

Evolution of Intergovernmental Relations and the Strengthening of Autonomy

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Abstract Intergovernmental relations can have a new voice in the federalism. Dualistic federalism has given way to Cooperative federalism. As a consequence, constitutional distribution of legislative responsibilities has become unclear. This evolution, over time, has amounted to an overrun of responsibilities amongst the different government orders. One such overrun has occurred in the legislative area of government. That is, the consequence of this change in federalism, particularly in federalism's cooperations and responsibilities, has spread to the financial sectors of society. Cooperation with respect to financial policies is an important step in the evolution of federalism, as it has given power to some state governments to get financial help, such as grants, and to realize projects. This cooperation has given autonomy to many states, thanks to block grants from various federal governments. Such cooperation has occurred in many federations, including but not limited to the United States, Canada, and Brazil. Spain is a European example. With regard to Spain, this cooperation took place both with the central government and with the European Union, as well as with the subsidiarity principle. Today, the overrun of responsibilities from the legislative point of view seems to be an outdated problem, and especially as it concerns the issue of defending state autonomy. The actual power to focus on, when attempting to defend a state's autonomy, is the states' financial power. Strengthening of autonomy must be organized from a financial point of view. If legislative powers are not allocated to one specific order of government, then the legislature is given the discretion to act in financial matters, concerning all areas that are not otherwise prohibited.

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Intergovernmental relations are a main feature of federalism. This is an evolutionary part of a dynamic system. Considering this, intergovernmental relations will depend on various factors and can be modified given any extraordinary circumstance, i.e., crisis, war, peace, etc. Other factors may include national public policy, national and international economic conditions, or the will of member states and/or the will of the nation. For example, a nation might consider centralization or decentralization. This is precisely why many federal-type countries have an evolutionary intergovernmental relations system.

Intergovernmental relations can be studied from the legislative power point of view, i.e., under the distribution of authorities. From this vantage point, the legislative branch, as well as the power of administration in every level of government, will be important for intergovernmental relations. This in turn will determine the condition of relations between state and federal government. As a consequence, it will also be an indication of the balance of power between the respective branches. However, intergovernmental relations can also be studied from the point of view of fiscal authorities. In fact, the degree of fiscal power in every order of government will have a crucial and determinant impact on the autonomy of the respective state. Thus, fiscal power will dictate relations with the other governments.

In considering the challenges of federalism and the future of member states, especially the autonomy of the respective states, it is imperative to analyse the distribution of powers (legislative and fiscal), the evolution of the respective states, and the cooperative relations between regional and federal governments in those states.

The creation of a new framework such as the European Union instils a will of regional identity and respect. It reflects the trend of globalization. It promotes conduct that will reinforce regional identity and will therefore reinforce the autonomy of local and/or state governments.

In light of the foregoing, horizontal relations between the individual states and the regional governments will be fortified and will develop further, so as to increase cooperation. As a consequence, the role of regional government power will evolve into greater prominence.

The evolution of power and responsibility in federalism can be observed and monitored in other countries as well, including but not limited to the United States or Brazil. Indeed, it may be observed that this evolution leads to more cooperative relations between the various governments in the respective federations and, in particular, cooperation concerning financial and legislative issues. Viewing federations through this lense may enable us to assess the positive attributes that may flow from the newly formed Spanish federation.

Thus, in the first section, I will analyse the dynamism of intergovernmental relations in some federal systems, that is, legislative and financial (I). In a second part, I will analyse the strengthening of autonomy amongst the member states in various federal systems; as well, I will try to find elements of solution to the ongoing Spanish issue (II).

I) Dynamism of Intergovernmental Relations from the Distribution of Powers Point of View

The dynamism of intergovernmental relations will be analyzed from the legislative point of view (A) and from the financial point of view (B).

A) Evolution of Legislative Power: The Overrun of Responsibilities in Canadian and American Federations

The twentieth century has shown that federalism was not a static framework but was a dynamic system. Indeed, coordination and cooperation were developed in all levels of the federation, both vertically and horizontally.

From the horizontal point of view, member states increased relations between themselves in various areas such as trade, justice, and public policy . . . Nevertheless, cooperation and coordination were developed from a vertical standpoint too. This is particularly evident in the policies that have been implemented since 1930 and the ensuing economic crisis.

In several cases, the federal government decided to help their respective populations overcome the serious difficulties that they were faced with and to survive. This *help* took on the form of the *Welfare State* in different countries, most famously the United States, Canada, and then Brazil . . . However, the federal governments, in the latter experiments, were not used to having a leading role in these social sectors. This role was generally a mission for the individual member state, especially considering the delegation of authority in the federation and the distribution of power between the federation and the state. Jenna Bednar confirms this idea of separation of responsibilities and powers writing “any distribution of authority implies compromise. Not all objectives are complementary” (Bednar 2009, p. 7). From this moment, dualistic federalism was replaced by dynamic federalism; in the latter system, the distribution of powers cannot be readily observed, and particularly because of the increasing role of federal government. This period fostered cooperation between the federal, state, and local governments and eventually led to an interdependence amongst the states. From the legislative point of view, the consequence was a decompartmentalizing of powers and responsibilities amongst the respective states. The distribution of powers was not respected anymore. Certain powers were allocated to a particular government, or certain federations were granted an overlapping of powers. As a consequence, this change had, and still has, the possibility of a government (generally the federal government) acting and legislating in the respective member states’ legislative areas. It is important to point out not only that cooperation does not only exist between channels of formal government but also that cooperation occurs in informal form through commissions and/or organizations composed by ministers or public officials.

So, the overlap of responsibilities has had a negative influence on states and local autonomy. This has enabled the federal government to act in areas that have not traditionally been its responsibility and to cut or reduce the power of the states that comprise the federation.

To illustrate this evolution of federalism, we will first consider the Canadian example and its evolution of responsibilities (1) and then the American one (2).

1) Evolution of Responsibilities in the Canadian Federation

As an evolutive system, federalism is not confined within a fixed framework. Thereby, the capacity of a state's members can be stronger or weaker according to different periods or circumstances. Canadian federalism is a typical example of the evolution of responsibilities associated with federalism. When the Canadian federation was built, a strong federal government was required. They were tasked with exercising terminal authority over the provincial governments. This was necessary for two main reasons: First, the federal government had to usurp the role of the Crown. This would avoid popular uprising. Also, this would maintain unity in a vastly wide territory. Under these circumstances, it was important that the federal government show its domination. Second, this strict federal authority was necessary because the French Canadian population was reticent to be stripped of their culture, and more importantly, they wanted to be autonomous and self-governed.

However, various factors changed the federal domination in Canada. A first factor was that a reactionary period during the end of nineteenth century weakened the legitimacy of the federal government (Simeon and Papillon 2006, p. 101). A second factor was that important provincial political leaders were able to wield substantial influence in the federal Parliament. These leaders, such as Honoré Mercier, who was Premier of Quebec, or Oliver Mowat, Premier of Ontario, were the initial founders of interprovincial conferences. The first conference, in 1887, was commenced by strong critics of the federal government. A third factor effecting the erosion of federal dominance was that some of the resources governed by the provinces, like hydroelectric and/or mining energy, became an important sector of industrial activities and income for Canada as a whole. Thus, it strengthened the power of provinces. A fourth factor in the weakening of the federal role was that the judgments of the courts were often in favour of provincial independence, thereby strengthening their responsibilities. This, therefore, weakened federal power. For example, Canada's federal authority on trade or international relations was interpreted restrictively by the Canadian judiciary.

Nevertheless, the Great Depression, in the 1930s, reversed this tendency. The Canadian federal government had to pursue a policy of assistance for the entire country. This tended to unify Canada, thereby strengthening the influence and power of their federal government. This was particularly due to a centralization of decisions in the federal infrastructure. This inclination toward federalism carried on after the Second World War, as is evinced by Canada's pursuit of a Keynesian

policy in economic and social fields. A new era began in the 1970s, however. Several Canadian provinces voiced opposition to the federal establishment, eventually leading to the *Quiet Revolution* in Quebec. This fanned the flame of decentralization and fuelled the cries for reduction of federal authority in the provincial regions. Of notable concern to the provinces were conditional grants.

2) Evolution of Responsibilities in the United States

The autonomy of states is measured by their ability to act in areas of exclusive competence. Consequently, the ability of the federal government and its financial powers to act on states affects the autonomy granted to those respective states. The role of the states has always been very important in the American federation. As an illustration, we can observe that the states are mentioned fifty times in the American Constitution. As in the quasi totality of federal systems, states have their own constitution and citizens elect their own public and government officials. The state constitutions allow modifications of their institutions and self-powers. An example illustrates this idea: the states' governors' status, which were weakly developed in the first drafting of the respective states constitutions, have since been modified to reinforce their public and legislative powers in the states. This has allowed governors to be leaders of public policies in different areas such as education, health, economic development, and criminal justice. If local governments, like cities, towns, or counties, are not specifically set forth in the Constitution, their creation has been relegated to the various states that house those entities. The power of these municipal authorities (like the power to levy taxes) has also been delineated by the states. Even if the power of local governments derives from the states that give them that authority, local governments are left with a lot of independence and autonomy in their day-to-day operations. This independence is ensured both by the representation of local governments in state legislatures and by the important role played by local governments in the development of intergovernmental relations. This feature of government has been especially prominent from the 1960s forward. According to Elis Katz, "under Pennsylvania's constitutional provision concerning home rule, local government 'may exercise any power or perform any function not denied by this Constitution, by its home rule charter, or by the General Assembly'" (Katz 2006, p. 306). However, the individual American states have lost a part of their autonomy from a financial point of view. The federal government has notoriously used its fiscal power to influence the individual states' policies. For example, many grants were conditional ones, and state governments had to follow strict federal instructions in order to receive those grants, even in areas that had been traditionally allocated to state government.

The U.S. federal system is "symmetric" inasmuch as all states are supposed to enjoy equal constitutional status. Indeed, the U.S. Constitution recognizes broad powers to states but gives exclusive jurisdiction to the federation. In fact, the Constitution specifically sets forth the powers conferred to the federal government, leaving the remaining powers to the states and then to the people. This was

originally intended to limit the powers of the federation and its invasion upon the rights of the individual states. Nonetheless, the autonomy of states is significantly protected in the text of the U.S. Constitution. For example, each state has control over the organization and implementation of its state legislative, executive, and judicial branches according to each respective states' constitution. This is a clear indication that the individual states in the United States' federation retain a high degree of state autonomy. That is, the federal entity cannot act in member state areas, unless it is specifically provided for in the U.S. Constitution. Thus, the areas left to federal jurisdiction are limited by the federal Constitution and the States possess a significant amount of autonomy and independence.

The United States, like Canada discussed earlier, also went through a period of centralization. After the Great Depression, the federal government was able to centralize and increase its authority, often at the expense of state autonomy. As a consequence, state and local governments developed cooperatives to reinforce their constitutionally allocated powers and to avoid submission to the unbridled reign of the federal government.

In conclusion, it should be noted that cooperation has been a very important theme in the story of American federalism; indeed, this cooperation is what fostered the evolution of American federalism as it exists today. This new federalism innovated the traditional constitutional notions of distribution of responsibilities. The cooperation of governments facilitating American federalism has been realized in the legislative context, but more importantly, this cooperation has been realized in the financial realm of government.

B) Evolution of Financial Power: The Development of Cooperation and the Three Solutions of Public Finance Integration

In studying cooperation amongst governments in the financial context, integration of public finances in federations is a crucial key for consideration. Indeed, cooperation has a positive effect for state governments as they can receive grants and other benefits from the federal government. What's more, cooperation can allow for resolution of more global or international problems that may be faced by the individual states. For example, this would be the case when many local or state governments are faced with a common problem(s) and are not able to reach a solution alone, which may most commonly be the result of a shortage of funds or other resources. In this context, cooperation with the federal government permits the allocation of grants and other resources, even if the federal government will impose conditions upon receipt of those resources, and may thus be given a hand in controlling areas of government traditionally left to the states. From the federal point of view, cooperation can be a valuable tool for observing the state or local experience and particularly for observing their ability to implement nationally sponsored programs that depend on local conditions that may vary amongst each

state. There are currently three major categories of integration in public finance: firstly, conditional and unconditional grants-in-aids; secondly, coordination of financial policies; and thirdly, fiscal harmonization.

1) Conditional and Unconditional Grants

From a financial point of view, cooperation can take two forms. The first is the transfer of grants from one government to another. Most of the time, the national government transfers a part of its income to a state or local government. The second form of cooperation is fiscal revenue sharing. In the latter case, certain designated fiscal revenues are shared by different governments on the state and federal levels.

In various federations, intergovernmental fiscal transfers are an important check to insure the balance of powers. Grants can also be a good means for allowing states to act with more autonomy in their respective fields of authority. In the logic of vertical cooperation, federal governments can decide to help states by initiating development programs within the fields of state authority. However, in order to respect the autonomy and independence of the various states, financial aid should not take the form of conditional grants or require mandatory programs.

In Canada, for example, two kinds of fiscal transfers can be observed. Both are based on the federal spending power. A program of equalization payments has existed since 1957 and is protected by Section 36 of the 1982 Canadian Constitution. This program is based on the principle of equality of chances amongst the regions. According to this principle, each province must have “comparable levels of services, with comparable levels of taxation”. Unconditional grants from the federal government to provincial programs have been set up in order to equalize the respective provinces’ revenues and thus to protect their autonomy. The second kind of redistribution revenue from the federal government is the payment of federal grants in certain policy areas that have traditionally been left to the governance of the provinces. This type of program, styled a “shared cost program”, is less interesting for the individual provinces because, as a conditional grant, it threatens the provinces’ autonomy. Effectively, in this case, the federal government acts in provincial areas. It participates financially and sometimes even politically. Moreover, it imposes conditions on the respective provinces’ receipt of financial aid, which in turn forces the provincial government to act in accordance with the wishes of the federal government.

In the United States, the Constitution does not specifically provide for transfers from the federal government to the states, but case law through the years has allowed such financial transfers in the form of grants-in-aids. The courts have cited the *General Welfare Clause* (art. 1 section 8) and the *Spending Clause in justifying these transfers*.

2) Coordination of Financial Policies

Coordination of Financial policies is a characteristic element of federal systems. Coordination enables a federation to develop unified trade policies. Coordination takes the form of intergovernmental meetings that organize and plan financial agreements. In Canada, for example, there are interprovincial meetings and federal-state meetings with provincial ministers and the Premier Minister of each of the respective provinces and the federal government.

Two types of coordination exist: a concerted cooperation and a hierarchical one. Hierarchical cooperation means that one of the governments involved is more powerful than the others involved and, hence, drives the negotiations. It means that the dominant government—generally the federal government—imposes its will in the form of conditions upon the states. In this case, autonomy and independence of the states are not truly respected. However, in the second kind of coordination, contrary to the first, state governments are more free and their autonomy tends to be better served. Notably, concerted cooperation lends more possibility to state or local governments in terms of their influence on the process of decision-making and in having their opinions form the basis of the ultimate choices and solutions adopted. In this case, states are not subjected to a upper entity and are free to invoke their autonomy.

3) Fiscal Harmonization in the United States and Canada

The basis of cooperation in a federalist system depends on the financial dimension in each level of government. Without financial powers, it is impossible to carry out a collaboration amongst governments (Brasileiro 1974, p. 122). Financial cooperation can be realized in various ways. It can be carried out by constitutional mechanisms that organize the cooperation process. It can also be reached by grants, unscheduled by the respective constitutions. Coordination of financial policies amongst state and federal governments functions to harmonize fiscal laws overall. Fiscal vertical harmonization must necessarily include the harmonization of state and federal taxes that are of the same or similar nature. A partial and moderate disinvestment of proceeds from the federal government in local and state fiscal revenues will function such that local and regional taxes will take the place of what was once reliant upon federal grants. Harmonization, in this sense, may be achieved by including a tax credit or tax relief. That's what has happened in the United States since the 1930s and in Canada since 1962. However, when the federal government has a weak influence in fiscal matters, harmonization can only be made by the states, themselves, horizontally. This was the case in Canada as it concerns income tax.

There is no specific financial cooperation model, but such a model could be generally summarized as consisting of budgetary harmonization and corresponding fiscal rules (a) and/or fiscal and financial coordination amongst governments (b).

a) Harmonization of Budgetary Rules

The coordination of practices has resulted from the harmonization of budgetary documents, more precisely accounting presentation. This accounting presentation coordination was the consequence of a standardization of budgetary law. In Canada, harmonization began in the 1960s because of problems associated with intergovernmental coordination, as well as budgetary policies in general. Difficulties of coordination resulted from the diversity of institutions in the various provinces. The problem also derived from the use of different budgetary methods, depending on the state and/or local administration implementing those methods.

b) Harmonization of Fiscal Rules

Fiscal harmonization can be realized in both the vertical and horizontal planes. Vertical harmonization is a harmonization of state and federal taxes that share a common nature, while horizontal harmonization aims to harmonize different special taxes or tax systems amongst member states. Vertical harmonization is mostly catalyzed by federal government withdrawal. Then, to compensate for this withdrawal, the regional government gives an incentive for further catalyzation. Thus, prospective means for harmonization may be via tax credits or by other fiscal deductions. Canada and the United States have both used these techniques.¹ Tax credit techniques for harmonization are most commonly used when the federal government collects an income tax and a death tax. When the basis of state and federal taxes is the same, the federal government can deduct a part of the state tax from its own tax in order to reduce the cost on the taxpayer to the federal government. In other words, states and federal governments can each collect a part of the same tax.

Horizontal taxing coordination is only possible when member states have close relations and work together in unison. Canada is a good example of horizontal harmonization with interprovincial agreements on income tax.

The defence of state autonomy in federalism is a complicated road. From the legislative point of view, autonomy of states depends on the capacity to legislate and carry out administrative actions in the areas of state authority and responsibility. From the financial point of view, different objectives can be reached. Financial cooperation is the first step in defending state and local autonomy. Coordination is the second step. Coordination, however, should be a hierarchical coordination and not a concerted coordination. These efforts may be facilitated through intergovernmental meetings in which each government is allowed to participate, debate, and receive due consideration for its respective concerns. Harmonization is the third step. In this step, the states are able to collect their own taxes and do not depend on federal grants or other assistance from the federation. Block grants are, of course,

¹ United States, since 1930s and Canada, since 1970s.

the best way to provide for more autonomy to state and local governments. The state and local governments can use these grants as they choose and are not subject to federal mandates that impose obligations and limit the actions of states. In the second part of this study, we are going to consider the role that cooperation plays in strengthening state autonomy.

II) Strengthening of Autonomy of the Member State in Federal Systems

The evolution of responsibilities has some consequences on autonomy and cooperation (A) and shows a strengthening of member states and regions autonomy (B).

A) Consequences of Legislative and Financial Balance on Autonomy and Cooperation

1) State and Local Autonomy

Initially, cooperation in the United States took the form of horizontal cooperation. Indeed, the U.S. constitution allows each state to conclude agreements with other States, if approval is given by Congress. This follows from the Constitution, Article 1 paragraph 10. However, the U.S. culture has given a lot of independence to the states, and those have organized themselves autonomously. Cooperation was not a natural attitude for the states because they had an opposite vision of independence. If this cooperation is in theory possible since 1787, it had no real practical existence until the late nineteenth century and especially in the 1920s. It is actually in the 1960s that agreements between states (interstate compacts) have assumed great importance in key areas such as education and regional development. Agreements are the result of cooperative federalism and are driven by commissions composed of members appointed by the governors of the states concerned. However, it is often difficult to establish a clear division of responsibilities. In addition, by specifying precise needs, they cannot see in a comprehensive manner the problems that arise and only occasionally solve narrow problems instead of acting on the overall issue. Most of the time, it was the central power that solved the problems by itself, going beyond the state, instead of two bodies cooperating in unison. From a vertical perspective, even if the federal share of public spending has increased extensively, states have maintained broad decision-making responsibilities, including cases where the federal government provides most funding. This is the case for road or urban development and education. This observation is also true regarding cooperation between administrations. However, cooperative federalism, because of centralized development, took progressively the form of a coercive federalism.

In addition, states also have a substantial fiscal autonomy and can determine their tax system rather freely. The United States fundamental principle of autonomy of states and economic culture decrees that horizontal equalization is not considered as a main objective of federal policy. The results of reducing financial inequalities have been, in this country, much less positive than in most federations. The autonomy is therefore a barrier to any desire to reduce inequalities between states, except for the financially weaker states, which cannot accept this aid in order to provide the minimum services to its residents.

In conclusion to these financial developments, it's possible to consider that federal grants have been a good way for the American states to improve their autonomy. The federal grants have permitted the states to act in more policies because of a more significant financial capacity. States can act with more easiness in their areas of competences, thanks to federal grants.

2) Autonomy of Brazilian Entities

Autonomy is the power of self-determination “exercised independently inside the boundaries of a superior rule” (Mortati 1967, p. 694). Self-determination implies self-organization, according to Anna Cândida da Cunha Ferraz, and auto-organization logic is a characteristic of the Brazilian federation (da Cunha Ferraz 1979, p. 53). The 1988 Brazilian constitution admits a real autonomy to the member states of federation and to municipalities. Thus, articles 25 and 18 of the federal Constitution allow states to have their own constitution.² Three levels can be observed in the Brazilian organization (union, states, and municipalities), and union and states have legislative, executive, and judiciary powers.

The union shall have jurisdiction in matters relating to the sovereignty of the Brazilian Federation and in the fields of legislative, executive, and judicial within its jurisdiction. States also exercise the powers in three regional interests. Executive power is held by the governor, who is elected by the people. He leads the state policy as a whole and is not subjected to the policy of the Union. Legislative power is vested in an assembly composed of deputies, also elected by the people. The unicameral assembly may legislate in all areas except those having jurisdiction of another entity.³ States also organize their own judicial system according to their own constitution and have a taxing jurisdiction to ensure their financial independence. The areas in which states may levy taxes are targeted under section 155 of the 1988 Constitution. They can create taxes in some areas and receive a share of tax revenues collected by the federal entity.

Municipalities, in turn, have a legislative authority to enable them to make laws that apply in their areas of expertise. They hold an executive power for their

² Article 25: “Os Estados organizam-se e regem-se pelas Constituições e leis que adotarem, observados os princípios desta Constituição”.

³ Article 25 of the Federal Constitution provides fields in which federated legislatures cannot act.

implementation and also to ensure their fiscal powers and, thus, genuine autonomy. Municipalities can set their own taxes in specific areas. The autonomy of the entities of the Federation is carried out by several elements. First, they have a capacity for self-organization as each state has a Constitution, according to the 1988 Federal Constitution⁴; the municipalities are organized by organic laws.⁵ The autonomy of these entities is further reinforced by the fact that they are elected by the people, members of their executive, and because their legislative power suffers no subordination on the part of the Union. Municipalities were granted by a very favorable status in the Constitution of 1988. They can take any kind of act in their jurisdiction, and these acts are not subjected to any control. They hold a legislative power, exercised by the council acting in the affairs of local interest, and an executive power held by the mayor. However, they hold no judicial power. From a tax and financial perspective, municipalities enjoy a degree of autonomy since they can create taxes⁶ and receive a share of federal revenues and state.⁷

B) Strengthening of Member States and Regions Autonomy

In some federations, like the American or Canadian federations, each government order has equivalent responsibilities in the executive and legislative branches. This has several advantages. Firstly, it reinforces the autonomy of the regional and sometimes local order, when local orders have legislative authority. Secondly, each order can properly implement its own legislation and make adjustments if necessary.

In Spain, the Constitution lists the exclusive powers of the federal government. The constitutional text transfers the determination of the powers of Autonomous Communities to States Autonomy. In spite of the rules determined in the constitution and the assignment of authority, the reality of Spanish federalism shows the gap between theory and practice. A lot of areas require the cooperation of various governments. That's a good omen for the states and their capacity to have influence on matters that belong generally to the federal authority. Otherwise, concerning residual powers, the Constitution gives to federal government the capacity to act. This has important consequences on the communities' autonomy. It limits their autonomy because they cannot act in areas that are not explicitly assigned to federal government. Residual areas are, usually, areas with no national interest (most of the time), and so those are areas interesting to states or local governments.

⁴ Article 25 of the Constitution of 1988.

⁵ Article 29 of the Constitution of 1988.

⁶ Articles 156 and 145 of the Constitution of 1988.

⁷ Articles 158 and 159 of the Constitution of 1988.

1) Cooperation and Collaborative Federalism: A Key to Strengthen States Autonomy

Cooperation can be a very good way for states to keep a part of autonomy. More precisely, if cooperation creates the participation of several political institutions, the establishment of public policies of each state can be autonomous through the realization of politics that could not be achieved by the state itself. However, cooperation can also represent a danger for state autonomy as in the negotiation process; one level of governance can take the ascendance on the others and, as a consequence, restrict the others' government autonomy. Furthermore, cooperation can take a form of interdependence or sometimes centralization if the federal government is too powerful. Then, each government order must be on equal foot in the cooperation process.

Collaborative federalism is the process that realizes national objectives in collaboration with federal government and with all or several member states of the federation. Collaborative federalism is quite different from cooperative federalism because there is no influence from the federal government by means of conditional grants. Collaborative federalism can take two forms. The first one consists in collaboration with all levels of government in order to share and find a balance of power and responsibilities. Nevertheless, an assumption must be made: Each level of government must have fiscal and administrative powers as coordination of public policies depend on interdependence and interdependence presumes that every actor has power to act (Cameron and Simeon 2002, p. 55). The second kind of collaboration is the one between state and local governments. In this case, federal government has a secondary role. It is not the principal but the second actor.

Collaborative federalism is also a way to find a solution to authority overlap when an area is under federal and regional ability. Main advantages of collaboration are to let one level act, to avoid changes and amendments of the federal Constitution. Canada is a good illustration of collaborative federalism. Federal-provincial Premier Ministers Conferences have been created as the Annual Conference of Provincial Premier Ministers. This Annual Conference prepares plans and writes statements to the federal government offering him solutions to solve a problem. Local or regional administrations analyze problems they meet and propose plans to resolve at the federal government level, when this problem concerns a shared area.

2) Influence of European and International Relations

Internationalization of relations, borders opening, conducted regions to protect their identity and their autonomy. European Union also had an influence on the protection of regions. The European Regional Development Fund is a general program that gives grants to regions and many others. More specific programs also exist, like economic and social cohesion programs or programs for the development of rural territories. These programs have been created in the logic of subsidiarity principle.

This well-known fundamental principle gives priority to the closest authorities to act in local areas. This principle gives more power to regions delivering grants in order to reinforce economic and social policies. Furthermore, regions could protect their identity and their culture, thanks to European grants allowing development and emphasizing regional culture. Concerning the allocation of resources, the Council for Financial and Fiscal Policy is in charge of allocating these resources to regions and brings them important support.

The European integration process of EU has extensively changed the center-periphery relations. Transfers of some decision-making authority have made the European Commission a significant actor to development of regional governments. Then, communities cooperate also with the European Commission without the federal Spanish government. Regional governments have gained more power as they are represented in some European institutions like the European parliament or the Assembly of European Regions.

Conclusion

For Spanish communities, coordination is a crucial issue in the Spanish system due to the overlap between regional and national areas. As a consequence, coordination is executed by sectoral committees, composed by regional and national ministers.

Concerning the sources and the allocation of resources, Spanish systems do not really seem like a federal system. Except the Basque country and Navarra, none of the communities collect their own resources⁸. All taxes are levied by the federal government and allocated to communities after a negotiation process. In the Basque country, the situation is the total opposite as the regional government collects all the taxes and gives a part of its revenues to federal government after negotiation. A specific fund also exists for the poorer regions. In respect of article 2 of the Spanish Constitution, which recognizes the right of autonomy to the regions and solidarity, an Interterritorial Compensation Fund has been created to help regions with economic difficulties. This fund has been reinforced by the European Union by regional development programs. Political and financial relations with other governments like Spanish or European entities are a good solution to maintaining some autonomy for Spanish communities. Spanish or European grants give to Spanish communities the capacity to act in more policies regarding the financial increase of the state governments. Thus, financial and fiscal cooperation are good mechanisms to solve solutions related to state or local problems as cooperation promotes the mutual expressions of view and organizes helping relations, in particular in matters of financial difficulties. The distribution of powers and its respect is not anymore an important key to defend state autonomy. The federalism evolution,

⁸Richard Gunther and José Ramon Montero, *The Politics of Spain*, Cambridge, Cambridge University Press, 2009, p.83.

in various countries, has showed that overruns of responsibilities are very frequent and do not secure state powers. However, the financial capacity is a fundamental key to keep and protect autonomy. Grants without federal mandates enable state to act the way they want their home rule and so preserve their autonomy.

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