

REGIONAL GOVERNMENT IN FRANCE & SPAIN

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EDITOR'S INTRODUCTION

Discussion of English regionalism is intensifying. However, for the most part that debate is still inward looking and pays little attention to comparative cases overseas. Often comparisons are made selectively in order to justify a political programme rather than to deepen understanding of what implications regionalism might hold for the English regions. Politicians and commentators commonly draw comparisons with Spain to show that a gradual, asymmetric process of devolution for England would be readily achievable. France is prayed in aid as an example of a unitary state with a tradition of a strong central, indeed centralising state (arguably similar to the United Kingdom), which has undergone a process of regionalisation in recent years. Comparison with France is also sometimes made by those who wish to emphasise how the machinery of the central state can be deconcentrated territorially in order to co-ordinate and deliver state functions more effectively. A recent example of this was in the Cabinet Office's report 'Reaching Out' on improving the effectiveness of central government in the English regions and localities. Some of these comparisons are misleading.

As part of a project funded by The Joseph Rowntree Foundation, the Constitution Unit has commissioned Andy Smith and Paul Heywood, two of the foremost experts on territorial politics in France and Spain, to analyse in detail the form, functions, financing, electoral system and relationships with other tiers of government of the regions in those countries. We offer these reports as contributions to deeper understanding of how regionalism has progressed in two advanced European democracies and what implications there may be England. The views expressed are those of the authors alone.

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EXECUTIVE SUMMARY (FRANCE)

- Since 1956 France has been divided into 22 regions. Initially they were administrative units for state planning and statistics.
- Directly elected regional assemblies were established in the decentralisation laws of 1982. They are elected every six years by party list PR. Turnout at regional elections fell to 40 per cent in 1998.
- Most regional councillors hold other elected office, as mayor or councillor at *département* level.
- The main functions of regional assemblies are regional development, economic development, environment, education (secondary schools), training and tourism.
- Regional funding comes from regional taxes and state grants. Regional spending in 1996 was 74bn Francs: one-third of *département* spending, one-sixth of municipal expenditure.
- The independence of French regions is limited. They have few services of their own, and rely upon the *départements*, the *communes* and central government field services to put their policies into practice.
- The lessons for regional government in England are the need for:
 - a clear hierarchy between regional and local government, with clear responsibility for well defined policy domains for the regions;
 - the risk of regional priorities being diverted by external funding, from national government or the EU.

EXECUTIVE SUMMARY (SPAIN)

- Regional autonomy is much greater in Spain, and has much deeper roots in Spanish history. The 1978 constitution allowed three routes to regional autonomy. Originally intended mainly for the 'historic regions' of Catalonia and the Basque country, it led to the creation of 17 autonomous regions by 1983.
- The process was flexible and highly asymmetrical. Each region has its own statute of autonomy, with its own regional institutions: a president, executive, parliament, public service, and High Court of Justice.
- The regional assemblies are elected by regional list PR. They vary in size from 33 to 135 members. Average turnout at the 1999 elections was 66 per cent.
- Primary functions devolved to all regions include planning, public works, agriculture, tourism etc. Others which vary between high and low autonomy regions are health, education, policing.
- Public expenditure is distributed 60% by central government, 25% by regional government and 15% by local government. With little control over revenue regions have built up big debts.
- Lessons for the UK are that devolution can:
 - establish a strong momentum of its own;
 - lead to disputes over competences which need arbitration in the courts;
 - give a boost to regional and nationalist parties;
 - create political tensions over finance.

REGIONAL GOVERNMENT IN FRANCE

by Andy Smith

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INTRODUCTION

As political entities, French regions have now been in place some fourteen years. Over this period they have grown to become a significant part of the French and even European political system. However, the power and the influence of these regions can only be thoroughly assessed by taking into account the specific characteristics of French central-local relations in general, and of the decentralisation process launched since 1982 in particular (parts 1 & 2). As will be stressed throughout this report, only partial forms of authority have been transferred to a regional level, a mode of change that in many cases means that "government" is perhaps an excessively generous term with which to describe what many regional authorities actually represent and do. For this reason, it is particularly important to study regional government in France as a process that involves a multiplicity of institutions. In some regions the relations that bind them together are relatively harmonious, whereas in others each institution is constantly vying with its "partners" to establish not only policies, but the right to make policies (part 3). At a time when within France itself the efficiency and legitimacy of regional government is all too often discussed in very abstract terms, this report seeks to be quite candid in setting out the strengths and weaknesses of the French model (part 4) before concluding with some "lessons" for current reflections about adding a regional dimension to the English system of government (part 5).

1. THE CREATION OF FRENCH REGIONS

If the *Ancien régime* was not necessarily favourable to local autonomy, in constitutional and legal terms, the 1789 revolution and its aftermath set the seal on an essentially centralized approach to government. In order to smash resistance to the new *République*, and then the First Empire, and eradicate any revival of the monarchical provinces, 80 *départements* were set up under Napoleon as administrative units. Indeed, in the laws concerning this matter, no mention of local "government" was made at that time, a legacy which continues to this day. Instead, the state was authorized to administer its territory according to decisions made at the centre and through a system of *département*-level prefects and *arrondissement*-level sub-prefects. If, the setting up of administrative regions in 1956 constituted a complement, rather than an initial challenge, to the centralist model (1.1), it is nevertheless important to grasp that in many ways France has never been ruled by a genuinely centralist form of politics. Rather, the power of local elites has always meant that the state has had to mediate its

priorities and actions through processes of constant negotiation (1.2).

1.1 The Setting up of Administrative Regions

In setting up the *département*, Napoleon and his followers had two basic priorities: divide up the traditional provinces (hence the naming of so many *départements* after "neutral" rivers); and invent entities which could be controlled by the Republican army (hence a geographical size limited by the distance a man could ride on horseback in one day). One hundred and sixty years later, during the period of reconstruction following the second world war, a number of actors within the state came to consider that the relatively small size of the *département* was now an obstacle to the modernization of France. This was particularly so, they argued, at a time when a planned economy needed to aggregate demands for infrastructures and investment on a wider scale.

Planning and the drive to modernize the economy was the background to the creation of 22 administrative regions in 1956. Staffed by seconded state civil servants, until the mid-1980s these bodies essentially compiled statistics and other data on their respective areas. They also became the focus for systematic consultative exercises involving each region's economic and associative actors, working groups that came to be called the *Conseils économiques et sociaux*. In short, a small movement in favour of regional authorities began progressively to emerge from the initial idea of regions for state planning (Nay, 1997). In order to understand the arguments of this movement, however, it is necessary to take a closer look at the more dominant model of central-local relations that had emerged since the revolution.

1.2 Power at the Periphery : A Model of 'False Centralism'

Prior to the 1982 decentralisation laws, policy-making and implementation in different parts of France essentially revolved around the relationship between local state field officers (prefects and sub-prefects, "deconcentrated" members of ministries such as Agriculture and Infrastructure: *Equipement*) and dominant local politicians (*notables*). Because until 1982 local authorities had little or no budgetary authority while central ministry directives were ostensibly paramount, one might have thought that prefects and their staff were in a position of unassailable power. In reality, prefects were in fact locked into patterns of mutual interdependence with their respective *notables*, the former trading off loose interpretation of central rules in exchange for guarantees not to raise problems that might trouble the centre (Gremion, 1976 ; Duran & Thoenig, 1996). In short, the basic unit of formal policy-making was that of a central ministry whilst the basic unit of local administration was the commune (of which there were, and still are, 36,000 of varying sizes). In order to advance their political careers and the interests of their commune, Mayors of these communes either sought to add the mandate of member of parliament (*député*) to their repertoire, or that of *conseiller général* which gave them the right to sit on the *département*-level local authority: the *Conseil général*. More precisely, being a *député*, and to a lesser extent a *conseiller général*, tended to give

mayors indirect, and often direct, access to Parisian-based ministries and *département*-based Prefects, access used to influence the distribution of public resources and soften national regulations.

2. THE STRUCTURE AND POWERS OF CONTEMPORARY FRENCH REGIONS

From a legalistic point of view, the size of French regional authorities has gone unchanged since the 1950s and their powers are essentially those laid down in the 1982 decentralization laws. As we shall see, if geographical size has largely been untouched (2.1), the power of regions in this country needs looking at from a more dynamic point of view that includes the role of elections and staffing (2.2) as well as policy-making and funding (2.3).

2.1 Geographical Size, Economic Strength

Although central planning was part of their origins, in fact the size and number of the regions created in 1956 owes little to impartial rationality. Instead, this division of France was determined by conceptions of France and its component parts that were largely akin to those of Napoleon: the objective once again was to prevent the re-emergence of traditional provinces. For this reason, for example, the region of Brittany does not include the city of Nantes and the *département* of the *Loire Atlantique*. Similar reasons lead to the invention of the unusually large Rhône-Alpes region (rather than a Rhône region centred on Lyon and separate from the Alps). Consequently although the average population of French regions is 2.7 million inhabitants, this figure covers differences that range from 11 million (Ile de France) to 700,000 (Limousin).

In addition, some regions contain as many as eight *départements*, whereas others only have three (Limousin) or four (Auvergne). Finally, from the point of view of regional economies, the rationality of regional frontiers in this country can also be contested for two reasons. First, in terms of gross regional product, some regions are particularly affluent (Rhône-Alpes, Ile de France), whereas others are particularly poor (Auvergne, Basse Normandie). Second, in many cases these frontiers make no sense to economic actors for whom their markets and fellow producers belong to other geographical areas. This is one of the reasons why the mobilization of economic actors in the name of regional economic development is often distinctly difficult.

Table 1: The population of France's regions (millions)

Alsace	1.7
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Aquitaine	2.9
Auvergne	1.3
Bourgogne	1.6
Bretagne	2.9
Centre	2.4
Champagne-Ardenne	1.3
Corsica	0.3
Franche-Comté	1.1
Ile de France	10.9
Languedoc-Roussillon	2.3
Limousin	0.7
Lorraine	2.3
Midi-Pyrénées	2.5
Nord Pas de Calais	4.0
Basse Normandie	1.4
Haute Normandie	1.8
Pays de la Loire	3.2
Picardie	1.9
Poitou-Charentes	1.6
PACA	4.5
Rhône-Alpes	5.6
Total 58.4m	58.4m

Source: *La lettre de la DATAR*, hiver 2000

2.2 Elections and Staffing

If the 1982 decentralization laws set up the revenue producing and expenditure powers of French regional authorities, these began to take on a fully political dimension after the first set of elections held in 1986. Since that date these elections have been held every six years, therefore in 1992 and 1998. Without going into the detail of the results of these elections which of course vary by region, four general comments can be made. The first regards the decision to organize these elections around a proportional representation system per *département*. Such a system operates by party lists and therefore tends to bolster the hierarchy of each political party rather than making an elected regional councillor the identifiable representative of a part of his or her region. The added complication of the *département* means that parties continue to be structured essentially at this level, rather than at a regional one, and that once in office many councillors still tend to see themselves as delegates of a sub-regional entity rather than as advocates of the regional interest and

regional-level policies.

The second general comment that needs making concerns the type of regional executives engendered by this electoral system. Given the rural bias of these elections, parties of the right have tended to dominate most regions. However, because of the use of PR, they have often had to operate within the constraints of a coalition. Whether this is a good or bad thing is debatable. Nonetheless it should be stressed that the French political system as a whole, and local government in particular, have not shown themselves to be particularly well-g geared to adapting to coalition-style politics.

Thirdly, participation in regional elections in France is declining. In the first regional elections in 1986 (held on the same day as national elections) turnout in regional elections was a very healthy 78.2 per cent. In 1992 this fell to 68.7 per cent and fell further in 1998 to only 40.2 per cent. By comparison turnout in national parliamentary elections has remained stable at just under 70 per cent during this period.

Finally, a comment can be made about the degree to which the establishment of regional authorities has led to change in the way politicians make, or attempt to make, their political careers. Given that most regional councillors have continued to simultaneously hold other offices (*le cumul des mandats*), in particular that of mayor or *département*-level councillor (*conseiller général*), it would be difficult to conclude that the region has now become a prime focus for the politically ambitious (Darviche, Genieys, Joana, 1995). However, limits recently imposed on the accumulation of mandates, together with the emergence of a new generation of regional councillors more committed to new methods of public management, may be beginning to change this situation in some areas.

These particular characteristics of regional political leadership have not been without consequence for the permanent staffing of French regional authorities. Much of this personnel has simply been transferred over from the state's field offices and therefore often tends to replicate perceptions and preferences that they were trained and socialized into holding in their previous jobs. Others have been recruited on short-term contracts or on the basis of national examinations (*les concours d'attaché territoriale*). In some regions, such as Rhône-Alpes, staffing levels have become high and great emphasis has been placed on the regional authority becoming more autonomous in terms of expertise and working methods. In others, for example Pays de la Loire, a relatively low level of staffing has been maintained by continuing to use the expertise of the state's field services.

2.3 Functions and Finance

Of course, staffing levels and tasks are inseparable from the formal and informal functions that have been taken on by each regional authority. Table 2 outlines the formal division of labour between regional, *département*-level and municipal tiers of local government as set out

by the decentralization laws. Three points needs stressing when examining this list. The first is that there is no relationship of hierarchy between these three levels. Instead, the organizing principle is one of "sets of functions" (blocs de compétences). Whatever its merits in terms of organizational autonomy, this system entails much overlap and often even duplication. As we shall see below, for example, regional development (the region's function) and rural development (the *département's*) is an area where this trend regularly occurs.

Table 2: The post-decentralization competences of French local authorities.

Conseil régional (Regional assembly)	<ul style="list-style-type: none"> – regional development (<i>aménagement du territoire</i>) – economic development – environment (in particular regional natural parks) – education (secondary schools) – training – tourism
Conseil général (département-level assembly)	<ul style="list-style-type: none"> – social aid – rural development (rural infrastructure and local development) – education (intermediate level: <i>collèges</i>) – environment (notably footpaths) – tourism
Communes	<ul style="list-style-type: none"> – cultural actions – social aid – education (primary and nursery) – town planning

Indeed, a second point which needs making in order to complete this table is the capacity of a region to interpret the decentralization laws in such a way as to invent new functions for itself. A case in point concerns agriculture. Not mentioned at all in the 1982 laws, regions such as Rhône-Alpes have nevertheless developed policies in this field by dressing them up as economic development or environmental interventions (Le Pape, Smith, 1999).

A final point concerning this table is the role of the field services of the state. If there are certainly less members of the state now working in regional or *département*-level offices than before 1982, those that remain continue to hold a good deal of power. In particular they are responsible for running the implementation of European structural funding (Smith, 1995 & 1997) and the six-year contracts signed with each regions (*Contrat de plan Etat-région*) which provide a framework for much of their finances (Balme & Bonnet, 1994).

Turning directly to the question of regional funding, this is essentially generated through a relatively low level of regional tax and through grants negotiated with the state within the framework of the above-mentioned state-region planning contracts. Table 3 compares the total spending of each tier of government over the last twelve years whilst table 4 compares the total amount of grant received by each region from the state. Finally, table 5 lists the amount of subsidy each region will receive from the European Union's structural funds from 2000 to 2006.

Table 3: Change in public spending levels per tier of government (billions of francs)

	1988	1990	1993	1996
State expenditure	1,153.6	1,281.9	1,502.8	1,642
Municipal expend.	317.6	353.2	412.7	441.7
Département exped.	153.6	173.6	207.3	228.2
Regional expend	34.8	47.6	62.6	73.8

Source: E. Négrier (1999), figures compiled from Ministry of the Interior accounts.

This table clearly shows that if regional budgets are relatively small, they have nevertheless been increasing at a significant rate since the end of the 1980s.

Table 4: State's contribution to 2000-2006 regional *contrat de plans*

(% of total state spend on all regions = 104 billion francs)

Alsace	2.8
Aquitaine	4.0
Auvergne	3.2
Bourgogne	2.7
Bretagne	4.9
Centre	3.3
Champagne-Ardenne	2.0
Corsica	1.3
Franche-Comté	3.4
Ile de France	16.4
Languedoc-Roussillon	4.1
Limousin	2.5
Lorraine	5.2
Midi-Pyrénées	5.3
Nord-Pas de Calais	8.6
Basse Normandie	3.1
Haute-Normandie	3.3
Pays de la Loire	3.9
Picardie	2.4
Poitou-Charentes	3.1
PACA	6.7
Rhône-Alpes	7.5
Total	100%

Source: *La lettre de la DATAR*, hiver 2000

Table 5: EU structural funds for French regions 2000-2006

(% of total EU spend on French regions: 40.1 billion francs)

Alsace	1.4
Aquitaine	7.2
Auvergne	4.6
Bourgogne	3.8
Bretagne	6.5
Centre	3.3
Champagne-Ardenne	3.2
Franche-Comté	2.9
Ile de France	2.2
Languedoc-Roussillon	4.4
Limousin	2.2
Lorraine	6.1
Midi-Pyrénées	6.4
Nord-Pas-de-Calais	9.7
Basse-Normandie	4.3
Haute-Normandie	4.9
Pays de la Loire	6.4
Picardie	4.1
Poitou-Charentes	4.3
PACA	4.9
Rhône-Alpes	6.6
Total	100%

Source: *La lettre de la DATAR*, hiver 2000

Of course, much more could be said about these sources of revenue and the type of expenditure made by different regions in France. From the point of view of this report, it seems more interesting to examine instead how the raising and spending of money at the regional level is at the heart of the highly interdependent relations that link the regional tier to local, national and European institutions.

3. REGIONS AND MULTI-LEVEL GOVERNANCE: THE RELATIONSHIP WITH LOCAL, NATIONAL AND EUROPEAN TIERS

Looking closer at what regions actually do, and with which partners, provides a means of better understanding the potential for inter-institutional conflict embedded in the French system of central-sub-national relations (3.1) as well as what gives it a certain level of cohesion (3.2).

3.1 Areas of Institutional Co-operation and Competition

Examining the way through which European structural funding is implemented in France provides a particularly clear example with which to start describing both multi-level imbrication and the relatively low level of autonomy to make policy enjoyed by regional actors. Table 5 (above) does not in fact set out the total funding which will be given by the EU to a regional authority over the next six years. Rather this money is directed to regional "partnerships" of actors including the regional council, *département*-level councils, large municipalities, chambers of commerce and agriculture and, above all, representatives of state field offices. Indeed, the structural funds are channelled through the state's regional offices, thus giving them not only a new function but a new lease of institutional life (Smith, 1995 ; Négrier and Jouve, 1998). In order to spend this money, and respect the EU principle of additionality, *Regional development programmes* are drawn up by the partnership and each of the major partners signs up to contribute varying levels of co-financing. In most regions, the EU is supposed to finance around 40% of the total programme, the regional authority around 20%, the *départements* between 10 and 15% each and the state around 10%. In reality, most regional partnerships have either underspent their budgets, or been compelled to engage in accounting acrobatics in order to prove that the co-financing commitments have been respected.

The first explanation of this trend is that the state-region planning contracts are inextricably linked with the *Regional development plan*. As a state official once put it to us, "*these two documents are just the same book that we open in two different ways*". In other words, both the regional authority and the state tend not to add additional money to cofinance EU funding, they just ensure that the *contrat de plan* is in line with EU norms and requirements. If this practice reduces the amount of money available for the regional level of government, it also has an impact in terms of political processes. Instead of hammering out a genuine regional development strategy on the basis of which criteria for funding can be set and hard choices on " who gets what? " can be made, much of the energies and time of state and regional authority actors is spent ensuring that the compromises they have made look "clean" from the point of view of the European Commission.

These compromises also stem from the sort of intra-regional politics brought about by the absence of a principle of hierarchy determining which level of local authority is legitimate to

do what. Within each region, *département*-level politicians and mayors of large towns are still the most powerful actors. Only in regions where a strong, independently-minded regional leadership has developed (such as Rhône-Alpes under Charles Millon from 1988 to 1998), have local politicians really been obliged to adapt to a new form of politics and policy-making. A case in point here is inter-communal co-operation (*intercommunalité*). In a country made up of 36,000 communes, it is hardly surprising that the state has been trying to encourage greater pooling of infrastructures and other resources since the 1970s. Many regional authorities have since taken up this issue in an effort to reduce their own number of institutional interlocutors. However, the inducements offered to communes by Regional councils to encourage such co-operation are generally relatively undemanding (ex. Aquitaine, Pays de la Loire) and unsurprisingly produce decidedly poor results.

3.2 Elements of Regional Cohesion

In the light of all the conflict and contradictions mentioned above, an outside observer might be tempted to think that regions in French are extremely vulnerable. In fact, this does not seem to be the case because, despite all their limitations, the regional tier is now very much part of the French model of government. Like so many other such models, it is best described as "patterned disorder" rather than pristine synchronicity. Two distinctive elements of French government provide much of the pattern for this regional example of stabilized disorder. The first is the afore-mentioned system of accumulated mandates (*cumul des mandats*). Foreigners are often shocked that a French regional politician can simultaneously hold posts at a local, national or even European level. The most frequent criticism - that one individual cannot have time to fulfill all these roles - is functionalist in nature and centred upon questions of efficiency. If these questions are indeed important, one must not lose sight of the fact that through their presence at different levels of government, politicians that accumulate mandates not only fill the gaps left by inter-institutional competition, they legitimize the system as a whole through their very presence at all of these levels.

The second transversal strand that creates a pattern in the disorder of French regional government is the presence of state field officers. Although these officials are by no means as powerful as they once were, they can rarely be ignored by local and regional politicians. Run by civil servants who's careers take them repeatedly from region to region, the methods, perceptions and preferences of the state thus continue to provide some degree of cohesion between the twenty-two regions which make up metropolitan France.

4. PRESSURES FOR CHANGE, REASONS FOR INERTIA

At a time when public money no longer appears to be in short supply, and when the

disorder that is regional government in France has nevertheless institutionalized into a pattern, it is actually quite difficult to see where change to this model is likely to come from. Nevertheless, arguments for change do exist (4.1) alongside pressures for maintenance of the status quo (4.2).

4.1 Arguments for Change

Three arguments in particular are sometimes made for changing further the state of central-local relations in France. The first concerns the relationship between the *départements*, large towns and the regions. As mentioned earlier, there is considerable duplication between these three levels of authority. Some politicians consider the *département* to be "archaic" whereas the region is "modern". Most debate on this question stays on this highly rhetorical level. A second call for change concerns the size of French regions. For those who see regional authorities as a feature of modernity, these entities should be amalgamated so as to make them as big as German Länder. In addition, it is claimed that such a move would bring more uniformity to regional government in France. Finally, some criticisms are made of the fact that in an ostensibly decentralized system, state field officers are still so omnipresent. Duplication and bureaucracy are said to be the results, some critics going so far as to argue for a new political theory, such as federalism, to replace the tangled mess they feel the Fifth Republic has now become.

4.2 Pressures for the Status Quo

If these arguments are not entirely without force, they tend to be rather easily fended off by three sets of actors. The first includes département-level councillors and national senators. Arguing that the département is both a historically legitimate body and the one closest to the people, these defenders of tradition refute the region's claim to incarnate modernity. Such a claim is also refuted by a second set of critics, often social scientists, who see no particular specificity in regional authorities. According to such actors or commentators, just because regions now exist almost everywhere in Europe, this does not mean that we are logically in a "Europe of the regions" (Le Galès & Lequesne, 1997). Lastly, those who would like to phase out the state's presence in the regions tend to be attacked by dyed-in-the-wool Republicains who conceive of any such criticism as not only an attack on the state, but on the nation as well.

5. LESSON DRAWING FROM THE FRENCH MODEL

In concluding this report, some more general comments can be made about the strengths and weakness of French regions (5.1) and some lessons that can perhaps be passed on to those currently reflecting on how to set up regions in England and in what form (5.2).

5.1 Strengths and Weaknesses of the French Regions

The treacherous task of judging French regions is only attempted here by matching our observations against the following set of criteria: democracy, identity, independence and effectiveness.

From the point of view of *democracy*, the devolution of regions in France has indisputedly added a tier of public authority run by directly elected politicians. Given the size of most of these regions, these politicians are theoretically closer to the citizen than their national counterparts and thus better able to foster the participation of interest groups and other "social partners" in directing the nature of their area's public affairs. However, regional elections can also be criticized for the distortions of a *département*-level party list system. As regards proximity, many *département* councillors are in fact more local representatives than regional ones. Finally, although many groups participate in establishing and implementing regional policies, levels of participation are not noticeably higher than at local or national levels.

In some countries, regions reflect and work to enhance the *identity* of their population (eg. Catalonia). This is not the case in France, with the exceptions of Alsace and Corsica. The twenty other regions were deliberately created by the state not to reflect traditional identities. Of course, once in office, regional leaders have often sought to create feelings of local identity through discourse and policies (eg. Pays de la Loire). However, only relatively superficial recognition of the region's existence seems to have resulted from such efforts.

French regional authorities are firmly embedded in complex systems of constraints and resource allocation that can be synthesized as "multi-level governance" (Marks, 1992). Given such patterns, and in particular the way regional funding is generated, the *independence* of French regions is limited. This is particularly so because of the continued presence of the state's prefectural and other staff at the regional level. The political strength of the *départements* and certain cities is another significant limit on their freedom of action. Some regional leaders have fought with some success against this trend (eg. Rhône-Alpes 1988-98). However, in most cases regional actors are more anxious to just fit into a multi-level system than to stake out a specific role for their particular level of public action.

Finally, French regions can be judged from the point of view of their *effectiveness*. On one

level, regional authorities clearly can now set and fund policy. However, their capacity to implement these policies fairly and consistently is generally weak. Having few if any field services of their own, regions are dependent upon *départements*, communes and even the local state services to put their policies into practice. Clientelistic practices and constant compromise mean that policies are generally watered down or diverted from their course during implementation. In such circumstances, it is hardly surprising that the sometimes considerable efforts made to evaluate regional policies (eg. Brittany, Rhône-Alpes), are invariably ignored or overridden by politicians more interested in redistributing regional resources for tactical reasons than for ones of effectiveness. It is worth noting that regional disparities remain very prominent in France and are, in some cases getting wider, and although some regional authorities have quite a good reputation for economic development, overall the impact of regional government has not been significant.

5.2 Lessons for an English Prototype

On the basis of our studies of French regions, three recommendations can be made to the actors in the process of setting up regions in England. They concern government, its links with the private sector and the role of national or European partners.

a) The French case underlines the effects of applying only a weak definition of *government* to regional authorities. Without a hierarchy between different levels of regional and local government, the result has been poor accountability and leaderless policy mixtures producing inefficient "lowest common denominator" public intervention. English regions should be given clear and unilateral responsibility for certain well defined policy domains. They should then be made to develop for themselves ways of funding, implementing and evaluating their actions that respect the basic principles of efficient public management. The mode of election to regional authorities is also of crucial importance. Regional councillors must represent a specific part of each region but also be strongly encouraged to represent the interests of their region as a whole. In this way genuine regional governments could perhaps emerge and not just a series of half-way houses that duplicate, or interfere in, the responsibilities of other levels of government.

b) Government today involves intense consultation of actors other than just the representatives of public authorities. In the French case, however, a discourse on partnership and consultation has not necessarily led to a greater role for economic or social actors at the regional level. English regions should in contrast systematize networks of relationships with the private sector without falling into the trap of "agency capture".

c) Finally, particular attention should be made to the effects upon regional government of EU and national programmes, norms and subsidies. Even the most carefully structured

regional initiatives and forms of implementation can be disrupted by the prospect of easy money from Brussels or London. Regionally-defined priorities should be defended and external funding applied for, implemented and evaluated with this point constantly in mind.

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SPANISH REGIONALISM: A CASE STUDY

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1. INTRODUCTION: THE BACKGROUND TO REGIONAL AUTONOMY

1.1 Since the middle of the nineteenth century, there have been various attempts to establish some form of de-centralised state structure in Spain. Most have ended in failure. The so-called '*sexenio revolucionario*' (1868-74) culminated in the short-lived First Republic which was profoundly influenced by the federalist ideas of the Catalan intellectual, Francesc Pi i Margall (1824-1901). Chaotic cantonalist uprisings provoked a military intervention, followed by the restoration of the monarchy in 1875. Over the next 46 years, Spanish politics became marked by a counterpoint between centralist rule and the regionalist demands of anti-monarchist groups. Occasional concessions to regional aspirations, such as the granting of a limited form of autonomy to Catalonia through the *Mancomunitat* (1913-23) were generally followed by further repression. Just as General Miguel Primo de Rivera refused to allow any regional autonomy during his dictatorial rule (1923-30), so General Francisco Franco's attack on the Second Republic (1931-36) was motivated in large measure by his obsession with creating a unified imperial state. The Republic's experiments with autonomy – the Statute of Catalonia (1932), which established the *Generalitat*, the Statute of the Basque Country (1936) and the putative Galician statute, which was approved but never enacted – were crushed once Franco came to power after the Civil War (1936-39). Franco, who ruled Spain from 1939 until his death in 1975, imposed an unbending and repressive policy of state centralism throughout his period in power.

1.2 The so-called 'regional question', which refers to the relationship between the Spanish central state and its sub-national component elements, was probably the single most contentious issue during the post-Franco transition to democracy. Nearly one-tenth of the 1978 Constitution is devoted to regional matters. The Constitution offered a compromise on the issue of territoriality: whereas the left was broadly in favour of a federal state, along US or West German lines, the right refused to countenance any such proposal. The result was a hybrid formula, with Article 2 stating:

The Constitution is based on the indissoluble unity of the Spanish Nation, common and indivisible country of all Spaniards, and recognises and guarantees the right to autonomy of the nationalities and regions of which it is comprised and solidarity amongst them.

This article has been seen by some as verging on the contradictory; Article 137, meanwhile, recognises the right to self-government of municipalities, provinces, and autonomous communities. In practice, despite recognition of the right to some form of autonomy, the Constitution provided no statement on the definition of such autonomy. Indeed, even the very identity of the regions had to be established before negotiations could be entered into over the nature of any autonomy to which they could aspire.

1.3 Figure 1: Levels of government in democratic Spain

- Central state government (bicameral Cortes: lower house (Congress of Deputies) has 350 members; upper house (Senate) has 259 members, 208 directly elected and 51 appointed as regional representatives)
- Autonomous Communities (17 unicameral regional parliaments)
- Provinces (50, seven of which are concurrent with Autonomous Communities)
- Comarcas (51) and Mancomunidades (771) (*county-type governments and special purpose associations, similar to 'special districts' in the USA*)
- Municipalities (>8,000)

1.4 Identifying and establishing the regions (1978-83)

Unlike the Italian Constitution, the Spanish document does not specify any territorial map. Regions were identified during the so-called 'pre-autonomies' process, which ran from September 1977 until October 1978 and required intending autonomous regions to outline their claim to such status. Whereas the identity of some regions was self-evident – for instance, the 'historic' regions of Catalonia, the Basque Country, and Galicia, or the huge southern region of Andalusia – others were more problematic. Areas such as La Rioja, Cantabria or Murcia had little in the way of a distinctive tradition of autonomous identity; Navarre, on the other hand, was subject to claims by some that it should properly form part of the Basque Country, in spite of its historic status as an independent kingdom. Yet, whereas Navarre was accorded autonomous regional status, León – which had also once been a kingdom in its own right – was subsumed into a new region known as Castile and León.

1.5

Three routes to autonomous status were established in the Constitution, covering respectively the 'historic regions' (which enjoyed an automatic right to autonomy), those regions which had to apply for autonomy under the terms of Article 143 (subject to a transitional period of five years in which their level of autonomy would be more restricted), and those regions which fell within the remit of Article 151. This last was an 'exceptional' route through which a level of autonomy similar to that of the historic regions could be sought provided a series of stringent conditions was first satisfied and the draft autonomy statute was then endorsed by referendum. In practice, the process of granting autonomy proved to be rather more complex than envisaged in the Constitution. Following the central government's approval in 1979 of autonomy statutes for Catalonia and the Basque Country, there occurred an outbreak of what was termed '*fiebre autonómica*' (autonomy fever), during which other regions rushed to claim autonomous status. Just one region – Andalusia – followed the route to autonomy specified in Article 151, but Valencia, the Canary Islands

and Navarre all received special dispensations in their negotiations over autonomous status. Ultimately, just ten out of seventeen regions followed what was expected to be the 'normal' route to autonomy under the terms of Article 143.

1.6

The process of granting regional autonomy was overshadowed in its early years by political tension: the far right, in particular, was opposed to what it saw as the dissolution of Spain's national identity. Confusion and perplexity over the nature and structure of the autonomous process fed into a more widespread popular concern over the direction of Spanish democracy at the start of the 1980s, and was a factor in the decision of some military conspirators to attempt a coup on 23 February 1981 – the most serious of a number of anti-democratic plots. Although the coup attempt failed, it placed the regional issue at the forefront of the political agenda. After warning regions not to make exaggerated demands, the UCD government of Adolfo Suárez reached an agreement with the Socialist opposition to slow down the autonomy process via the notorious LOAPA (*Ley Orgánica de Armonización del Proceso Autonómico*), an act passed in September 1981 which required the Autonomous Communities to have their laws endorsed by the central government and ensured that, in the event of conflict, state law would always prevail over regional law. Regional nationalists appealed against the LOAPA to the Constitutional Court, which found in their favour in August 1983. By declaring more than a third of the LOAPA to be unconstitutional, the Tribunal's judgement effectively called for the autonomy process to be rethought.

1.7

In the meantime, the election in October 1982 of a Socialist (PSOE) government with a commanding majority had restored a sense of stability to the political arena, allowing the regional issue to be confronted in a less tense atmosphere. The new government moved rapidly to complete Spain's autonomous map, and by the end of February 1983 autonomy statutes had been approved for all seventeen regions. In May 1983, regional elections were held in thirteen Autonomous Communities, completing a process which had begun with elections in Catalonia and the Basque Country (March 1980), Galicia (October 1981) and Andalusia (May 1982).

Table 1: Statutes of Self-government of Autonomous Communities

Date	Region	Organic Law	Official title of government
18 December 1979	Basque Country [<i>País Vasco</i>]	LO3/79	Gobierno Vasco
	Catalonia [<i>Cataluña</i>]	LO4/79	Generalitat de Cataluña
6 April 1981	Galicia	LO1/81	Xunta de Galicia
30 December 1981	Andalusia [<i>Andalucía</i>]	LO6/81	Junta de Andalucía
	Asturias	LO7/81	Principado de Asturias
	Cantabria	LO8/81 [reforms: LO2/94, LO11/98]	Diputación Regional
9 June 1982	La Rioja	LO3/82 [reform: LO3/94]	Consejo de Gobierno
	Murcia	LO4/82 [reforms: LO4/94, LO1/98]	Consejo de Gobierno
1 July 1982	Valencia [<i>Comunidad Valenciana</i>]	LO5/82 [reform: LO5/94]	Generalitat Valenciana
10 August 1982	Aragon [<i>Aragón</i>]	LO8/82 [reforms: LO6/94, LO5/96]	Diputación General
	Castile-La Mancha [<i>Castilla-La Mancha</i>]	LO9/82 [reforms: LO3/97, LO7/94]	Junta de Comunidades
	Canary Islands [<i>Islas Canarias</i>]	LO10/82 [reform LO4/96]	Gobierno Canario
	Navarre [<i>Navarra</i>]	LO13/82	Gobierno de Navarra
25 February 1983	Extremadura [<i>Extremadura</i>]	LO1/83 [reform: LO8/94]	Junta de Extremadura
	Balearic Islands [<i>Islas Baleares</i>]	LO2/83 [reform: LO9/94]	Gobierno Balear
	Madrid	LO3/83 [reforms: LO10/94, LO5/98]	Gobierno de la Comunidad
	Castile and León [<i>Castilla y León</i>]	LO4/83 [reforms LO11/94, LO4/99]	Junta de Comunidades

2. DESIGN AND POWERS OF THE AUTONOMOUS COMMUNITIES

2.1

All seventeen Autonomous Communities have their own president, executive, unicameral parliament, public administration and High Court of Justice. However, the powers accorded to the Communities vary according to the terms of their specific statutes of autonomy. Spain's system of *asymmetrical devolution* allows for variable competencies – not only between different regions, but also within the same region over time. The specific competencies assigned to the regions are established through a complex mechanism of negotiation, dependent in the first instance on the route to autonomy (Article 151 or Article 143) and subsequently on the basis of bilateral agreements which are subject to approval by the Spanish parliament and the Constitutional Court. The original intention was to establish a five year transitional period in which the autonomy statutes would be 'immutable' and would offer a lower level and range of autonomous power to the ten Article 143 regions than to the remainder. The ultimate aim of the process was to move towards virtual homogeneity between the regions in terms of competencies.

2.2

In practice, the envisaged transitional 'freezing' proved difficult to maintain wholly intact. Not only do powers vary between regions, but they have been added to on a regular basis since the establishment of the Autonomous Communities. Moreover, the distinction between 'high' and 'low' level powers, or between those with genuine political autonomy and those with primarily administrative autonomy, is further complicated by the insistence of Catalonia and the Basque Country (and, to a lesser extent, Galicia) that there is an '*hecho diferencial*' which distinguishes them from the other regions. The term refers to the notion that these regions have their own particular identities, shaped by both historical and cultural factors (including their own languages), which confer on them a more privileged claim to autonomy than exists in other regions – and that this claim must be recognised through a qualitative difference in the nature and extent of the autonomy they enjoy. In its more radical form, it involves calls for outright independence from the Spanish state.

2.3

The Constitution distinguishes between *exclusive*, *shared*, and *concurrent* powers, which can be either legislative or executive. The specific areas covered by these powers are outlined in Articles 148 and 149, although there has been considerable scope for interpretation over the precise meaning of these designations. Regional powers denominated 'exclusive' are seen as such only insofar as they do not conflict with those constitutional provisions which grant exclusivity to the powers of the central state. At a practical level, it is useful to distinguish between primary functions, common to all seventeen Autonomous Communities (but with

variations between 'high' and 'low' level regions over health and education), and shared functions. Primary functions include such activities as planning, public works, agriculture, tourism and so forth (see Figure 2). Shared functions, which have grown as a result of welfare state expansion, cover such areas as supervision of the activities of local government, transport policy, and environmental protection. There remains some ambiguity over the scope of concurrent powers, as well as the extent to which the powers of an Autonomous Community can oscillate between the region and the central state.

2.4

Given that the very framework of regional government was designed to be indeterminate, allowing for transfers of powers over time, considerable importance has been vested in the Constitutional Court, which makes final and binding decisions over any disputes and conflicts. In broad terms, as evidenced by its 1983 ruling on the LOAPA, the Court has tended to uphold regional autonomy. In particular, during the 1980s, the regions appealed to the Court against nearly a quarter of central government laws (127 out of 528), whereas the central government appealed against less than 10 per cent of the more than 1,500 laws passed by the Autonomous Communities. The vast majority of these disputes involved the 'historic communities'. In the 1990s, the number of appeals to the Constitutional Court fell sharply, reflecting in part the fact that by 1987 virtually all the powers listed in the various statutes of autonomy had been transferred to the regions, and also in part a growing maturity and *modus vivendi* in relations between the regions and the central government. The most significant power transfers in the 1990s concerned the Catalan government, which received a new regional police force and full health services (following the Basque model), whilst Valencia, Navarre and the Canary Islands also received additional transfers, including health services. The so-called 'Autonomic Pacts' of 1992 and 1997 resulted in all seventeen regional governments receiving new powers, some of which required amendments to existing statutes of autonomy.

2.5

The Constitutional Court has upheld the role of Spain's central government in overseeing and supervising certain elements of the Autonomous Communities' activities. According to the Court, central state institutions are responsible for promoting and protecting 'general interests', with key judgements having supported the central government in areas such as education, health care, economic development and tourism. In the case of tourism, which had been seen as falling fully within the remit of the Autonomous Communities, the Constitutional Court ruled that as tourism was so central to Spain's economic development it should be seen as a shared power. Ultimately, the Court has given the central state the right to enact 'basic legislation', which overrides the claim of some Autonomous Communities that they should have full and exclusive authority over those powers outlined in their autonomy statutes.

2.6

The distribution of powers between centre and regions has also been influenced by the broader political context. Following the transitional governments of the UCD under Suárez, the PSOE was able to rule with an absolute majority between 1982 and 1993. During this period, moves were made to develop a policy of more even-handed treatment of the seventeen Autonomous Communities, with Catalan and Basque demands for recognition of the '*hecho diferencial*' being seen as less urgent than the need to develop the powers of the other regions. However, after the 1993 general election, the picture changed significantly: minority governments of the PSOE (1993-96) and the centre-right PP (1996-2000) were forced to rely on support from nationalist parties in Catalonia, the Basque Country and the Canary Islands, although such support was never formalised into a coalition. The Catalan CiU, in particular, led by Jordi Pujol, was widely seen as exercising an influence on both governments wholly out of proportion to its electoral strength. In return for such support, the Catalans and Basques were able to extract significant concessions, most notably in regard to revenue raising (see below). After the March 2000 general elections, however, the absolute majority achieved by the PP government of José María Aznar means that the CiU will no longer be the decisive broker within the Cortes.

0Figure 2: Distribution of powers between state and Autonomous Communities

1. Powers explicitly reserved to the central state (Article 149):

- nationality, immigration, emigration, aliens and right to asylum
- international relations
- defence and armed forces
- administration of justice
- customs and excise, foreign trade
- monetary system exchange control, currency convertibility
- control of credit, banking, insurance
- inland revenue and state budget
- merchant navy and registration of ships
- ports and airports of national importance
- control of airspace, air transit and transport
- meteorological service and registration of aircraft
- train and road transport travelling more than one Autonomous Community
- control of communications, traffic and motor vehicles, mail and telecommunications, cables, submarine and radio communication
- public works of national importance or which involve more than one Autonomous Community
- control of production, commerce, possession and use of arms and explosives

- regulation of academic qualifications
- statistics for state use
- authorisation of referenda

2. Powers shared between central state and Autonomous Communities (Article 149.1)

- areas in which state provides 'general framework' (eg. basic legislation on environment)
- areas in which state shares general legislative powers, with specific elements left to Autonomous Communities (eg. public security)
- areas in which the state retains the planning powers or determines the basic administrative policy of the sector (eg. the economy)
- areas in which the state is given a co-ordinating role over the Autonomous Communities
- areas in which the state determines the economic parameters for public service management
- areas in which the state retains certain managerial responsibilities, allowing the rest to be undertaken by the Autonomous Communities
- areas in which the state retains responsibility for public service, but not its management

Article 149.3 stipulates that powers in all areas not expressly attributed to the state under the terms of the Constitution may be taken over by the Autonomous Communities, in accordance with the provisions of their respective statutes. Any powers not specifically taken over remain within the remit of the state. Article 148 lists specific powers that the 'ordinary route' Autonomous Communities could take over during their five year transitional period, after which the terms of Article 149 would apply.

3. HOW THE AUTONOMOUS COMMUNITIES ARE FINANCED

3.1

The issue of finance has been one of the most contentious aspects of the relationship between the central government and the Autonomous Communities. One distinctive feature of Spain's asymmetric model of devolution, which reflects competing views over the nature and extent of autonomy, is that the Autonomous Communities were granted significant control over spending, but the central state retained effective control of their financing. Essentially, there are three sources of revenue for regional governments: central funding in the form of unconditional and conditional grants, own-source revenues, and EU structural funds. Inter-governmental transfers remain the most important component of funding, rising from under 1 per cent of Spain's GDP in 1979 to some 7 per cent a decade later, and accounting for some 16.5 per cent of total public expenditure. By the end of the 1990s, public

expenditure in Spain was distributed as follows: about 60 per cent by central government, 25 per cent by regional government, and 15 per cent by local governments.

3.2

Transfer payments in themselves are not necessarily a reliable indicator of political autonomy, since their increase over the last twenty years is in large measure a reflection of the transfer of administrative responsibilities. But the financial autonomy of the regional governments has been increasing, particularly since the loss of the PSOE government's absolute majority in 1993. In return for supporting the PSOE, the Catalan nationalist party, CiU, insisted that 15 per cent of income tax receipts be transferred to the regions (a proposal which had been put on ice the previous year). Following the 1996 general elections, when the PP was forced to rely on CiU support, this figure rose to 30 per cent of personal income tax over which the Autonomous Communities have direct responsibility.

3.3

Unconditional grants still account for about half of regional government income, and cover national tax sharing grants, so-called 'ceded' taxes (set at central level, but collected at regional level), transferred services rates, and payments to single province Autonomous Communities. Conditional grants cover such areas as health and social services, the inter-territorial compensation fund (a 'solidarity' instrument designed to compensate for shortfalls in revenue and allow regions to continue to provide basic services), pass-through tax-sharing to municipalities, contracted programmes, and investment agreements. The calculation of transfers from the central government was revised in 1996 under the terms of the *Ley Orgánica de Financiación de las Comunidades Autónomas* (LOFCA): prior to then, under the terms of the 1992 Autonomic Pact, the calculation was based on a basket of factors, including size and concentration of population, size of the region, relative wealth and relative tax burden. The new deal for the period 1997-2001 abandoned this calculation, and instead established that each region would receive from the central state no less than under the old system, taking 1996 as the base year. In years with positive economic growth, regions would benefit from increased tax collection, whereas in bad years they would be no worse off than in 1996.

3.4

Fifteen regions have similar limited powers to levy a surcharge on ceded taxes and to raise or lower personal income tax rates (by up to 6 percentage points on the 30 per cent share they control), and to modify deductions and tax brackets. The remaining two regions, the Basque Country and Navarre, have been granted special charters in recognition of their historic 'foral' traditions. These charters allow the two regions to collect so-called 'contracted' taxes (personal income tax, corporation tax and, in the Basque Country, value-added tax) as well as ceded taxes, from which they pay an annual quota of just over 6 per

cent to the central government to cover the costs of centrally run functions such as defence, foreign affairs and the monarchy. The Basque Country is empowered to alter personal income tax rates by up to 20 per cent (on the 30 per cent it controls), and secured control in the 1997-2001 agreement over the one category of tax it did not already collect: so-called 'special taxes' on petrol, tobacco and alcohol.

3.5

The two different models of financing have presented recurrent problems since the introduction of regional autonomy. The 'foral' contract in the Basque Country and Navarre entails genuine financial autonomy, given that their income is not tied directly to the cost of those competencies which have been transferred – which stands in contrast to the financial model in the remaining fifteen regions. For instance, in 1997 the Basque regional government cut the rate of corporate income tax to 32.5 per cent, below the standard 35 per cent in the rest of Spain – a move which provoked a furore in other regions (even though the overall tax burden in the Basque Country is higher than in other regions). More serious is that the lack of fiscal responsibility in most regions left them with little control over revenue (as opposed to the systems of fiscal federalism in countries such as the USA and Canada), and therefore encouraged them to build up debts – unconstrained by any formal requirement to balance their budgets. These regional debts had reached 6.3 per cent of GDP by 1996, prompting the PP government to seek to impose limits on borrowing by the Autonomous Communities.

3.6

In sum, public expenditure patterns and inter-governmental transfers have seen a shift from the central state to the Autonomous Communities since the early 1980s: in 1979, the central government controlled 84.5 per cent of all public expenditure, a figure which had fallen to 65.5 per cent by 1989 and under 60 per cent by 1999. However, the majority of these changes in expenditure patterns resulted from the transfer of competencies over such items as welfare state programmes, and growing regional demands for control of other programmes in areas such as social welfare, health and education. However, the continued central control of regional revenues, except in the Basque Country and Navarre, suggests that Spain's model of devolved government remains some way short of fiscal federalism. None the less, the new financial model introduced in 1997 ensured that regional governments have a greater vested interest in efficient tax collection, since this is their principal route to increased revenue. Significantly, the two regions in which levels of tax fraud are lowest are the Basque Country and Navarre.

[Note: The new government of José María Aznar, elected to office in March 2000, has proposed the transfer of 'special taxes' (alcohol, tobacco and fuel) to the Autonomous Communities, which is estimated to bring their global revenue to some Pta 2.5bn, 15 per cent

of total state revenue. The aim is to increase fiscal co-responsibility and oblige the regions to adjust their spending to ensure that it is in line with revenue. At the same time, it is proposed to eliminate central government subsidies to those regions whose revenue increases by less than the annual growth in GDP, a move opposed by the PSOE opposition on the grounds that it will reinforce regional disparities in income.]

3.7

Provincial and municipal finance

Provincial financing mechanisms are complex. Different structures have contributed to a confused picture: whereas the seven single-province Autonomous Communities have absorbed the provincial level of administration, in the Basque Country provinces remain highly significant, in Catalonia the regional government has emasculated the provincial level, in the island Communities provincial administration is run by the island councils, and in the remaining six Communities provincial governments sometimes rival their regional government. Until 1986, provincial government was financed by a turnover tax, but this was abolished with the introduction of VAT on Spain's entry to the European Community. Thereafter, provinces received two different unconditional grants, which were merged into one under the terms of the 1988 Law on Local Finance. Provinces also receive capital grants, distributed to municipalities as project grants. Since 1990 provinces have in addition been able to levy a discretionary surcharge on the municipal business tax.

3.8

Municipal finance derives from taxes on property, local business taxes, fees and charges, an unconditional grant, and project grants. Fees and charges are an important source of municipal revenue, and are levied on such services as refuse collection, water and sewerage. The level of the unconditional grant is decided upon by the central parliament in Madrid. Overall, as in the case of the Autonomous Communities, provincial and municipal governments in Spain are financially highly dependent. A lack of horizontal equity, together with inefficient financial management in the 7,000 smaller municipalities (roughly 80 per cent of the total, with populations of less than 5,000) are key problems which have contributed to significant variations in the fiscal capacities and revenues of municipal governments.

4. RELATIONS WITH OTHER TIERS OF GOVERNMENT

4.1 National level

Since the establishment of the Autonomous Communities at the start of the 1980s, a pattern has become established of bilateral negotiations between the central government and regional leaders – particularly those in the 'historic' regions. In fact, this pattern became established during the earliest phase of the post-Franco transition, with detailed discussions

between the UCD government and Catalan leaders over the constitutional formula for implementing regional autonomy. As indicated above, the autonomy statutes for each region were individually negotiated with central government, with the agreements established for the 'historic' regions having a demonstration effect for the remainder. The bilateral pattern, which was reinforced by a Constitutional Court ruling that transfers of powers had to be undertaken on a region-by-region and function-by-function basis, remained the modal form of interaction once the seventeen Autonomous Communities had been formally established.

4.2

Negotiations and bargaining between central government and the regions tend to operate through party channels, reinforced by the fact that Spain's national political parties are organised by region. During most of the 1980s, the PSOE dominated not just at the central state level, but also at the regional and municipal level, thereby easing channels of communication and negotiations between centre and regions. However, the PSOE began to lose ground at regional level before it lost its absolute majority at national level, particularly in the major cities. By the time it lost power nationally in 1996, the centre-right PP had already won control of three out of Spain's four leading cities, and was also in government in ten out of seventeen Autonomous Communities. The need to negotiate with regional leaders was further reinforced after the 1993 general elections, when the PSOE fell short of an absolute majority and was forced to rely on a pact with the Catalan nationalist party, the CiU.

4.3

After the 1996 election, the CiU switched its support to the centre-right PP of Aznar, in return for significant concessions. The strong influence exercised over central government by the Catalan leader, Jordi Pujol, created significant tensions with other regional leaders: Manuel Chaves, president of the Andalusian regional government, broke off dialogue with Aznar in protest at the agreement reached with the CiU over financing the Autonomous Communities (as well as at a refusal by the central government to use the 1996 Andalusian census rather than one conducted in 1988 in its calculations for regional finance). Only after the PP won an absolute majority in 2000, and was therefore no longer 'mortgaged to the nationalists', did Chaves reopen formal dialogue with the central government. Such bargaining and confrontations highlight the national profile of some regional figures. Jordi Pujol, in particular, has assumed national prominence as leader of the Catalan government since 1981, and between 1993 and 2000 was widely seen as Spain's 'king-maker'. The president of Galicia, Manuel Fraga, is another high-profile regional leader: a former minister under the Franco regime, and leader of the Alianza Popular (as the PP was formerly known) from 1977 until 1989, Fraga has maintained a high degree of visibility at national level.

4.4 *Provincial and local level*

Beyond identifying provinces and municipalities as the two tiers of local government, the 1978 Constitution did not specify any change to Spain's existing structure of local administration. Reforms since the return of democracy have been mainly initiated by regional governments, although the 1985 Local Government Act sought to regulate basic aspects of local administration. In broad terms, as the Spanish state was being decentralised through the establishment of the Autonomous Communities, so local government was effectively being re-centralised at regional level. Under the terms of the Constitution, control over the municipalities passed largely to regional governments, which in practice have often been reluctant to cede power to the local level. Underlying their reluctance has been a fear that they may lose some of the political initiative gained through the establishment of the Autonomous Communities. In practice, informal direct contacts tend to take place between central government and local officials, particularly the mayors of big cities. Indeed, several municipal leaders – notably in Madrid and Barcelona – have been able to act as an effective counterpoint to both regional and central government.

4.5

In 1981, mayors in the big cities set up the *Federación Española de Municipios y Provincias* (FEMP, Spanish Federation of Municipalities and Provinces), which has over 4,000 members. Once seen as overly dominated by the PSOE, the FEMP has grown into an effective lobby organisation, and is currently chaired by a PP mayor. Its main role is to represent and negotiate on behalf of provincial and municipal councils, and it was closely involved in both the 1985 Local Government Act and the 1988 Law on Local Finance. The FEMP also plays an important role in lobbying at regional level, working with local corporations on issues related to economic development and representing municipalities to regional assemblies. As more functions are devolved to the regional level in Spain, political interactions between regional and local governments can be expected to increase, particularly as municipalities become more involved in such areas as planning, transport and tourism.

4.6 *European level*

In regard to relations with the European Union, Spain's admission in 1986 paradoxically had a negative institutional impact on the Autonomous Communities, in that (unlike the central government) they were not involved in negotiations over decisions which they would none the less be largely responsible for implementing (eg. structural funds, environmental programmes, etc.). However, this fact has not led to any rejection of the EU on the part of regional governments; instead, there exists a strong consensus amongst regional leaders in support of further European integration, particularly in regard to regional development, R&D, and inter-regional co-operation. Moreover, ten Spanish regions have benefited considerably from European structural funds under the terms of Objective 1. The real

problem for the regions in regard to the EU has lain in their relatively limited capacity to shape the national government's European policy stances. Indeed, regional participation in European-related decision has been a permanent source of debate and negotiation since Spanish membership of the EU. Unlike the German *Bundesrat*, the Spanish Senate is unable to play an effective role in terms of territorial representation (see §6.2).

4.7

After various failed attempts to establish a basis for regional involvement in European policy-formation, usually rejected by the Catalans and Basques who wanted their own autonomous nominees within the Spanish permanent representation in Brussels (REPER), in 1988 the *Conferencia para Asuntos Relacionados con las Comunidades Europeas* (CARCE) was set up. The purpose of the new body was to provide a channel for the interchange of European-related information and ideas between central government and the regions – although its horizontal nature was seen as an obstacle to the efficient distribution of sector-specific information. Some regions therefore chose to concentrate their efforts on promoting dialogue with the Secretary of State for the European Community (SECE). In 1992 a new agreement between the central state and the regions set out three basic functions for the CARCE: to provide information and promote general discussion over the process of European integration; the institutionalisation of regional participation in EC-related matters; support for regional involvement in specific areas through sectorial conferences. The extent of any region's involvement would be a factor of its competencies in a given area. Where EC legislation was directed exclusively at state level, the central government was obliged only to inform the Autonomous Communities rather than consult with them, but in all other cases it would take into account their views in formulating its policy.

4.8

Following the 1996 general elections, the Autonomous Communities were accorded greater involvement in European-related policy decisions, and the CARCE began to meet on a more regular basis. Moreover, it was agreed that representatives of the Autonomous Communities could participate in Spanish delegations at European Commission committees and workgroups – although this still falls short of the level of representation accorded to the *Länder* or to the Belgian regions. None the less, the Autonomous Communities have all established their own offices in Brussels, in order to follow EU developments more closely and even to act as lobbies. Spanish regions have also been at the forefront of moves towards the so-called 'Europe of the Regions', with Jordi Pujol having been President of the Assembly of European Regions. Indeed, Catalonia has been closely involved in inter- and trans-regional co-operation in Europe, forming part of both the so-called 'Trans-Pyrenees Euro-region' (with Languedoc-Roussillon and Midi-Pyrénées) and the 'Four Motors for Europe' (with Baden Württemberg, Lombardy, and Rhône-Alpes). These stable alliances are designed to develop joint projects in areas such as communications and technological R&D,

and others where synergies result from growing interdependence.

5. THE ELECTORAL DIMENSION

5.1

The electoral systems of the Autonomous Communities are regulated by the individual statutes of autonomy (except in the case of the 'historic regions', which are covered by the Constitution), by electoral law within each Community, or by the terms of the national electoral law, where this is applicable to regional governments. In principle, therefore, it is possible for different Autonomous Communities to establish different electoral systems, although in practice they have followed the d'Hondt proportional model with closed lists developed for national elections. Most Autonomous Communities have maintained provinces as their electoral districts (the exceptions being the single province regions of Asturias and Murcia, as well as the two island communities). Thus, the number of electoral districts in the Autonomous Communities ranges from one (Cantabria, Madrid, Navarre, and La Rioja) to nine (Castile and León). Similarly, the number of deputies in the parliament is established by each Autonomous Community, without any specific guiding orientation. The size of regional assemblies ranges from 135 seats in Catalonia to 33 in La Rioja; in the latter region, it takes around 6,000 votes to elect a deputy, whereas in Andalusia the figure is 45,000 votes. In the Basque Country, meanwhile, each province has the same number of seats, regardless of any demographic differences. Electoral barriers of 3 per cent exist in most regions, although the figure is 5 per cent in Cantabria, Extremadura, Madrid, La Rioja, Valencia and the Basque Country.

5.2

The first elections to the autonomous parliaments took place in the Basque Country and Catalonia in 1980, and Galicia in 1981. Andalusia followed in 1982. In three of these first four elections, the winners were not in national government (the PNV in the Basque Country, CiU in Catalonia and the PSOE in Andalusia). Regional elections held separately from other electoral contests allow parties in opposition to focus on challenges to the governing party at national level; moreover, the electorates in the Basque Country and Catalonia, in particular, have shown a readiness to express different preferences according to whether they are voting in a regional or a national election. In the remaining thirteen Autonomous Communities, elections are held simultaneously (the first time in 1983) and also concurrently with local elections. Mandates are fixed-term (four years), and allow national parties to engage in nation-wide campaigns in an attempt to persuade voters to make their electoral choice in regional and local elections on the basis of national issues. In general terms, those four regions with staggered elections (and with the capacity to call early elections) have seen more regionally-specific electoral campaigns and a greater tendency to

elect leaders from parties other than the one in national government. Overall, though, even in those regions with non-staggered elections, there has been a growth in support since the early 1980s for regional parties: regional parties have stood for election in all seventeen Autonomous Communities, and have gained representation in all but three (Castile-La Mancha, Madrid and Murcia).

5.3

For some 44 per cent of the time period between 1980 and 1998, regional presidents of the Autonomous Communities were not members of the party in national government – a figure lower than the proportion of regional chief executives not belonging to national governing parties in such federal countries with non-concurrent elections as Germany (50 per cent), the USA (51 per cent) and Canada (61 per cent). Indeed, regional elections tend to show a higher level of support for regional parties than do either national or European elections. Thus, although the development of the Autonomous Communities has led to the emergence of new regional ‘identities’, their electoral manifestation depends on the context in which elections take place. Whilst the ‘historic regions’ have seen the highest proportion of regional party support in all types of elections, some of the sharpest gains in support for regional parties have occurred in ‘new regions’ (such as Andalusia, the Balearic Islands and Valencia).

5.4

Participation rates in regional elections tend to be somewhat lower than in general elections: in the June 1999 elections for the 13 regions with fixed terms of office, the average turn out was 66.3 per cent (ranging from a low of 57.5 per cent in the Balearic Islands to a high of 74.8 per cent in Castile-La Mancha). This contrasts with a national turn-out of just under 70 per cent in the general elections of March 2000, in which abstention rates were unusually high.

6. STABILITY: STRENGTHS AND WEAKNESSES, SUCCESSES AND FAILURES

6.1

There can be little doubt that the current system of regional government is the most stable, successful and long-lasting ever established in Spain. There is scant evidence to suggest any significant public disillusionment with the model of Autonomous Communities, and participation rates in regional elections remain relatively healthy. No serious national level parties call for any political re-centralisation, and even the governing PP, which has historically been associated with more centralist positions derived from its right-wing origins, appears fully committed to supporting the continued development of the regional system of government. That said, it would be an exaggeration to suggest that the Autonomous Communities have functioned wholly smoothly. There remain significant issues that need to be dealt with if Spain’s model of asymmetric devolution is to evolve from

its current somewhat amorphous quasi-federal status to a more stable system of regional government.

6.2

The main strength of the system of Autonomous Communities when it was first introduced has paradoxically become a source of potential problems. The very flexibility which characterised the entire transition to democracy, and which was essential to steer through the necessarily delicate compromises, resulted in a hybrid model of devolution in which some of the institutional features designed to promote co-operation in federal systems were missing. Indeed, there are few institutions that fulfil such a role. The Senate, in particular, was not designed as a formal chamber of territorial representation with powers symmetric to those of the Cortes; instead, most members of the Senate are elected on the basis of a fixed number of seats per province, and just 51 (out of a total of 259) are appointed by the Autonomous Communities. One result is that the party composition in both chambers has tended to be very similar, reducing the role of the Senate to effectively little more than a rubber-stamping institution, with little direct involvement in the policy process. Although the Autonomous Communities have the capacity to exercise *self-rule* in a number of domains, there exist few institutional mechanisms to allow *shared rule* with central government, which severely limits regional involvement in national legislative and executive decisions.

6.3

The fact that the system of Autonomous Communities was designed to be flexible means that it inevitably remains in a state of constant flux: without a clear end goal, such as a formal federalist structure, the regions will continue making demands of the central state. These are likely to be most acute in the area of financing, where the dual system in place (see § 3.4 and § 3.5) already poses some problems. For many, the logical development of Spain's system of regional government is the introduction of a formal system of federalism, in which there would not only be a recognition of the regions' right to participate in national decision-making through a partial transfer of sovereignty, but also genuine fiscal autonomy for the regions. Such a proposal, however, would confront two main obstacles. First, the right in Spain would be implacably opposed to any revision of the 1978 Constitution on the issue of regional autonomy, and the political cost would therefore make such a development unlikely in the medium term. Second, the 'historic' regions - most particularly the Basque Country and Catalonia, would continue to insist on recognition of their claimed '*hecho diferencial*', which would be more difficult to accommodate within a formal federal structure.

6.4

The issue of independence, as opposed to autonomy, also remains serious. Although those parties in the Basque Country and Catalonia which have called for outright independence have seen their share of the overall vote decline (as opposed to regionalist parties, which

have seen their vote increase), there remains a solid bedrock of support for secession in both regions. The issue has become acute in the Basque Country, where the PNV – traditionally a conservative regionalist party in favour of autonomy – has in recent years adopted stances seen as much more favourable to the demands of the separatists associated with ETA. The truce declared by ETA in September 1998 (influenced by the Good Friday agreement in Northern Ireland) was broken in late 1999, leading to bitter recriminations between the national government and Basque nationalists. ETA’s calls for independence, however, are unlikely to be settled by any constitutional arrangement; indeed, they are not directly linked to the system of Autonomous Communities insofar as they predate its introduction and are based on non-negotiable demands which cannot be satisfied within any conception of the Spanish state. More threatening, in many ways, is the increasing differentiation between Catalonia and the Spanish state, with serious confrontations over the issue of language, school curricula, terms of employment within the public administration and the use of national symbols.

6.5

For some, however, the issue of sovereignty and independence is seen as increasingly irrelevant. Such a view rests on the idea that trans-nationalism and European integration means that the significance of nation-states is declining, particularly within a putative ‘Europe of the Regions’. Decision-making power in such a scenario is seen as moving away from the traditional nation state, both upwards to the supra-national European level, and downwards to the regional and municipal level.

7. LESSONS FOR THE UK?

7.1

That Spain’s system of devolved government is asymmetrical suggests that it could serve as a useful model for current developments in the UK. Certainly, it is more relevant as a model than, for example, the federal system of Germany. Indeed, within the European Union, it is the only other country which has developed a system based on a similar degree of asymmetry to that recently established in the UK. However, there are a number of factors which need to be taken into account when seeking to develop any comparison between the UK’s experiment with devolution and the Spanish model.

7.2

First, it should be borne in mind that Spain’s model of asymmetric devolution was introduced parallel to a wholesale transition from a dictatorship to a democracy. That said, the 1978 Constitution did not specify the precise model of autonomous government, and to

that extent there are similarities between what was initially envisaged for Spain and what has been established in the UK – that is, it had been thought in Spain initially that autonomy might be restricted to the ‘historic’ regions. In practice, the momentum of devolution soon led to the extension of autonomy to all Spain’s regions, and there are some who think that the logic of the UK’s system is that some form of devolved power must be extended to England. Unless and until such a move takes place, the UK will remain bedevilled by arguments over the so-called ‘West Lothian’ question – a concept which has no meaning in Spain as all the regions enjoy defined areas of autonomy.

7.3

Second, devolution has implications for wider constitutional arrangements – including the role of the second chamber and the functional equivalent to a constitutional court (ie. the body charged with settling disputes between the central state and any devolved parliament). At present, presumably these two bodies are one in the UK, as the House of Lords remains the highest court of appeal. However, there is likely to be pressure to rethink envisaged reform of the House of Lords to make it a more territorially representative body, as well as to establish a constitutional court. The Spanish experience suggests that in the early years, in particular, there are likely to be many disputes over competencies between the central state and the devolved parliaments – especially where devolution is asymmetrical.

7.4

Third, the political fall-out of devolved power is unpredictable in terms both of the way regional electorates will vote in regional and national elections, and also in terms of the balance between demands for greater autonomy for independence. The Spanish experience suggests there may be a rise in support for regional nationalist parties (ie., the SNP and Plaid Cymru) particularly in regional assembly elections, but that this may not necessarily be repeated at national elections – thus, there may emerge distinctive party systems and patterns of voting for different tiers of government as electorates become increasingly sophisticated. A rise in calls for independence is by no means an inevitable consequence of devolution.

7.5

Fourth, the issue of financing is likely to be difficult – particularly in regard to fiscal co-responsibility, deficit budgeting, and mitigating regional disparities. The Spanish system suggests that these issues are acute in a model of asymmetric devolution where regional revenue remains primarily within the control of the central government. Genuine political autonomy, as opposed to administrative autonomy, requires a significant degree of financial autonomy, a measure which will remain difficult so long as monetary policy remains in the hands of the Bank of England, and fiscal policy in the hands of the Westminster government. This particular conundrum has no easy solution.

