

# New Welsh Assembly designed to promote regional competition rather than democracy

**Tony Hyland**  
**5 May 1999**

The first election to the newly created Welsh Assembly (WA) on May 6 is likely to see a low voter turnout.

During the referendum on its creation, held almost two years ago, the abstention rate was nearly 50 percent, with the "yes" vote winning on the narrowest of margins--0.6 percent. Neither of which sit very comfortably with the claim made by the Labour government that its plans for devolution in Scotland and Wales would resolve what it termed the "democratic deficit".

In the light of this, the media, rather than subject the authenticity of this claim and the Blair Labour government's proposals to closer scrutiny, has held the electorate to account by blaming "voter apathy".

The government claim of greater democracy revolves on one point, the Assembly holding elections every four years to determine its 60 representatives. Of these 40 will be elected on the basis of the first-past-the post parliamentary constituency system. The rest will be elected through the Additional Members System (AMS), a form of proportional representation where the electorate is given a second vote. These will be drawn from the five European Parliament constituencies that make up Wales.

The Assembly will not have the power to pass primary legislation or the limited tax-raising powers of the Scottish parliament. It only inherits jurisdiction over those areas previously assigned to the Secretary of State for Wales who, as a member of the British Cabinet, oversaw the spending of a £7 billion annual budget. This budget will still remain under central control, with the Assembly merely having the ability to allocate how it is divided on a range of issues such as education, health, economic development, planning and transport.

The Assembly will lack any means to implement wealth redistribution through tax legislation, but it will be used to intensify inter-regional and international competition to attract inward investment.

The White Paper for the Assembly, "A Voice for Wales", establishes the blueprint for this. It explains that the central role of the Assembly is to oversee the work of the Welsh

Development Agency (WDA). It describes the latter as the "economic powerhouse" of the new Assembly.

The WDA is a quango (quasi autonomous non-governmental organisation) established in 1976 to attract inward investment, as the traditional industries of coal and steel went into terminal decline. Four decades ago Wales had 250,000 coal miners. Now the last deep mine is Tower in Cynon--a workers' buyout that employs 300.

A boast of the WDA is that it turned this situation around by persuading the transnational corporations (TNCs) to locate in Wales and provide new employment in electronics, auto and engineering.

Over the last two decades Wales has attracted between 10 and 20 percent of all inward investment in the UK, although it accounts for only 5 percent of its population. A visit to the WDA's web site makes clear its selling point. With the catch phrase "Wales--Best Business Climate in Europe", it provides opportunities to the TNCs comparable to those found in the Export Processing Zones that proliferate around the world.

As well as offering tariff-free access to one of the largest markets in the world, Europe, and lower personal and corporate taxes than most European countries, Wales has cheaper labour than the rest of Britain: "In 1995, manufacturing unit labour costs were 11 percent below the UK average. Productivity was 13 percent above the UK average."

To the businessman undecided by this, it continues: "Wales has an excellent labour relations record and leads the way in single union, no strike deals. In Wales, during 1995 there was an average of only 15 days lost in industrial disputes per 1,000, which is amongst the lowest in the world."

In 1996 the Low Pay Unit survey translated these cold business statistics. It revealed that one in every three men and six out of 10 women were paid less than the European Council decency threshold of £228.68 a week--leading them to dub Wales the "land of low pay".

The White Paper gives the WDA an enlarged role. The

functions of the Land Authority for Wales and the Development Board for Rural Wales are to be transferred to its control. By eliminating different agencies and centralising greater power in the WDA, the Labour government aims to provide a more efficient vehicle for big business:

"The enlarged WDA will offer:

"\* comprehensive geographical coverage across urban and rural Wales

"\* a coherent range of coordinated services to business;

"\* the land, sites and premises needed by new and expanding businesses;

"\* a single point of contact for inward investors."

The document indicates that even the present levels of high productivity and low wages are no longer sufficient, as competition to attract the TNCs becomes greater: "As its success in attracting inward investment demonstrates Wales already enjoys a relatively favorable business climate. The competition is, however, fierce and there are major challenges ahead. The enlargement of the EU [European Union] means that more areas compete for limited European funding. The Government has comprehensive and ambitious proposals for constitutional change, including a Scottish Parliament, a strategic authority and an elected Mayor for London, and stronger regional government in England (subject to referendums). This means Wales cannot afford to stand still."

The ongoing economic meltdown in the Asian Pacific is also having a direct impact on Wales. Out of the 400 TNCs located in Wales, 60 of them are from the Pacific Rim--including such giants as Toyota, Sony and Sharp. The South Korean electronics company Lucky Goldstar (LG) has put its plans to build two manufacturing plants in South Wales on ice. This was one of the largest single inward investments in Europe. The bid was won three years ago, amidst accusations from representatives of regions in the north of England that the WDA had received a top up from the Treasury that enabled a subsidy of £40,500 per job to LG.

The ability to use EU grants as inducements to inward investors is also being undermined. Recently West Wales and the valleys was given Objective 1 status, the highest category for regional aid worth £1.3 billion over a seven-year period. GDP per head in the central valleys--Merthyr, Rhondda and Cynon--is 64 percent of the UK average. The region has higher levels of unemployment, long-term sickness, premature deaths, respiratory illness, heart disease, mental illness and dilapidated housing than the rest of Wales. With the first wave of eastern European countries to enter the EU, however, a new benchmark for poverty will be set. Combined with existing plans to cut back on regional

aid, this means that Wales is less likely to be a recipient.

Implicit in the White Paper is the fact that the activity of an expanded WDA will need to be funded by the Assembly. This will inevitably mean diverting money away from areas of social need. The document warns, for example, that the Assembly will "need to balance the requirements of the NHS against the need to fund local authority services such as education, social services and maintenance of local roads, other public bodies such as the WDA and its own expenditure (such as trunk roads)."

The inability of Labour to offer any policies to alleviate the social misery facing the majority of working people stands in sharp contrast to the pledges made to big business. Alun Michael as Welsh Secretary has been the featured speaker at many business lunches and dinners, where he has promised that the new Assembly will ensure the most favourable terms for accumulating wealth. In March he conducted a six-day tour of North America to encourage further investment from large corporations.

Labour's main opponent in the elections is the Welsh Nationalist Plaid Cymru. They have sought to capitalise on Labour's attack on workers' living standards with the claim that Welsh autonomy will create the basis for a new period of social reforms. But it has made clear that it will work within the narrow confines of the budget determined by the Blair government's austerity program. The demand for independence has been reduced to a call for independent representation within the EU, as a way of bypassing parliament at Westminster. In this way the party seeks to establish direct contact with the major corporations by offering up Wales as a cheap labour platform within the Single European Market.

The rhetoric of accountability and more representative democracy is overshadowed by the economic reality in which the Welsh Assembly has been framed. An extension of democracy is incompatible with a program designed to offer greater leverage to the transnationals and a determining say over employment policy, working conditions and the funding of social services.



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**