded.

The film is powerful and controversial, both about the diversity of available Welsh identities and in its attempt to take an honest and sympathetic look at some of the underlying causes of contemporary racism. At the heart of *A Way of Life* is the murder of a Turkish-born man who has lived in the valleys for much of his life. That one of the perpetrators is a teenage woman with a young child adds to the horrifying intensity of the act.

Asante's film presents powerful challenges to reductive ideas about gender, race and ultimately nation as components of contemporary identity in Wales. At the film's premiere in Cardiff, Asante was crassly questioned about the 'depressing' picture of Wales

that the film offered. Couldn't she have shown more of the beautiful scenery or added some jokes?

I would argue that the contrary is true. *A Way of Life* is a welcome mark of a maturing culture, able to face its divisions and be critical of them. It opens up new possibilities for being Welsh in the twenty-first century. The alternative is a complacent sentimentality and a reductive resort to a worn out identity based only upon self-congratulation and opposition to the English.

- Professor Steve Blandford is Head of the Department of Arts and Media at the University of Glamorgan. This article is taken from his professorial inaugural lecture entitled *Film, Drama and the Break-Up of Britain*, delivered in December 2005.

nigel jenkins **praises a new assessment of the artist Josef Herman**

# ystradgynlais epiphany



most culturally alert and imaginative painters. As a son of working-class, industrial Wales he is unusually well equipped to take an insider's view of Herman's achievement.

Josef Herman (1911–2000), whose sojourn in Ystradgynlais (1944–55) was of seminal importance in his development as a painter, was both the victim of the most horrific ill-fortune that his times could inflict, and also the beneficiary of exceptional good luck. He was born into poverty, suffered rampant anti-Semitism and was compelled to flee Poland in 1938, aged 27. Thus began a life of exile that would see him managing to keep one step ahead of the Nazis as they spread their tentacles across mainland Europe.

Initially Herman sought refuge in Brussels but, following the German invasion in 1940, was forced to uproot himself again, this time to France. As occurred so often, happenstance combined with the goodwill of individuals encountered along the way to see him safely to the port of La Rochelle where apparently there was a ship that would take him to Canada. However, Liverpool rather than Canada was its destination, whence Herman soon found his way to a notably hospitable Glasgow. Here, in 1942, he married, and here, towards the end of that year, he received a letter from the Red Cross informing him that his entire family had been wiped out by the Germans. This devastating news would haunt him for the rest of his days.

Soon after moving to London in 1943, he suffered a deep spiritual and creative crisis, occasioned by the feeling that in producing pictorial representations of his Polish childhood he had painted himself out of his past. Osi Osmond writes that,

"He ached with a great internal void." By now a thoroughly practised artist, informed by experience of the major art movements of the day plus fructifying friendships with some of Europe's leading artists, Herman yearned to paint 'with dignity and humanity'. Yet he felt he lacked appropriate subject matter.

Ystradgynlais would prove both his salvation and the making of him. Serendipity came into play once more when a friend who had taken a holiday in Wales suggested that he might enjoy the dramatic landscape of the southern coalfield. On what he intended would be a short visit in 1944, Herman chanced in Brecon upon one Dai Alexander Williams, a colliery carpenter, who invited Herman and his wife Catriona to visit his home village of Ystradgynlais. Within two days of his arrival he was being addressed as 'Joe Bach' and it soon became apparent that in Ystradgynlais he had found the home and inspiration for which he had longed.

The fortnight he had intended to spend in Wales would last eleven years. "Here I found ALL I required," Herman wrote in his *Notes from a Welsh Diary* (1988). Famously, the decisive moment for his art came as he observed a group of homecoming miners pausing briefly on a bridge to exchange a few words, with the sun setting spectacularly behind them." Osi Osmond writes:

"In an instant all his anxious musings on life, humanity and subject matter seemed resolved in an overwhelming but glorious revelation that here was a way forward for his practice as a painter

It is much to the credit of the Institute of Welsh Affairs, an organisation devoted primarily to consideration of the political and economic culture of Wales, that it has always insisted on paying serious attention to the role played in national life by the arts. *Carboniferous Collision, Joseph Herman's Epiphany in Ystradgynlais* is a short yet groundbreaking study of one of the most significant painters of twentieth-century Wales. It is published as part of the IWA's 2005–06 Creu Cyfle / Cultural Explosion project, established, with European Commission funding, to promote links between the cultures of Wales and those of the ten states newly granted accession to the EU – of which Poland, Josef Herman's birthplace, is one. It is written, with passion and insight, by Osi Rhys Osmond, one of contemporary Wales's



Osi Rhys Osmond pictured at the launch of *Carboniferous Collision* at the Creu Cyfle / Cultural Explosion event at the Galeri, Caernarfon in February 2006. The slide shows one of Josef Herman's Glasgow drawings from 1940-43: *I Dream About My Sister*.

... The large, enduring forms of the miners gave him the monumental images for which he had been searching. Simultaneously they awakened within him a new belief in man's serenity."

In his autobiography *Related Twilights* (1975), Herman recalls this epiphany in Ystradgynlais – a "carboniferous mixture of sunbeams, coal dust and humankind", in Osi Osmond's words – as the seminal event of his entire creative life. Charcoal and, later, ink were initially the media he chose for rendering his newfound, coal-dusted subjects, but he soon felt the need to introduce colour, using pastels at first and then experimenting with oils.

Osi Osmond, being himself an impressive colourist, treats the reader to many painterly insights. He argues that "the bright westerly light of the anthracite coalfield with its shallower and broader valleys added a zest to Herman's painting that was lacking in the narrower, darker valleys of the Eastern and Central coalfield." He is illuminating on Herman's artistic procedures, describing how key areas, particularly of his single portraits of miners and mothers, "are often applied

in a strong impasto, with thick layers of vivid colour scumbled onto the surface, dragged and deposited with a sculptural flourish."

Herman's expressionist handling and inventive use of colour, he maintains, sets his art apart both from the monochrome sombreness of the visiting (and largely middle-class) documentarists of the time, and from the imaging of the coalfield found in the work of writers and other artists. Herman challenged the assumption that the perceived deprivation of working-class life could be expressed only through a drab palette, insisting on the vibrancy and colour that lurked beneath the universal patina of coal dust.

The influences on Herman's art and, in turn, the ways in which his art has contributed to the development of painting in Wales are comprehensively pursued. He infused a growing Welsh art scene with ideas and practices he had absorbed in mainland Europe, and proposed to younger painters a means of transcending academicism and the merely descriptive. Artists of his own generation who benefited from

Herman's 'permissions' include Will Roberts (1910–2000) and Maurice Barnes (1911–71). Those of a younger generation indebted to his example include Ernest Zobole (1927–2000) and Colin Jones (1928–67).

In these times when, as Osi Osmond observes, "Irony and a studied humorous indifference rule", the kind of humanism represented by Herman's art has fallen somewhat out of favour. However, fashions, by definition, cannot last. This absorbing account of the first, decisive half of Josef Herman's life – with a foreword by his second wife, Nini Herman – is a timely contribution to a long overdue reassessment of an artist whose inspiring example still has much to offer contemporary Wales.

- Nigel Jenkins teaches *Creative Writing* at the University of Wales, Swansea. His latest collection of poetry is *Hotel Gwales* (Gomer Press, 2006). *Carboniferous Collision, Joseph Herman's Epiphany in Ystradgynlais* by Osi Rhys Osmond is available from the IWA at £10 (half price to members).

# canned singing



peter stead

Having read that if Loughborough University had competed in the Melbourne Games as a nation it would have come eighth in the medal table I immediately went back to confirm that Wales had finished thirteenth. It then occurred to me that if my hometown of Barry had competed as a nation it would have finished twenty-fourth, above Northern Ireland and Bangladesh.

These are superb Games for us small nations. Think of how proud Swaziland is of its one medal, and can there have been a greater moment in the history of Nauru than the winning of its two medals?

Belonging to a small nation, however, is not all sweetness and light. We swell with pleasure when the medal is won and the international praise bestowed. Conversely we suffer inwardly when the nation is humiliated or let down. If Rhodri ever failed to

sparkle or seemed confused on *Question Time* we would all go around for days being unable to look people in the eye. On the other hand, if he were ever to make the Queen and Duke of Edinburgh laugh we would all congratulate ourselves on belonging to a nation renowned for its wit and spontaneity.

Of course, the whole matter of our individual relationship with the nation or polity of Wales has changed since the massive and historic turning point that saw devolution come hard on the heels of de-industrialisation. In the past committed Nationalists presumably lay awake every night worrying about the state of their nation. Meanwhile it was much easier for the rest of us. We could go about being British for most of the time and just pull out our Welshness for the odd win at Twickenham or world boxing title. But if there was a scandal in the Sunday papers involving Bassey, Burton, Dylan or some north Walian fanatics we could conveniently forget about Wales and remind ourselves that, in any case, we had some Irish or English blood on at least one side of the family.

Those acts of self-deception are no longer possible because, quite frankly, Wales and Welshness is now very much in our faces. Like it or not, we have been, in the words of Cole Porter, 'devolved, de-industrialised and de-Britished'.

Quite understandably our Welsh language culture has been given every opportunity to fulfil and express itself in its new home, but things have been far less straight forward for us English speakers. Not only did we lose our occupational and economic identity, we were also effectively distanced from our traditional Britishness, a concept that was in any case in crisis.

Given this vacuum it was inevitable that there had to be recourse to the Welsh dimension. In the old days there were only two forms of Welshness: that of the Nats and one you concocted for yourself. Today we have no choice for Welshness is now thrown at us by all-and-sundry. Any Tom, Dick and Harry can insist you associate themselves with their own homespun cobbled together version of what being Welsh means. And quite frankly, it is all too often these newly manufactured, improvised and opportunistic presentations of Wales that offends one's small nation sensitivity.

The worst offender by far is the WRU. International days have become an eisteddfod of Welsh kitsch. A crowd that had obviously thought it was going to a fancy dress party is bawled at by a harsh announcer on loan from some distant railway halt, subjected to a pop concert, urged to sing a ballad about a man killing

his wife, and finally confronted by a soloist marching with our national flag as if we were some ancient tribe of Israel desperately lost in the desert. One prays for this nonsense to end as play commences but then, as our lack of class forwards propels us to yet another mediocre result, we are subjected to canned singing and a panicky and impudent instruction to 'get behind the boys'.

Of course, the WRU is not without allies. Who could ever have guessed that so many brewers and manufacturers of replica jerseys, clowns' hats and that perfectly dreadful flag of Saint David would turn out to be such ardent nationalists? And of course, our journalists and broadcasters have jumped on this bandwagon, eager as ever to prove how much they are in tune with that new and vital group, Welsh youth. There was a time when journalism involved analysis and at its prompting one went to a match wanting a good game, with victory certainly but also with a hope that the best opposition players would sparkle. Once we anticipated visiting sides; now we are urged to gird up our loins as we prepare for an enemy invasion. On some future match day I envisage a major war being declared and President Bush being impeached, but the *Western Mail* headline will be "We can win, says Alfie."