FEDERAL ASYMMETRY AND INTERGOVERNMENTAL RELATIONS IN SPAIN

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Foreword

The federal Liberal Party's 2004 general election platform heavily emphasized issues that are mainly subject to provincial competence under the constitution (e.g. health care, child care, cities). Since the federal government lacks the authority to implement detailed regulatory schemes in these areas, acting on these election commitments frequently requires federal-provincial-territorial (FPT) agreements.

A controversial question that arises when considering all intergovernmental agreements is whether they should treat all provinces and territories similarly or whether the agreements should be expected to differ from one province/territory to another. This issue of symmetry or asymmetry arises at two levels. The first is whether all provinces should be and should be viewed as "equal" in legal and constitutional terms. The second relates to the political and administrative level and the intergovernmental agreements it generates. When should Canadians expect all provinces/territories to be treated similarly in these agreements and when should difference be the rule?

Given this political context, it is timely to reconsider the factors that are relevant to the issue of symmetry and asymmetry. We are doing this by publishing a series of short commentaries over the first half of 2005. These papers will explore the different dimensions of this issue- the historical, the philosophical, the practical, the comparative (how other federations deal with asymmetrical pressures), and the empirical. We do this in the hope that the series will help improve the quality of public deliberation on this issue.

Harvey Lazar
Director

Asymmetry in governing receives a fair amount of attention in Spain. Late in 2004 the Basque Country parliament put forth the Ibarretexe plan (named after the regional premier Juan José Ibarretexe), that attempts to redefine devolved regional autonomy and provide for a possible referendum on becoming "a free state associated with Spain." Passed with last minute support from political sympathizers of the ETA terrorist group, Ibarretexe at a minimum has called for a parliamentary commission in Madrid to re-negotiate its statute of autonomy, that is the region's sub-national constitutional equivalent. The response from the government in Madrid was to reject the plan, with Prime Minister José Luis Rodríguez Zapatero calling it secessionist, unconstitutional, and incompatible with a frontierless Europe. He has ruled out government-to-government negotiations in favor of a review of all seventeen original regional statutes, which is linked to his reform program. Catalonia has also called for a re-negotiation of its statute of autonomy. Its regional parliament passed revisions in Fall 2005 that would grant Catalonia an independent legal system, the right to raise taxes and negotiate payments to Madrid, and to be called "a nation." The Socialist led Catalan government wants to collect all taxes like the Basques and Navarrenos do under special *dejure* arrangements. In regard to recognition as a nation, the premier Pasqual Maragall says "the statute does not have to be particular; the word nation is polygenic" (*Economist* 6-15-05 p. 48). A vote by the central parliament is not expected until protracted negotiations are undertaken during 2006.

The post-Franco democrati**c** transition has once again underscored the plural nature of Spain, as regional devolution/autonomy has forged a governmental system that is both parliamentary and federal, with notable asymmetric features. The past quarter century of building the democratic state has been marked by the creation of institutions and political practices that are both centripetal and centrifugal. Today Spain is both symmetrical and asymmetrical in governance, reflecting the forces of unity and diversity in one of the world's oldest nation states. This has occurred

by what one could call "management" of asymmetrical forces through intergovernmental relations (IGR) (Agranoff 1999).

Federal asymmetry in this sense refers to the differentiation of status and rights sanctioned between component units within the undiminished system. To a considerable extent, it is essential to maintaining national stability, and governance depends on recognizing diversity while deflecting the "secession potential" of particular minorities or majorities. In many situations asymmetry may arise in response to the need to preserve a particular union, and in many cases is a condition of governance success. Asymmetry was first recognized in regard to different relationships among U.S. Southern states (Tarlton 1965), although it is applied in many other federal contexts, for example Canada, Belgium, India, and Malaysia. As Duchacek (1987) maintains, social, political, and economic differences ensure that no federal system is completely symmetrical. In this regard, the major dimensions of asymmetry are normally considered to be *dejure*, embedded in constitutional and legal processes, and *defacto*, arising from actual practices and relationships. In fact, asymmetry has been found to have other important characteristics, such as horizontal asymmetry (among units), a normative dimension, a relational dimension (i.e. one move effects another) and so on (Agranoff 1999, intro.; Watts 1999).

Spain's status as a federal country is disputed by some analysts and observers and written off by others as a system that has "interesting federal features." In fact, the Spanish Constitution does not formally create a federation, but its state of autonomies built in several federal features that as activated has led to the gradual building of a federal state (Agranoff 1996) through what Moreno (2001) refers to as the "creation of a federal state by induction." The contemporary system is best captured by Aja (2003: 97), one of the country's most able constitutional scholars, "the features of the autonomous state correspond to the essential features of federal systems, and because of the way the Constitution is employed, the conclusion that can be reached is that the existing structure of power in Spain is equivalent to those of actual federal states." In a sense, the federation/federal argument is not essential to the debate over asymmetry or other features of Spain's governments. It appears that what is key is whether the particular arrangements meet the governance needs of this multi-tiered and plural democracy.

The story of asymmetry in Spain is in fact one of managing or balancing at two levels, that of the more visible bilateral fiscal and political negotiations between historic regions and the center, and IGR between the center and all or numbers of regions, as the *estado de las autonomías,* or state made autonomies has evolved. Understanding both levels is very important. A historical sketch of plural Spain is presented next. That is followed by a look at the institutional arrangements and major features of asymmetry. Then emergence of asymmetry along with its management towards symmetry is analyzed. Finally, future challenges are assessed.

SPANISH PLURALISM: ASYMMETRY AND GOVERNANCE

The conditions leading to asymmetry in Spain are regional in orientation, and go beyond Basque and Catalan ethnic nationalism. In point of fact, other regions such as Aragon, Asturias, the Balearic Islands, Galicia, Navarre, and Valencia have always felt some degree of separate identity, and regions like Andalucia and The Canary Islands have historically felt degrees of estrangement from the center. Moreover, many of these areas (Aragon, Basque Country, Catalonia, Navarre and Valencia) experienced degrees of self-rule or distinctive immunities regarding crown taxation and governance during the Habsburg centuries. Overlaying regional identities were economic differences. The Basque Country and Catalonia were the early industrial regions and thus economic powers, and their struggles with Madrid over differences in protectionism versus free trade were epic in proportion. Poorer agricultural regions, such as Andalucia, Estremadura, and the two Castilles, formed the core political center. This created an inverted center-periphery pyramid, in which

political and economic powers were found in different poles. To many observers, economic grievances arising from Madrid's control over economic tools (taxation, tariffs, import-export mechanisms) coupled with different subnational languages and cultures, were the key conditions of ethnic conflict.

Fusi (1990), however, offers an alternative explanation. He argues that Spain was far from centralized in the nineteenth century and that the construction of a Spanish nation-state was not a function of Spanish political nationalism, but the result of a long, unplanned, and changing process of adjustment of an ever-growing machinery of government to the also growing and changing problems of Spanish society. Ethnic subnationalism rose simultaneously with the beginning of unified nationalistic feeling, Fusi argues, both trends gathering strength as regional and national markets grew, as urbanization took on momentum, and as unified systems of mass communication developed. It was a process similar to that occurring in other European countries. Thus, the centrifugal tendencies that appeared in some of the more economically developed and culturally differentiated regions of the periphery were, for the most part, not a manifestation of local resistance to Castilian domination. Rather, it was an index of the weakness of the Spanish state in the nineteenth century, with its strong regional identities, its private local networks of clientism and patronage (*caciquismo*), and its attachment to the feeling of *patria chica*, or loyalty-identity that is rooted in the village and region.

Whatever the precise explanation may be, Spain has never been able to integrate all of its regions into the predominate Castilian center. Political and economic struggles were transformed into regional conflicts during the late nineteenth and the first four decades of the twentieth century. An experiment with regional autonomy was undertaken during the Second Republic of the 1930s, but it was followed by a civil war fought in part over regional questions. This was followed by four decades of ethnic subnational cultural and devolutionary government repression under Franco.

This was the situation faced by the constitution-makers in 1975-78 after Franco's death. The dual identities of many Spanish people, as so ably documented by Moreno (2001), was manifested in governance in the region and country e*stado de las autonomías.* It was created in line with what Moreno characterizes as multiple ethno territorial concurrence. "This model relates socio political ethno territorial mobilization to the interplay among Spanish nationalities and regions pursuing political and economic power, as well as to the achievement of legitimization for their institutional development" (79). It is within the Moreno framework that symmetry/asymmetry in Spanish IGR is manifested.

BUILDING THE STATE OF AUTONOMIES

The 1978 Constitution avoids any federal/unitary classification in favor of ambiguity. Article 2 states, "The Constitution is based on the indissoluble unity of the Spanish Nation, the common and indivisible country of all Spaniards; it recognizes and guarantees the right to autonomy of the nationalities and regions of which it is composed, and solidarity amongst them all." The Constitution then frames a three-tiered system. Article 137 allows for the organization of the country into "municipalities, provinces, and any autonomous communities." The Parliament is to approve, upon petition by groups of provinces or by a single province, a *national* statute of autonomy for each territory (AC and territory are subsequently used interchangeably). The route to autonomy was made faster for the historic territories (based on their Second Republic statutes and plebiscites) of Catalonia, the Basque Country and Galicia. These three territories and Andalucia (through a special constitutional route) did accede to AC status very quickly, whereas the other territories took a slower and somewhat different route to autonomy. Spain's fifty provinces are currently divided into seventeen ACs, all of which achieved autonomy by 1983. Some incorporate a large number of provinces, e.g. nine (Castilla y Leon) and eight (Andalucia), whereas seven ACs are based on single provinces: Asturias, the

Balearic Islands, Cantabria, Madrid, Murcia, Navarre, and La Rioja.

Spain's federal arrangements were subsequently built by the governing process, following in many ways what Frederich (1968) calls a unitary country "federating" by differentiating into a federally organized whole. "Federal relations are fluctuating relations in the very nature of things" (7). These features have been built both by broad bilateral and multilateral agreements among the key central and subnational interests (Agranoff 1996) but also by the initial pre-autonomy actions, constitutional norms, interactions regarding the initial statutes of autonomy, state level basic legislation regarding the ACs, interpretations made by the Constitutional Tribunal, and the political orientation of Spanish political partners (Aja 2003: 95).

KEY ELEMENTS OF ASYMMETRY

It would be impossible to fully elaborate on the entire range of asymmetric relations, and they have been covered in other places (Agranoff 1994; 1999; Moreno 1999; Máiz, Beramendi y Grau 2002). The major dimensions of *defacto* and *dejure* asymmetry will be highlighted:

- The four faster route ACs have received greater power transfers and at much earlier stages, and in some cases the slower route communities did not receive certain powers until over twenty years after the other four communities. Some powers that are essentially central, such as regional police, are only exercised in the historic communities. They also have fewer central government limits on their governments, e.g., size of cabinets, timing of elections, and have experienced lower levels of transfers of central civil servants.
- Distinctive status extends another step through the constitutional recognition of six co-official languages: Castilian, official in all parts of Spain, Catalan, *Eskaudi* (Basque language), Galician, Valencian, and Majorcan (the latter two derivatives of Catalan).
- Two ACs, Basque provinces and Navarre are allowed to continue historic financial concessions based on their *fueros*, or immunities. These *regimen foral* or special regime regions collect income and other major non-Social Security taxes and then a portion to pay for central government services is negotiated in the form of a *cupo*, or lump-sum payment. The other ACs are called common regime regions. The bulk of their funding is from subvented central taxes and through tax sharing and grants.
- Until 2002, when the last ACs accepted education, health and social services, competencies were uneven among the 17 ACs, with the Basque, Catalan, Andalucian, and Galician governments holding the largest number.
- The Canaries AC, which is off the coast of Africa, retains all harbor and petroleum taxes, and is exempt from the European Union Value Added Tax (VAT). The other 14 common regime ACs receive only a share of the petroleum and harbor taxes and the remaining 16 regions pay the VAT.
- The government of Catalonia has maintained much greater regulatory and operational control over its financial institutions, collects a fee for oversight, and devotes the funds to economic development. They also possess unique shared legislative controls over banking operations. Traditionally, Catalonia also experiences tax sharing to a greater extent than do other common regime regions.
- Catalan and Galician legal codes are different from those of other communities, particularly in regard to civil or private law, family legislation, land tenure and land inheritance.
- The three Basque provinces (sub AC governments) have greater powers, almost like those of the other 16 ACs, compared to other Spanish provincial governments, particularly regarding their power to levy taxes, fund municipalities, regulate other local governments, and govern their territories. They are also unique in that their *diputación* councilors are elected by direct popular elections (the other provincial

councils by indirect municipal council selection). The other 40 functioning provinces are more limited in scope, experiencing only delegated powers from the central government, AC governments, or from municipalities. (Note: the seven uniprovincial ACs are effectively merged with their regional governments.)

- The major *defacto* AC asymmetries include variations due to different economic circumstances (with seven considerably above the country average and four considerably below), employment rates similarly of varying degrees, considerable distances and many small and hard to govern/maintain municipalities in four ACs, and large concentrations of vulnerable populations (e.g., immigrants) in four regions.
- Another *defacto* asymmetry force is the role played by the Basques and Catalans in foreign affairs. Although foreign policy is an exclusive central competency, both have made extraordinary international moves based on their identity as "nations." It has involved major diplomatic issues, such as when former Catalan president Jordi Pujol asked to be received officially by the Swedish Prime Minister and King, when the Basques requested direct representation in the EU, or such minor issues as when the current Catalan president requested that Catalonia join the "club of French-speaking countries" or when its coalition partner leader boycotted the wreath-laying at the tomb of Yitzak Rabin in Israel because no Catalan flag was flying.
- Perhaps the most important *defacto* asymmetry comes as the result of the political leverage exerted by non-state parties, particularly when they represent the balance of power within AC or central parliaments. Nationalistic/regional parties from Catalonia, Canaries, and others (the Basques rarely play this game) have been needed to support minority central governments, to form the governments, adopt a budget, or enact other major issues. To make a winning coalition the non-state party/parties will exact a price, e.g., leveraging of special funds, tax concessions, added competencies, stripping away parts of control functions, and so on. At the central government level minority governments were necessary after the 1986, 1989, 1996 and 2004 elections, opening the door either to leveraging new asymmetrical bargains organized concessions.

Although some would argue there are more asymmetrical features, the above set would constitute the generally accepted major differences. The forces for asymmetry are highly political. Aja (2003 Ch. 4) concludes that politically most of Spain experiences the prevalence of two major and one minor statewide parties, whereas the historic regions and others also experience a series of regional nationalist or non-state parties (see also Pallares et al. 1997). The existence of these non-state parties not only leads to more situations with minority governments, but also polarization. That, in turn, leads to the push for more strident asymmetrical demands, ratcheting up central government pressure to manage demands, balance political forces toward governing symmetry.

THE MANAGEMENT OF ASYMMETRY

The central government has basically used its constitutional status and the exercise of IGR to deal with AC demands for special status and rights. Space again prevents all but the highlights of the major initiatives regarding what might be called "the quest for symmetry."

- The Constitution enumerates some 32 exclusive state competencies, many of which go far beyond such standard central government powers as foreign affairs, defense, the military system, exterior trade, etc. It also includes the judiciary power, radio and telecommunications, educational standards, pensions and social security and traffic control, to name a few.
- In practice numerous AC powers are divided normatively and administratively between central and AC governments, for example general regulation of education, social services, universities, municipal supervision

and many others (Argullol et. al 2004) are actually shared powers.

- Within these powers, particularly those of a dual nature, the state has chosen to adopt many basic or framework laws that govern AC operation of nonexclusive competencies in health, education, urban development, and municipal supervision. For example, the Basic Law on Local Government (LRBRL), enacted in 1985 and amended many times, establishes basic local government organization, enumerates services to be provided, and otherwise regulates municipalities and provinces in the entire country.
- From 1985-2002 the central government used its powers of delegation of competencies to even out AC responsibilities. For example, the *Pacto Autonomico* of 1992 bound the major parties to the transfer of major competencies in health and education, along with pre-existing social services, to all 17 ACs.
- Decisions or *sentencias* of the Constitutional Tribunal (TC) have not only controlled the actions of some ACs (the overwhelming challenges have involved Basque and Catalan AC issues), but have upheld the right of the central government to intervene in matters of constitutional integrity, fundamental rights, and in matters of the national interest. For example, the Tribunal has interpreted AC powers as including the "right to make the final decision" regarding its competencies but has upheld the central government's role in basic legislation, in matters of fundamental personal rights and in matters of national interest. In these respects, it has overturned a Catalan law abolishing its provincial governments, set aside a Basque language law requiring that all new AC civil servants to know and use *Eskudai*, and upheld the right of the central government to become involved in tourism. The latter is an exclusive AC competency, but because of its connection to the country's economy, the TC upheld the central government role.
- The government in Madrid has used many intergovernmental bodies to smooth out the transfer of powers process and to promote cooperation. Under a TC ruling, all competency transfers had to be unilateral in *transfer commissions*; one competency, one region through protracted program and fiscal negotiations. Moreover, literally hundreds of *convenios de colaboración* cut across numerous domestic arenas; agriculture, fisheries and fishing, health, social services, labor, culture, and many more. These *convenios* bring together central, AC, and sometimes local officials to work out issues, particularly administrative, of mutual concern. There are also *sectoral conferences*, comprised of central ministers and AC ministers, to discuss major issues within their area, e.g. in environment, public works, tourism, culture. These bodies focus on legislative and administrative questions. Finally, a Conference of AC Presidents, initiated in 2004, brings together first ministers. While too early to know its impact, presumably their greatest potential would be in the legislative arena – affecting all regions – at the central level. All of these mechanisms are designed to involve large numbers or all ACs in the IGR process, thus discouraging bilateral negotiations by the Basques, Catalans, or others.
- In foreign affairs, there have been examples of the Basque and Catalan ACs trying to engage in foreign relations, such as attempting to exchange official representatives, trying to fly the AC flag in other countries, requests for official diplomatic receptions, all of which have been refused by other countries and resisted by Madrid. However, when the Basques opened an EU office in Brussels, the TC approved AC "international activity," so long as it does not compromise the unity of Spanish foreign policy. Another problem area is that the Basques and Catalans have resisted equal representation of all regions on the EU Committee of Regions, but equality remains. To encourage AC equality, all regions are now encouraged to engage in trade missions, commercial and cultural exchanges, "sister city" alliances, transport linkages, and promotion of tourism.

- The central government's role as the negotiator and final arbiter with the EU has to a degree eroded some AC competencies, by bringing all of them back through Madrid's "final decision" role within the EU, where negotiations are country by country. In particular, this has affected agriculture, fishing and fisheries, industrial policy, environment, regional planning, transport, culture, and energy policy (Colino 2001).

In sum, while less visible than the political processes of asymmetry seeking, the central government has attempted to manage asymmetry through its IGR processes, principally in their quest for symmetry among the regions. If symmetry is not possible for all regions, the central government has sought at least to expand special rights and privileges for a significant number of regions, making the asymmetry for a few regions less patently obvious. The only exception to this rule has been the steadfast refusal by the central government to expand the special regime taxing powers of the Basque Country and Navarre. The central government has not always been enthusiastic about diluting its powers, but has sometimes had little choice, and when it has done so, it has preferred to generalize devolved powers, that is to offer *café para todos*, or coffee for everyone instead of champagne for the historic regions.

DISTINCTION, EXCLUSIVITY, INDEPENDENCE

What do the regions seeking asymmetry want? The answer is different for different regions. For many Basques, including the Basque Nationalist Party (PNV), the answer is a form of independence, with some form of free or voluntary association with Spain. The terrorist group ETA and its now outlawed political arm *Batasuna* not only want complete independence, but unification of Navarre (part Basque in ethnicity) and three Basque provinces in France as an ultimate goal. However, survey after survey indicates that a majority prefer a greater autonomy or the current form of autonomy (note: about one half of the people living in this AC are not Basques, but Spaniards from elsewhere). Most Basque people report a dual identity with being both Basque and Spanish. Given rejection of the Ibarretexe plan by democratic means, the next step of the PNV is to join with the central government Prime Minister Zapatero's willingness to negotiate the statute of autonomy and some aspects of constitutional reform. The PNV president Josu Jon Imaz, has called for a peace process based on the language of Northern Ireland's Good Friday Agreement, in effect trading off peace with ETA for constitutional reform. The leader of Batasuna, Arnaldo Otegi, has not moved much from the call for independence, stating "the recognition of the Basque nation and our right to self-determination" as essential (*Economist* 4-23-05 p. 51).

The Catalans are somewhat different in as much as the independence movement is small, almost a fringe group. Only its small Catalan Republican Left (ERC) has called for independence. Most Catalan nationalists' interest is in recognition as a "nation" and expanding the statute of autonomy to make it more independent in a federal sense of self-rule. Most important are the calls for independent financing on the lines of the two special regime ACs. There are perennial calls for additional powers that set Catalonia aside but they tend to be in competency areas where the government in Madrid can return the favor by eventually expanding these powers elsewhere. While the revised statute sent to Madrid in 2005 was considered to be a "celebration" by AC president Maragall, a follow-along survey suggested that only 4% of Catalans felt the statute to be important (*Economist* 10-8-05, p. 61). Beyond these issues there are minor irritants, where people in the center resent Catalan provocations, such as advertisements that say "Catalonia: A Country in Spain" or "Catalonia: A Country" or the ERC president's 2005 call to Catalans not to back Madrid's application for the 2012 Olympic Games. These issues may cloud the atmosphere for increased autonomy a bit, but the debate is largely contained within the process of federalization.

The other regions seek asymmetry for a variety of reasons, some of which are not purely

nationalistic, often geographic. To the Canary Islands' AC, it is a mild form of nationalism, but more important its status as distant from the mainland and the fact that it is not in Europe. To Andalucia, it is because it historically was a coherent region, removed from Madrid, largely agricultural and poor, that was the last to fall to the reconquest. It, along with the Canaries, also absorbs an extraordinary number of African immigrants. Galicia is a historic territory, with a distinct language, but it tends to make fewer demands while maintaining its existing land rights and other aspects of its legal code. It has been controlled by the same statewide right of center party since the transition. To some other regions – Valencia, Aragon, Asturias, Balearic Islands – nationality or distinctiveness claims have emerged since the transition that are rooted in traditions that go back at least to medieval days. The Valencia AC, for example, named itself as a "historic nation" in its proposed revised statute of autonomy. The identity issues for these regions are mainly tied to culture, sport, and even regional food. However, as in the Valencian situation, they rarely lead to demands for asymmetries of any major consequence.

IS ASYMMETRY NECESSARY?

To some degree the answer is yes, there is a case for "managed asymmetry" as a way of preserving the unity of the country. Issues of regional diversity have been in part responsible for historic conflicts that include civil wars, military governments, and overthrow of elected governments. The disputes are partially regional and partly a result of the perennial nature of numerous "dual" Spains: Castilian, and non-Castilian; Catholic Church and secular; industrial and non-industrial; wealth and privilege and ordinary and poor; and, Spanish and Basque/Catalan/Valencian and so on. Of course, these cleavages can perhaps be found within many countries' regions, but they differentially occur in Spain's peripheries, ratcheting the pressure for differential status and rights.

During the democratic transition there was no question that questions of regionalism and ethnic recognition had to be dealt with. The solution generated by the Constitution was autonomous regional governments of a unique federalizing nature, mixing exclusive and concurrent competencies. In the past quarter century the story of the *estado de las autonomías* has in large part been an asymmetry/symmetry game, that is very political, wrapped up in Spanish IGR. Of course, no one knows where it will lead in the long run, as more and more powers are devolved. It is unlikely to reach the situation that has occurred in Belgium, where there is a small center and large periphery. On the other hand, the historic regions are unlikely to remain contented with what they already have achieved. Thus the process is ongoing, both political and governmental. The reason is that to date Spain's answer to calls for asymmetrical treatment has tilted more toward governmental than constitutional processes, and, to the degree that success has been achieved in balancing by seeking symmetry, it is because the political forces that uphold the center are as powerful, also possessing considerable political support. This is likely to make the asymmetry issue very interesting for sometime to come. It clearly keeps Spain in the international news.

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APPENDIX

An Intergovernmental Chronology on the *Estado de las Autonomías*

1977 – The Generalitat (self-government of Catalonia) re-established, followed by Pre-autonomy granted to the Basque provinces. By 1978, pre-autonomy was established for a total of 14 of the 17 existing regions.

1978 – New Constitution published and approved by referendum. Constitution includes "recognizing and guaranteeing the right to autonomy of nationalities and regions" and establishes "territorial organization into municipalities, provinces, and the Autonomous Communities."

1979 – Organic Law on the Constitutional Court enacted, in order to resolve conflicts regarding AC competencies, in accordance with Article 165 and expanding on Articles 161 and 162 regarding legal appeals.

1979 – The Basque Country and Catalonia Autonomous Community (AC) Statutes of Autonomy approved by the Cortes following successful referendums, making them the first AC governments in operation.

1980 – Organic Law for Financing of Autonomous Communities (LOFCA) passed, establishing the distribution of AC financing on a five-year basis.

1981 – Following an unsuccessful coup attempt, in-part triggered by opposition to autonomy, the Cortes adapted the Law on the Harmonization of the Autonomy Process (LOAPA) one of four accords on autonomy, tightening the autonomy process, and including a provision for Cortes approval of AC laws.

1983 – The Cortes approves the statutes of Autonomy for four regions -- Extremadura, Baleric Islands, Madrid, and Castilla and Leon, completing the establishment of the seventeen unit *estado de las autonomías*.

1983 – The Constitutional Tribunal considers six challenges to LOAPA and declares major portions of LOAPA to be unconstitutional, particularly regarding overturning of AC parliamentary laws or actions. Basing its decision on Section 2 and Article 137 of the constitution, the Court determined that "autonomy" means the possibility of making the final decision in relation to a given *competencia*.

1983 – Several principles of AC homogeneity were upheld in LOAPA for 14 of the non-fast route ACs: uniform election dates, limits on the size of regional governments, regional supervision of provincial governments, transfer of civil servants to the regions, and harmonization of financing for the "common regime" (all but Basque Country and Navara) governments.

1983-1990 – The Constitutional Tribunal in several decisions maintains that the government of the state has responsibility for promoting "general interests," upholding national involvement in such policy areas as education, health care, tourism, and economic development. This has opened the door for central government enactment of "basic legislation" and "basic norms."

1985-2002 – Gradual transfer of competencies from Madrid to AC governments, culminating in the transfer of education, health and social services to all seventeen communities.

1993 – Agreement reached that the common regime ACs would be ceded 15 percent of the total personal income tax collected in their territory.

1996 – Personal income tax cession to ACs raised to 30 percent for 1997-2001 period.

2001 – Fiscal and Financial Council establishes a new AC financing scheme effective 2002, that includes a 33% cession of income taxes, 35% of the IVA (value added tax), 40% of beverage, coal, and tobacco taxes, and 100% transfer of electrical energy, transport, and gasoline/diesel taxes. The new system limits revenues to a greater extent to regional economies, although

central government transfers will still represent 50% of revenue for poorer regions.

2003 – Budgetary stability law comes into effect, requiring subnational governments to balance their budgets and places strict controls on borrowing.

2004 – The new PSOE central government announces that its intergovernmental program will not include amending the constitution, but will advocate statutory reform of the Senate to make it an AC body, revision of statutes of autonomy, opening dialogue concerning creation of a Conference of Autonomous Presidents as a means of executive federalism, revision of the financing model and integrating the 17 ACs into European Constitution language.

Source: Compiled by the author