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## Dynamic De/Centralisation in Federations: Comparative Conclusions

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### Abstract

The paper presents the initial comparative conclusions of the two-year project *Why Centralisation and Decentralisation in Federations?*, which is funded by the Leverhulme Trust. The project seeks to conceptualise dynamic de/centralisation, map it across 22 policy areas and five fiscal areas in Australia, Canada, Germany, India, Switzerland, and the United States, and reach comparative conclusions on its patterns and causes. Because de/centralisation dynamics have major impacts on federal systems' ability to deal with territorial inequalities, the paper addresses an important aspect of this IPSA World Congress's theme. The paper highlights six main conclusions. First, dynamic de/centralisation is a complex and multidimensional phenomenon, hence analysis needs to be sensitive to this complexity. Fiscal data alone do not capture it. Second, while the dominant trend has been one of centralisation, there are significant exceptions. Third, contrary to widespread expectations in the 1950s and 1960s, centralisation has taken place primarily in the legislative, rather than the fiscal, sphere. Fourth, centralisation is not only a mid-20<sup>th</sup> century phenomenon, significant change has occurred both before and after. Fifth, its single most powerful determinant is whether a federation is mono- or multinational whereas multilingualism *per se* does not matter much. Sixth, institutional properties influence the instruments of dynamic de/centralisation but do not significantly affect its direction or magnitude. These findings have important empirical, conceptual, methodological, and theoretical implications for the study of federalism.

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## **1 Introduction**

As we noted in the introductory paper (Dardanelli et al., 2016), de/centralisation dynamics have been widely discussed in the literature since *The Federalist* but no attempt to measure them from a long-term comparative perspective and across their different dimensions has been carried out. In the mid-1970s, Riker (1975: 140) remarked that an index able to capture de/centralisation across time and space “would make possible a truly comparative study of federalism for the first time”. He pointed out, however, the challenges involved in constructing such a measure. His proposal to employ an index of party congruence across level as a proxy for de/centralisation has not been widely taken up. Others have also stressed how difficult it is to measure de/centralisation comparatively (e.g. Simeon, 1986: 446; Chhibber and Kollman, 2004: 105).

In this project we have taken up the challenge of measuring de/centralisation statically and dynamically across six main federations (Australia, Canada, Germany, India, Switzerland, and the United States) since their foundation, and sought to explain the resulting patterns, on the basis of the conceptual, methodological and theoretical framework outlined in Dardanelli et al. (2016). In this concluding paper, we attempt to paint a preliminary comparative picture of our findings.

The paper proceeds as follows. Sections 2-4 map static de/centralisation at the outset and today across the six federations, and map the dynamic process of de/centralisation in relation to the five properties conceptualised in Dardanelli et al. (2016: 11-5). Section 5 assesses the hypotheses formulated in Dardanelli et al. (2016: 15-26) in light of the evidence provided by the coding of de/centralisation in each case (Fenna, 2016; Kaiser and Vogel, 2016; Kincaid, 2016; Lecours, 2016; Mueller and Dardanelli, 2016; Singh, 2016). Section 6 discusses our findings against the backdrop of the extant literature and reflects on their significance for the study of federalism. The concluding section summarises our main ‘take away’ points and identifies avenues for further research.

## **2 Mapping static de/centralisation at the outset**

Static de/centralisation at the outset varied considerably across the six federations (Table 1). The two oldest, the United States and Switzerland, were extremely decentralised in all three dimensions. Canada, the third oldest federation, was, however, significantly more centralised, though less so in the fiscal sphere. In all three cases, the deviation between the legislative and the administrative score was small but greater than zero, thus indicating that

none of them, not even the United States, was ever perfectly 'dual'.<sup>7</sup> All three federations were least centralised in the fiscal sphere (Table 1 and Graph 1).

The two post-World War II federations were significantly more centralised than the United States and Switzerland had been but only marginally more so compared to Canada. Germany and India were also not much more centralised than the level reached by the two oldest federations by 1950 (Graphs 8, 10, and 12). True to its reputation as the paradigmatic example of 'administrative federalism', Germany displayed a large difference between the legislative and the administrative score, and administrative centralisation was also lower than fiscal centralisation. India, by contrast, conformed more closely to the 'classic' pattern of the older federations (Table 1 and Graph 1).

Disaggregating by policy category (Graphs 2 and 3), we can see that the United States and Switzerland had a very similar level of de/centralisation across the board, the most prominent difference being the much higher autonomy enjoyed by the US states vis-à-vis the Swiss cantons in the field of currency and money supply (P4).<sup>8</sup> Levels of fiscal de/centralisation were also very similar across categories (Graph 4).<sup>9</sup> Compared to the pattern set by the United States and Switzerland, Canada was most at odds with it in agriculture (P1), citizenship (P2), employment relations (P10), criminal law (P17), and transport (P22) while in the fiscal sphere the principal difference was a significantly lower proportion of own-source revenues (F1). In Germany and India, legislation was considerably more centralised, compared to the two oldest federations, in all policy areas save primary and secondary education (P7), and law enforcement (P18). To a lesser extent, it was also so in culture (P3), tertiary education (P8), media (P19), and natural resources (P20), in Germany, and in agriculture (P1) and health care (P14) in India. The newer federations were also more fiscally centralised, although there was high variation across categories in Germany whereas no category scored above 5 in India.

### **3 Mapping dynamic de/centralisation**

#### *Frequency*

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<sup>7</sup> In a perfectly dual system the score for legislation and administration would be the same.

<sup>8</sup> For a list of the policy and fiscal categories we have employed, see Dardanelli et al. (2016: 30).

<sup>9</sup> Cross-case comparability of the F1 and F3 data is reduced by the fact that the data include local governments in some cases but not others and refer to total revenues in some cases but only to total tax revenues in others.

The frequency of dynamic de/centralisation has varied considerably across federations. In absolute terms, policy change has been much more frequent in Switzerland and, especially, the United States than in the other cases. While this is, to an extent, a function of a federation's age, the latter does not solely determine it. If we adjust the figures by the length of each federation's life span, so as to obtain a rate of change per decade, we observe that Germany has had a rate not too dissimilar to that of the two oldest federations, whereas in India and Canada the 'federal balance' in the policy sphere has been much more stable. The frequency of policy change has been higher in the legislative than in the administrative dimension in most cases but the reverse is true for India, while in Canada the two figures are equal (Table 2 and Graph 5).

Disaggregating by policy category, we can observe that legislative change has been most frequent in the areas of environmental protection (P11), agriculture (P1), health care (P14), and finance and securities (P13) and least frequent in the fields of external affairs (P12) and the law (P16 and P17) (Graph 6).<sup>10</sup>

### *Direction*

In most federations, change has been overwhelmingly towards centralisation, especially in the legislative dimension. In Switzerland, all but one legislative changes have been centralising and so have 89 per cent of the legislative changes recorded in the United States. Canada, however, has strongly bucked the trend as it has experienced an equal number of centralising and decentralising changes in the policy sphere and a higher number of steps in a decentralist direction in the fiscal sphere. Germany and India also display a more mixed pattern, with a significant number of decentralising steps in the legislative (Germany) and administrative (India) spheres (Graph 5).

The picture emerging is further reinforced by the figures on cumulative direction over the entire life span of the six federations. All but Canada have become more centralised over time, across the legislative, administrative and fiscal dimensions, whereas Canada has become less centralised across the three dimensions, particularly so in the fiscal one (Graphs 8, 10, and 12).

Looking at the data for legislative change disaggregated by policy category (Graph 9), we can see that, outside Canada, all policy areas have become more centralised over time, with

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<sup>10</sup> These are aggregate patterns across all cases. For the patterns in each individual federation, please see the case study papers.

the exception of elections and voting (P9) in India and external affairs (P12) in Switzerland. In Canada, there has been decentralisation also in agriculture (P1), culture (P3), external affairs (P12), finance and securities (P13), natural resources (P20), transport (P22), and, especially so, in employment relations (P10). A broadly similar pattern can be observed in the administrative spheres, though there have been a few more instances of decentralisation in India (Graph 11). In the fiscal sphere, however, we find more contrast, with significant decentralisation in Canada, and also in Germany and India (Graph 13).

### *Magnitude*

Mirroring some of the above patterns, the magnitude of dynamic de/centralisation has varied considerably across cases. Given their much lower static centralisation at the outset, the United States and Switzerland have undergone the deepest process of dynamic centralisation, particularly so in the legislative sphere. Centralisation has had a much smaller magnitude in Germany and India, which started from significantly higher levels of static centralisation. As already seen, Canada has experienced a mix of centralising and decentralising steps, which have ended up producing a cumulative decentralisation of small magnitude. While centralisation in the two oldest federations has been highest in the legislative sphere and lowest in the fiscal sphere, the pattern is reversed in Germany and Canada, whereas in India centralisation has been lowest in the administrative sphere (Table 2 and Graphs 8, 10, and 12).

The data disaggregated by policy category show that in the legislative sphere, the magnitude of centralisation has generally been high across most federations in agriculture (P1), citizenship and immigration (P2), employment relations (P10), environmental protection (P11), media (P19), social welfare (P21), and transport (P22), whereas currency and money supply (P4), and external affairs (P12) have been affected the least. In Canada, by far the largest magnitude of decentralisation has taken place in employment relations (P10) whereas the other fields that have experienced decentralisation have done so only to a modest extent (Graph 9). In the administrative sphere, there has been more variation across federations; the only pattern holding for more than one case is high centralisation in the fields of media (P19), social welfare (P21), and transport (P22) (Graph 11). As regards dynamic fiscal de/centralisation, in most cases magnitude has been highest in the degree of conditionality of transfers (F4), although this is associated to centralisation in Switzerland and the United States but decentralisation in Canada, Germany, and India.

### *Tempo*

In all six federations, dynamic de/centralisation has mostly proceeded gradually. While frequency, as seen above, has varied considerably, in all cases change has taken place primarily through steps of a generally low magnitude. In the legislative dimension, for instance, over 75 per cent of changes have been of only one point (Table 2). Single changes of a large magnitude, such as in employment relations in Canada, and in civil and criminal law in Switzerland, have been rare.

There has been higher variation both longitudinally within each federation and across them in the aggregate pace of dynamic de/centralisation over time, with peaks of 14 changes of policy score in some decades and troughs of zero in others (Graph 7). Some of these peaks, such as in the 1870s in Switzerland, and in the 1930s and 1970s-'80s in the US, could be considered critical junctures.

When it comes to the timing of dynamic de/centralisation, Graph 7 shows that it is not only a mid-20<sup>th</sup> century phenomenon. Significant centralisation occurred in Switzerland and the United States as early as the latter part of the 19<sup>th</sup> century. We can also observe a high rate of change over the last two decades in the two oldest federations as well as in Germany. Here too, though, Canada is an outlier, having experienced little change both in the initial period and in the most recent one. The rate of change has also declined in the more recent period in India.

Significant sequential patterns are only clear in a few cases. As regards the shape of the dynamic de/centralisation trend curve in the legislative sphere, we can detect three patterns: a) Switzerland and the United States have followed a largely linear path of progressive centralisation; b) Canada has experienced decentralisation in the first half of the 20<sup>th</sup> century and centralisation later; c) Germany and India underwent centralisation in the earlier decades and have moved very slightly in the opposite direction since 1980 (Graph 8).<sup>11</sup>

Regarding sequential patterns between different forms of dynamic de/centralisation, in both Australia and Canada change in the fiscal sphere appears to have preceded change in the policy sphere, but the same does not seem to have occurred in the other cases, especially in Switzerland and the United States (Graphs 8, 10, and 12; Fenna, 2016: 13; Lecours, 2016: 7-8). What seems to have occurred in both Australia and the United States, though, is that the general government expanded its fiscal capacity first and then utilised part of that capacity to constrain the states' policy autonomy via the use of conditional transfers (Fenna,

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<sup>11</sup> Space limitations prevent us from discussing here the temporal de/centralisation patterns in each policy and fiscal category but the data are available upon request.

2016: 6; Kincaid, 2016). In Switzerland, we can detect a weak sequential pattern of marginally higher legislative centralisation first and marginally higher administrative centralisation later (Mueller and Dardanelli, 2016: 7-8). Uniquely among our set of cases, Canada has also witnessed increasing asymmetry since the 1970s, with some provinces developing their own policies in several fields (Lecours, 2016: 13).

### *Form*

As we have already seen, in the United States and Switzerland, where it has had the highest magnitude, dynamic centralisation has taken primarily a legislative form whereas significantly less centralisation has occurred in the administrative and, especially, fiscal spheres. In Canada and Germany, by contrast, there has been proportionally more dynamic de/centralisation in the fiscal and, to a lesser extent, administrative dimensions than in the legislative one while in India there has been proportionally less centralisation in the administrative sphere. In the latter three federations, it should be borne in mind that these relative differences have to be placed in the context of a small overall magnitude (Table 2 and Graphs 8, 10, and 12).

The different magnitudes of dynamic de/centralisation across the three dimensions have had noticeable consequences in terms of the degree of federal 'duality' of each system. Both Switzerland and the United States have acquired a progressively more 'administrative' nature over time (Graph 14). Although this was to be expected in the case of Switzerland, given that the building of an extensive general government administrative apparatus was always out of the question, it is more remarkable in the US case, the dual federation *par excellence*. Canada and India, however, have followed a different trajectory as their duality has declined only very slightly over time while in Germany the very high 'administrative' character of the federation has decreased as a result of significant dynamic centralisation in administration (Graph 14).

### *Instruments*

The instruments through which dynamic de/centralisation has unfolded have varied considerably across cases (Table 2). Constitutional amendments have been paramount in Switzerland (Mueller and Dardanelli, 2016: 8) and prominent also in Germany and India (Kaiser and Vogel, 2016: 9; Singh, 2016: 6-7) but much less so in the other cases. The use of framework legislation has been central to the Swiss experience, as the means through which the constitutional amendments have been implemented (Mueller and Dardanelli, 2016:

8), and also, *de facto* if not *de jure*, in the United States (Kincaid, 2016) but less significant elsewhere. The use of fiscal instruments has been particularly prominent in Australia and the United States (Fenna, 2016: 6; Kincaid, 2016) but virtually non-existent in the other cases. Likewise, court rulings have been crucial in the United States and also in Australia, Canada and India but less so in Germany and not significant at all in Switzerland (Kincaid, 2016; Fenna, 2016: 6; Lecours, 2016: 8-9; Kaiser and Vogel, 2016: 10; Mueller and Dardanelli, 2016: 9). The decision or failure to act by either the general or the constituent governments has been important in Canada (Lecours, 2016: 9) and Germany (Kaiser and Vogel, 2016: 9) but not in the other cases. The general government's use of international treaty powers has been of some significance in all federations, particularly so in Australia (Fenna, 2016: 10), but has not generally played a major role. 'Coercive' horizontal joint action, lastly, has been conspicuous by its absence across the board.

#### **4 Mapping static de/centralisation today**

The dynamics outlined above have produced the contemporary pattern of static de/centralisation depicted in Graph 15. Four main points suggest themselves. First, in all federations centralisation is highest in the legislative sphere, where most scores cluster around 3, although it is significantly lower in Canada. Second, federations are more decentralised administratively than they are legislatively. The gap is particularly large in the traditional 'administrative' federations of Germany and Switzerland but is also considerable in the United States. Third, most federations, Germany being the exception, are least centralised in the fiscal sphere, Canada and the United States in particular. Fourth, although variation in the level of static de/centralisation across federations has declined considerably, especially in the administrative sphere (see standard deviation figures in Table 1), differences are still noticeable. Canada, the least centralised overall among our six cases, is significantly less so than India, the most centralised. It is also noteworthy that Canada has gone from being the most centralised of the older federations to being the least centralised of all today.

Disaggregating by policy and fiscal category reveals several instances of large variation across cases. In the legislative sphere (Graph 16), the following are the most striking: a) the much lower centralisation in the fields of employment relations (P10) and, to a lesser extent, finance and securities (P13) in Canada compared to all the other cases; b) the much lower centralisation of civil law (P16) in Canada and the United States vis-à-vis Germany and Switzerland; c) the much lower centralisation of criminal law (P17) in the United States

compared to all the other cases; and d) the much lower centralisation of media regulation (P19) in Germany compared to all the other cases.

Differences are less striking on the administrative side (Graph 17), but the following are nonetheless prominent: a) the much higher centralisation in the field of citizenship and immigration (P2) in the United States compared to all the other cases; b) the much lower centralisation in the media field (P19) in Germany compared to all the other cases; c) the contrast between the lower centralisation in the fields of agriculture (P1) and social welfare (P21) in Germany and Switzerland compared to Canada and the United States, in line with the former two's reputation as 'administrative' federations.

Fiscally (Graph 18), the most significant differences appear to be: a) the 'polar' location of Canada and India, with high levels of decentralisation and centralisation, respectively, across all categories and b) the contrast between the pattern of a high proportion of own-source revenues (F1) and high transfer conditionality (F4) (albeit within a low volume of conditional transfers [F3]) displayed by Switzerland and the United States and the opposite pattern of low own-sources revenues (F1) but also low conditionality (F4) (and very low volume of conditional transfers [F3]) in Germany.

## **5 Explaining dynamic de/centralisation from a comparative perspective**

In this section, we attempt to test the hypotheses outlined in the theoretical framework developed for the project (Dardanelli et al., 2016: 15-25) against the comparative evidence from the six cases.

### *Static de/centralisation at the outset*

The first two hypotheses expected the older federations and those born of a 'federal bargain' to be less centralised at the outset than the others. Among our six federations the cases matching the first and the second conditions overlap so we expected the United States, Switzerland, Canada and Australia to have been significantly less centralised at their birth than Germany and India. On the whole, the two hypotheses are confirmed but only weakly so in Canada's case. As seen above and in Lecours (2016: 2-5), Canada in 1870 was considerably more centralised than the United States and Switzerland at the outset, and only slightly less so than Germany in 1950.<sup>12</sup> As Lecours (2016: 2-5) shows, however, Canada's

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<sup>12</sup> As seen above, Germany was actually more decentralised administratively.

initially high centralisation can be explained by a set of contingent factors that do not invalidate the general theoretical point that changing expectations of government have played an important role in shaping the different 'federal balances' we generally observe in the older federations compared to the newer ones. The much smaller gap between the initial levels of de/centralisation in Germany and India, and the levels reached by the older federations by 1950, mentioned above, underscores the point.

#### *Conditions at the birth of the federation*

The second set of hypotheses concerned the long-term effect of key conditions present at the birth of a federation: a) static de/centralisation at the outset (H1b and H1c); b) the number of constituent units (H1d), and c) the monolingual or multilingual nature of the federation (H1e). H1b and H1c expected the older federations, given their lower initial level of static de/centralisation, to have experienced higher dynamic centralisation, the bulk of which would have taken place after 1920. The two hypotheses are only partially confirmed. While the two oldest federations have indeed experienced much higher centralisation than the newer ones, Canada is a major exception. Likewise, while, generally speaking, the bulk of centralisation in the older federations has indeed taken place after 1920, significant centralising steps were taken in Switzerland and the United States as early as the latter part of the 19<sup>th</sup> century. To a sizeable extent, the magnitude of dynamic centralisation is a function of the initial level of static de/centralisation; hence Canada's experience is not surprising. There is more to its divergent experience, however, than its rather centralised nature at birth (Lecours, 2016) so Canada's trajectory, as we discuss below, has major theoretical implications.

On the basis of H1d, we expected federations with a smaller number of constituent units to experience less centralisation over time. While this is certainly confirmed for Canada, it is strongly rejected in Australia's case, the federation with the fewest constituent units and yet having experienced high dynamic centralisation. The considerable difference in the number of constituent units between Switzerland and the United States does not seem to have had a discernible influence on the very similar trajectory of dynamic de/centralisation in the two countries, while Germany and India, given their higher initial level of static centralisation are weak tests for the hypothesis. Thus, the evidence suggests that the number of constituent units, by itself, has no major influence on dynamic de/centralisation.

Similarly, H1e expected multilingual federations to centralise less over time than monolingual federations. Among the older federations, Australia, Canada, and the United States are

consistent with the proposition but Switzerland is strongly at odds. Although Germany and India are, again, weaker tests for this hypothesis, multilingualism does not seem to have led to significantly different patterns of evolution in the latter versus the former. Bearing in mind that Canada is multinational in addition to being multilingual while Switzerland and India are not and that India is today the most centralised of the six federations, it seems clear that multilingualism *per se* is not an important determinant of dynamic – or of static – de/centralisation.

### *Institutional properties of the federation*

We next hypothesised that dynamic de/centralisation might be affected by the institutional properties of each federation, namely: a) whether the constituent units possess residual powers (H2a); b) whether the ‘division of labour’ between the general government and the constituent units has primarily a ‘dual’ rather than an administrative nature (H2b and H2c); and c) whether the federation has a parliamentary or non-parliamentary system of government (H2d). None of them finds strong empirical support.

H2a expected federations whose constituent units possess residual powers to experience less centralisation than those in which they do not. This hypothesis is comprehensively rejected. Canada, whose provinces do not have residual powers, far from recording a higher level of centralisation, has actually experienced modest decentralisation whereas Australia, Switzerland, and the United States, all of which assigned residual powers to their respective constituent units, have experienced high centralisation. Nor does possessing residual powers seem to have helped Germany’s *Länder* retain their autonomy more successfully than India’s states (see also Kaiser and Vogel, 2016; Singh, 2016).

H2d hypothesised that parliamentary federations would experience higher centralisation than non-parliamentary ones. Only slightly less comprehensively than the previous one, this hypothesis also fails the empirical test. While it is superficially consistent with Australia’s experience, it is strongly at odds with that of Switzerland and the United States, non-parliamentary federations that have experienced high centralisation, as well as with Canada’s, a parliamentary federation that has become less centralised.

H2b and H2c hypothesised that ‘administrative’ federations would experience higher centralisation than dual ones but that, in their case, centralisation would be confined largely to the legislative sphere. These propositions perform only marginally better than the previous ones. On the whole, it would be difficult to claim that the dual federations have been more

successful than the more 'administrative' federations in resisting centralisation, in light of the trajectory of Australia and the United States, dual federations that have experienced high centralisation. Moreover, Canada's ability to withstand centralisation appears to have had little to do with its dual nature (Lecours, 2016). The fact that dual federations have not fared better than the administrative ones in withstanding centralisation might be due to the fact that, as Friedrich (1968: 72) pointed out, they require a large federal administration, which creates a "strong centralizing force". Perhaps more surprisingly, even H2c is not fully supported. While it is strongly confirmed in Switzerland's case, it is not consistent with the experience of Germany, where centralisation has actually been more significant in the administrative sphere, and of the United States, the epitome of a dual federation, which has experienced sharply asymmetric centralisation in the legislative sphere as opposed to the administrative sphere.

### *Socio-economic trends*

We expected socio-economic trends to be one of the two main 'driving forces' of dynamic de/centralisation. We focussed in particular on the role of: a) technological progress, rising mobility, and the integration of markets (H3a); b) globalisation (H3b); and c) regional integration (H3c and H3d). The first hypothesis expected all federations to become more centralised over time as a result of these socio-economic trends. While the evidence from most cases is consistent with it, Canada is clearly a major exception. The modest legislative decentralisation undergone by Germany and India since 1980 is also noteworthy. This suggests that these trends, though important, do not inevitably foster centralisation over time. H3b also expected a generalised centralising influence to emerge from globalisation but only finds limited empirical support. It is at odds with Canada's experience and only weakly consistent with that of the other cases, with the possible exception of Australia (Fenna, 2016: 10). We can thus say that while globalisation has generally had a centralising effect, such an effect is vastly overshadowed by that of other, more powerful, factors. Lastly, we expected regional integration to have a centralising effect in mononational federations (though an uneven one given that our cases differ greatly in the extent to which they are exposed to it) but the opposite effect in multinational ones. This expectation too is only partially supported. While it is consistent with the experience of Canada, Germany, and Switzerland – albeit with a generally weak effect (Kaiser and Vogel, 2016: 10-1; Mueller and Dardanelli, 2016: 10-1) – it is at odds with that of Australia and the United States, which have had little or no exposure to regional integration but have experienced high centralisation. This is thus, again, a factor that, generally speaking, appears to operate in the

hypothesised direction, but whose magnitude in fostering dynamic de/centralisation is relatively small.

#### *Socio-cultural trends*

We expected dynamic de/centralisation to be driven also by long-term trends of a socio-cultural nature, two of them in particular: a) the evolution of the patterns of identification with the federation as a whole vis-à-vis identification with a constituent unit (H4a); and b) citizens' changing expectations concerning the role of government in the economy and society (H4b). The first hypothesis expected citizens' identification with the federation to grow over time in monolingual federations as well as, under certain conditions, in multilingual federations. Under different conditions, though, we anticipated that multilingual federations might become multinational, implying a strengthening of identification with one or more constituent units and a concomitant weakening of identification with the federation. We expected the former evolutionary path to facilitate centralisation and the latter one to foster decentralisation. By and large, this is indeed the case. The hypothesis conforms closely with the experiences of Canada, Switzerland, and the United States, although it is less strongly supported by Australia, Germany and India, where identification with the federation was already strong at the outset and has not grown appreciably over time (Fenna, 2016: 10; Kaiser and Vogel, 2016: 13-4; Singh, 2016: 10). H4b predicted that changing citizens' expectations would lead to an expansion of the role of the general government, thus leading to centralisation. The hypothesis is largely confirmed, although Canada has withstood centralisation in some key policy areas despite citizens' growing demand for government services and regulation, while expectations have naturally changed less in the German and Indian federations given their shorter life spans.

#### *Economic and security shocks*

We expected the long-term effects of the socio-economic and socio-cultural trends summarised above to be reinforced at particular times by economic or security shocks such as depressions and wars (H5). The evidence from most cases only mildly supports this expectation. In no case have shocks been a major factor in fostering dynamic centralisation, nor have centralising steps been confined to periods marked by such shocks (Fenna, 2016: 11; Kaiser and Vogel, 2016: 14-5; Kincaid, 2016; Lecours, 2016: 7; Mueller and Dardanelli, 2016: 11-2; Singh, 2016: 10).

#### *Collective attitudes*

In line with a ‘funnel of causality’ approach (Campbell et al., 1960: 24-32), we expected collective attitudes to the ‘federal balance’ to change as a result of the pressures generated by the above trends and shocks and, in turn, to create incentives and constraints for political agency vis-à-vis de/centralisation (H6). This is broadly confirmed. We have found considerable evidence that the attitudes of citizens and interest groups, in particular, have played an important role. Contrast, for instance, the deeply-felt preference for policy uniformity in Germany (Kaiser and Vogel, 2016: 15) with the strong desire for provincial go-it-alone in many fields in Canada (Lecours, 2016: 13).

### *Political agency*

Our last set of hypotheses related to the agency of political actors, with a focus on the following variables in particular: a) degree of nationalisation of the party system (H7a); b) party ideology (H7b); c) judicial preferences (H7c); and direct democracy (H7d). H7a expected centralisation to be correlated with higher party system nationalisation. This finds only partial support. While it is consistent with the experiences of Australia and Canada, it is less so with those of Switzerland and the United States, with comparatively lower party system nationalisation but high centralisation. It is also at odds with India’s trajectory, where a steep decline in the degree of party system nationalisation has not resulted in a commensurate extent of decentralisation (Singh, 2016), contrary to Friedrich’s (1968: 64) expectation. As regards party ideology, we expected centralising steps to be strongly associated with the incumbency of left-of-centre parties. While we do find some evidence of this in several cases, particularly in Australia, the strength of the association is weaker than we expected. A great deal of centralisation has also taken place under the tenure of right-of-centre parties, which, conversely, have rarely engaged in serious decentralising efforts (Fenna, 2016: 12; Kaiser and Vogel, 2016: 16-7; Kincaid, 2016; Lecours, 2016: 13; Mueller and Dardanelli, 2016: 12; Singh, 2016: 11). To a large extent, ideology seems to matter more as rhetoric than concrete policy steps.

By contrast, the hypothesis that de/centralisation dynamics are heavily shaped by judicial preferences – in those systems in which a constitutional or a supreme court is the ultimate umpire – finds strong empirical support, particularly with regard to Australia, Canada and the United States. In these federations, courts have adopted different perspectives on the ‘federal balance’ at different points in time and such changes of perspective have had a major influence on the trajectory of de/centralisation (Fenna, 2016: 6; Lecours, 2016: 8-9; Kincaid, 2016). This, however, should be put into the context of the literature on courts and

judicial review, which provides strong evidence that judicial behaviour is rarely at odds with public opinion and the preferences of elected politicians (e.g. Hall, 2016: 393). Direct democracy's hypothesised role of acting as a brake on centralisation, by contrast, largely failed to materialise. The two federations with extensive provisions for direct democracy at the federal level, Australia and Switzerland, are among those having undergone the highest centralisation over time. While in both cases direct democracy has occasionally placed a significant obstacle in the way of centralisation (Fenna, 2016: 13; Mueller and Dardanelli, 2016: 13), it has not, in the main, been an effective bulwark against it.

### *In a nutshell*

Drawing together this extensive body of evidence, the causal narrative that emerges seems to develop along the following lines:

- 1) There are wide-ranging structural forces at work in the socio-economic and socio-cultural spheres, occasionally reinforced by economic and security shocks, that produce powerful pressures in federations to expand the scope and reach of the general government at the expense of the autonomy of the constituent units. In the post-World War II period, these forces have also been augmented by globalisation and, in some areas, regional integration.
- 2) These largely common forces, however, interact with the widely different structural features of each federation and are thus refracted in different ways in different contexts. The single most powerful factor among those structural features appears to be whether a federation is mono- or multinational.
- 3) The product of these interactions thus shapes collective attitudes to the federal balance differently in different federations. In mononational federations, it is likely to make them more favourable to centralisation whereas in multinational federations it tends to orient them towards resisting centralisation and even favouring decentralisation.
- 4) Political actors – themselves, of course, also shaped by the structural features of each federation – respond to the incentives and constraints presented by the different patterns of collective attitudes, within the institutional framework of each federation. The latter shapes the *instruments* through which de/centralisation occurs but does not fundamentally affect its other properties, its direction and magnitude in particular.

Thus, two federations as different as the United States and Switzerland, though both mononational, have experienced a strikingly similar process of dynamic decentralisation, albeit by following different paths. In Canada, by contrast – where the constituent units are few, mostly large, highly different from each other, enjoying strong citizen identification, and the second largest of which considers itself a stateless nation – has withstood centralisation

to the point of moving from being the most centralised of the pre-World War I federations to being the most decentralised today.

## **6 Dynamic de/centralisation and the study of federalism**

These findings have significant conceptual, theoretical, methodological and empirical implications for the study of federalism.

Empirically, they provide qualified support to the widespread claims in the literature (e.g. Corry, 1941: 216; Wheare, 1946: 252-3; Sawyer, 1969: 117-30) that federations tend to become more centralised over time, by substantiating them with detailed evidence capturing variation across federations, dimensions, categories, and over the long run. As a result, federations can also be expected to become more similar to each other, in terms of static de/centralisation, over time. The major qualifier is that this seems to apply only to mononational federations. If a federation is – or becomes – multinational, very different de/centralisation dynamics can be expected to unfold.

The second empirical implication is that centralisation generally takes primarily a legislative form. Contrary to many predictions (e.g. Philip, 1954: 99; Sawyer, 1969: 117-30; Oates, 1972: 226-7), there is in most cases less significant change in the fiscal sphere – although Australia and Germany are important exceptions – as well as in the administrative sphere. The consequence is that the constituent units of mononational federations have generally retained considerable fiscal autonomy but have seen their policy roles become increasingly ‘administrative’ in nature, thus blurring the traditional distinction between the dual and the ‘administrative’ types of federalism. Given that legislative autonomy for the constituent units is one of the – if not *the* – defining features of federalism, these trends could, if sustained, ultimately put the survival of federalism as a distinct form of state structure in doubt. This chimes with fears long present in the literature. In late 19<sup>th</sup> century-Switzerland, for instance, opponents of the unification of civil law codes warned that such a step would turn the cantons into ‘prefectures’ like the French departments, thus bringing the country’s federal system to an end (Kölz, 2006: 484-5). Corry (1941: 217), Birch (1955: 290), Friedrich (1968: 24) and Duchacek (1970: 348), among others, expressed similar concerns.

On a conceptual level, these implications underscore the value of treating de/centralisation as multi-dimensional, first by distinguishing between a static and a dynamic perspective,

then by distinguishing between the legislative, administrative, and fiscal dimensions, and subsequently by disaggregating each of them into their individual categories. As we have seen, the pattern of evolution in each of these dimensions and categories is often very different and only by being sensitive to this variation can we penetrate the complex nature of dynamic de/centralisation.

The conceptual implications have clear parallels in the methodological field. Given the complex nature of these dynamics, and their impact primarily in the legislative rather than the fiscal sphere, fiscal data alone are not able to capture them. This is true, it should be noted, not only of fiscal indicators that measure capacity – such as the proportion of central government revenues or expenditures out of total government revenues/expenditures – but also of those measuring autonomy, such as the ones we have employed in this study. While this is not a novel claim – almost 40 year ago, Pommerehne (1977: 308) had already acknowledged the limitation of using fiscal data to capture de/centralisation dynamics – it is important to restate it, given the still widespread reliance in the literature on fiscal indicators alone. Nor would a single index of ‘party congruence’, as proposed by Riker (1975: 137-9), capture these dynamics either, not least because it would be too prone to short-term fluctuations, whereas our findings show that dynamic de/centralisation is most often a cumulative, slow-moving process.

From a theoretical perspective, two implications appear to be particularly noteworthy. The first is the importance of the connection between nationalism and federalism to understanding how the latter evolves over time, showing that Friedrich’s (1968: 30-6) claim that federalism and nationalism are intimately linked is still very much valid. The second is that our findings show how much stronger structural societal factors are in shaping the evolution of federations compared to institutional factors, thus vindicating the ‘sociological’ approach to federalism defended by scholars such as Livingston (1956) and Friedrich (1968). They also dovetail with Bednar’s (2008: 219) more recent conclusion that a vibrant ‘federal culture’ is the most effective safeguard of a ‘robust federation’.

The last implication regards avenues for further research. Given the small number of cases and scope limitations, we have only been able to conduct a ‘macro’ testing of the causal effects of many factors, interacting with each other in complex ways. We have only been able, in particular, to ‘scratch the surface’ in trying to understand how and why key de/centralising steps occur. There is thus considerable scope for ‘micro’ analyses of such steps able to fully explore the causal chains that determined them. We hope the theoretical framework we have developed for this project will be valuable also for such future endeavours.

## 7 Conclusion

Dynamic de/centralisation is a complex phenomenon that needs to be broken down into its different dimensions and different time periods to be fully understood. Federations have generally become more centralised over time but primarily so in the legislative sphere as opposed to the fiscal sphere and administrative spheres. Where this has not happened, as in Canada, the central explanatory factor appears to be the country's multinational nature. Institutional properties channel dynamic de/centralisation through different paths but do not fundamentally affect its direction or magnitude. These findings both substantiate and challenge several prominent claims put forward in the extant literature and have multiple implications for the study of federalism. They also suggest promising avenues for further research into the determinants and the mechanisms of dynamic de/centralisation.

## Acknowledgments

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**Table 1 – Comparative synopsis of mean static de/centralisation, outset and 2010**

	Outset			2010		
	<i>Legislative</i>	<i>Administrative</i>	<i>Fiscal*</i>	<i>Legislative</i>	<i>Administrative</i>	<i>Fiscal</i>
Australia (1910)						
Canada (1870)	3.75	3.9	5**	3.86	4.09	6
Germany (1950)	3.38	5.33	5	3	4.68	4
India (1950)	3.29	3.67	5	2.86	3.45	4.5
Switzerland (1850)	5.95	6.48	6.5	2.91	4.68	5.5
United States (1790)	6.05	6.32	7	3	4.27	6
<i>Standard deviation</i>	<i>1.40</i>	<i>1.73</i>	<i>0.95</i>	<i>0.41</i>	<i>0.51</i>	<i>0.91</i>

Note: \*core mean; \*\*data for 1880.

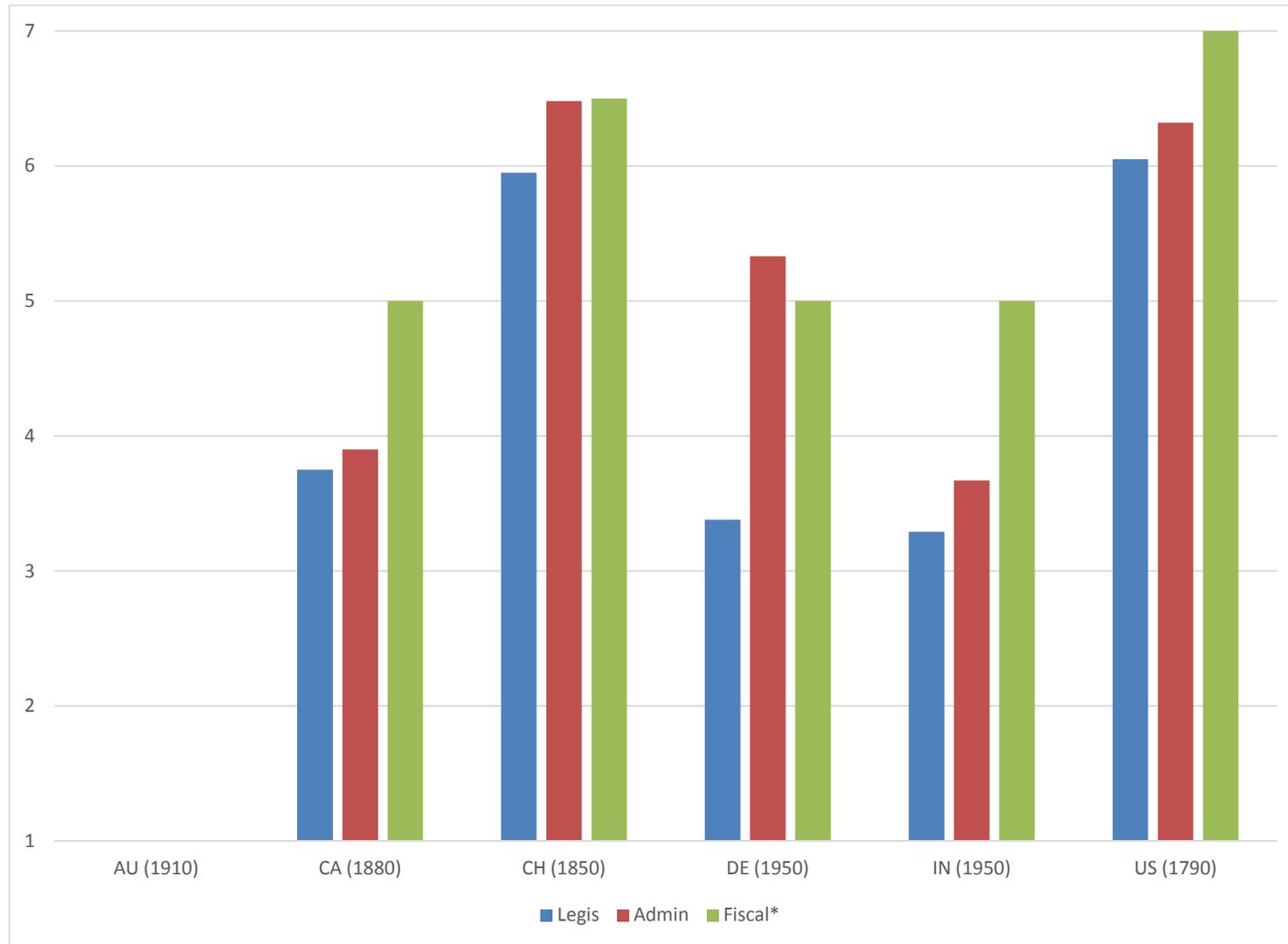
**Table 2 – Comparative synopsis of properties of dynamic de/centralisation**

Property	AU	CA	CH	DE	IN	US	Comparative assessment
<i>Direction – Legis</i>	Centralisation	Decentralisation	Centralisation	Centralisation	Centralisation	Centralisation	Centralisation dominant but CA significant exception
<i>Direction – Admin</i>	Centralisation	Decentralisation	Centralisation	Centralisation	Centralisation	Centralisation	Centralisation dominant but CA significant exception
<i>Direction – Fiscal</i>	Centralisation	Decentralisation	Centralisation	Centralisation	Centralisation	Centralisation	Centralisation dominant but CA significant exception
<i>Magnitude – Legis</i>		0.11	-3.04	-0.38	-0.43	-3.05	High magnitude in CH and US; low magnitude in the other cases, CA in particular.
<i>Magnitude – Admin</i>		0.19	-1.8	-0.65	-0.22	-2.05	High magnitude in US and CH; Low magnitude in the other cases but slightly higher in DE.

<i>Magnitude – Fiscal (core mean)</i>		1	-1	-1	-0.5	-1	Roughly similar magnitude across cases.
<i>Frequency (mean across policies)</i>		1.55	3.54	1.18	0.86	5.82	High frequency in CH and, especially, US; lower frequency elsewhere, especially in IN.
<i>Frequency (mean per decade)</i>		2.43	4.81	4.33	3.17	5.82	High frequency in US, CH, DE; lower in IN and, especially, CA.
<i>Pace (% of 1-point L changes)</i>		76.5	77.9	92.3	85.7	82.8	Generally very gradual. Big jumps (eg P10 in CA; P16, P17 in CH) rare.
<i>Timing</i>		Change concentrated in the middle period (1910-1980). Emergence of asymmetry since 1960s.	Very gradual throughout. 1874 and 1947 closest to critical junctures.	Peak in the 1960s.	Peak in the 1970s.	Peaks in the 1930s and 1970s-'80s.	Higher post 1950 but up to a point only.
<i>Sequence</i>	Fiscal centralisation first.	Different spheres (eg L, A, F) moving in parallel but decentralisation first followed by some centralisation).	Proportionally more admin centralisation earlier and more legis centralisation later.	Different spheres (eg L, A, F) moving in parallel.	Legis and admin spheres moving in parallel.	No clear sequence.	No clearly dominant pattern.

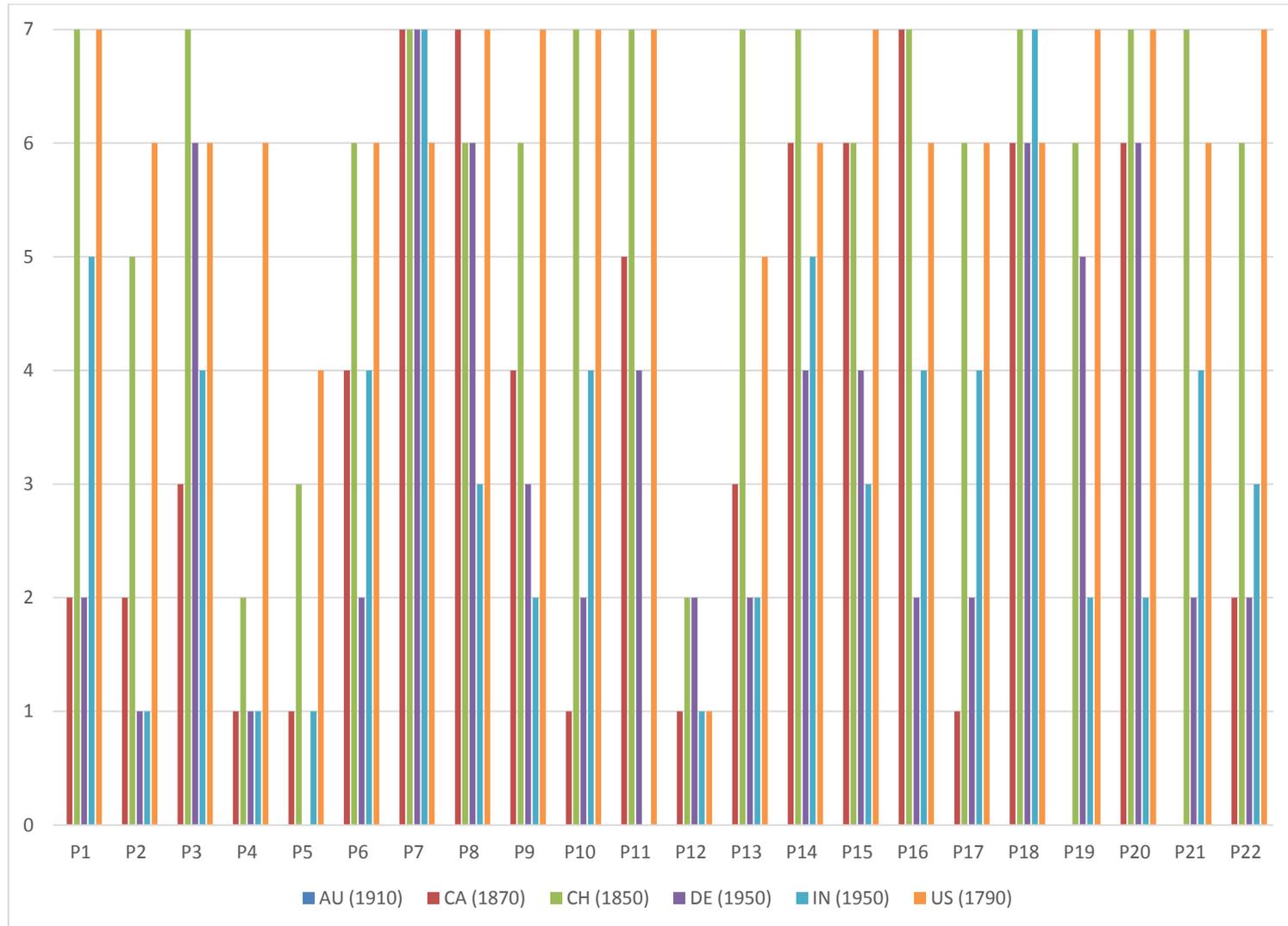
<i>Form</i>		Highest in fiscal sphere and lowest in legis sphere.	Highest in legis sphere and lowest in fiscal sphere.	Highest in fiscal sphere and lowest in legis sphere.	Highest in legis sphere and lowest in admin sphere	Highest in legis sphere and lowest in fiscal sphere.	CH & US and CA&DE similar, other patterns elsewhere.
<i>Instrument</i>	Court rulings and fiscal instruments.	Court rulings and decision/failure to act	Constitutional change + framework legislation	Constitutional change and decision/failure to act	Constitutional change and court rulings	Court rulings + framework legislation; fiscal instruments	Constitutional change important in some cases (esp. CH). Court rulings and fiscal instruments also often important.

**Graph 1 – Mean static de/centralisation at the outset**

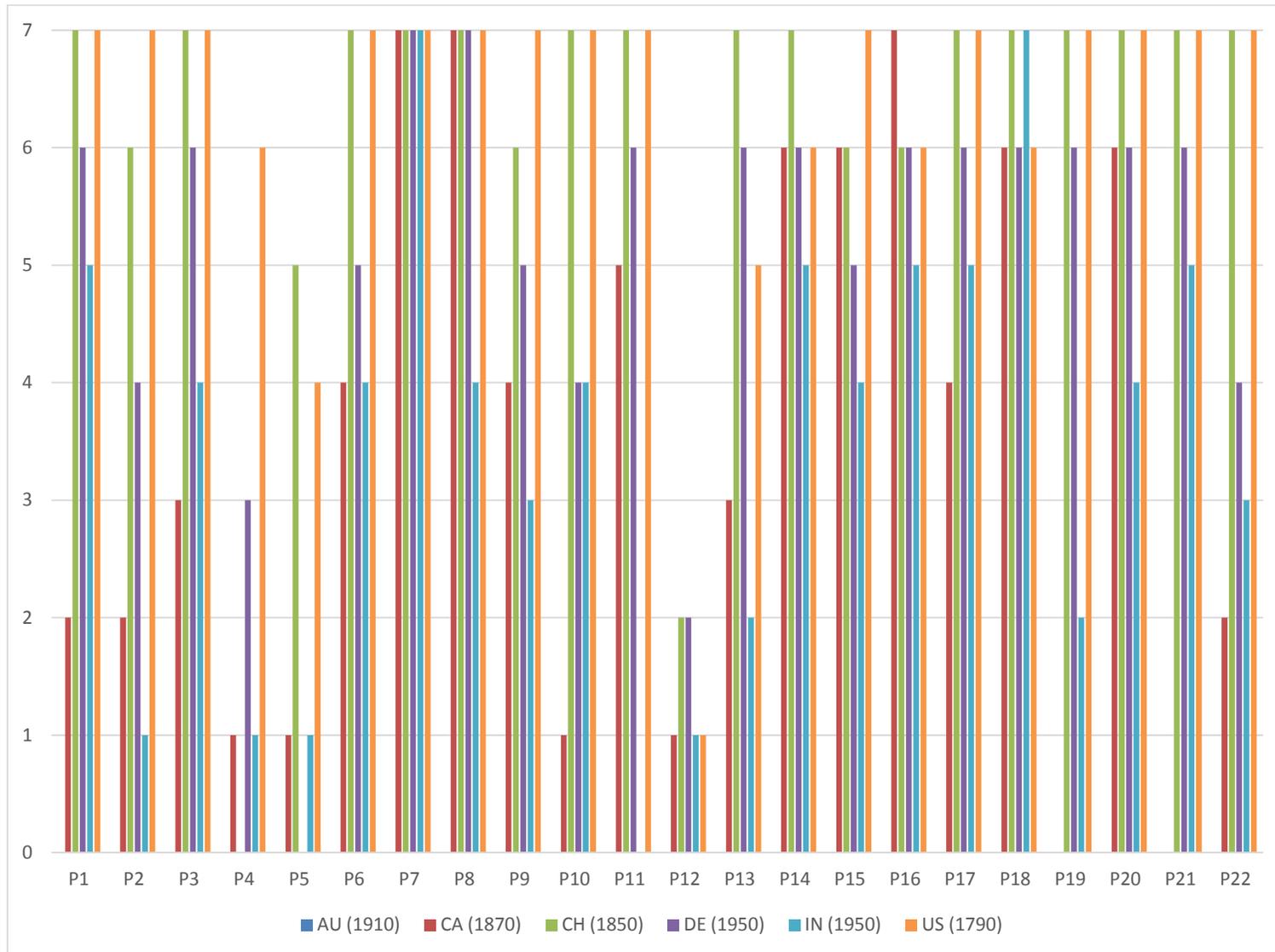


Note: \*core mean (F1+F3/2).

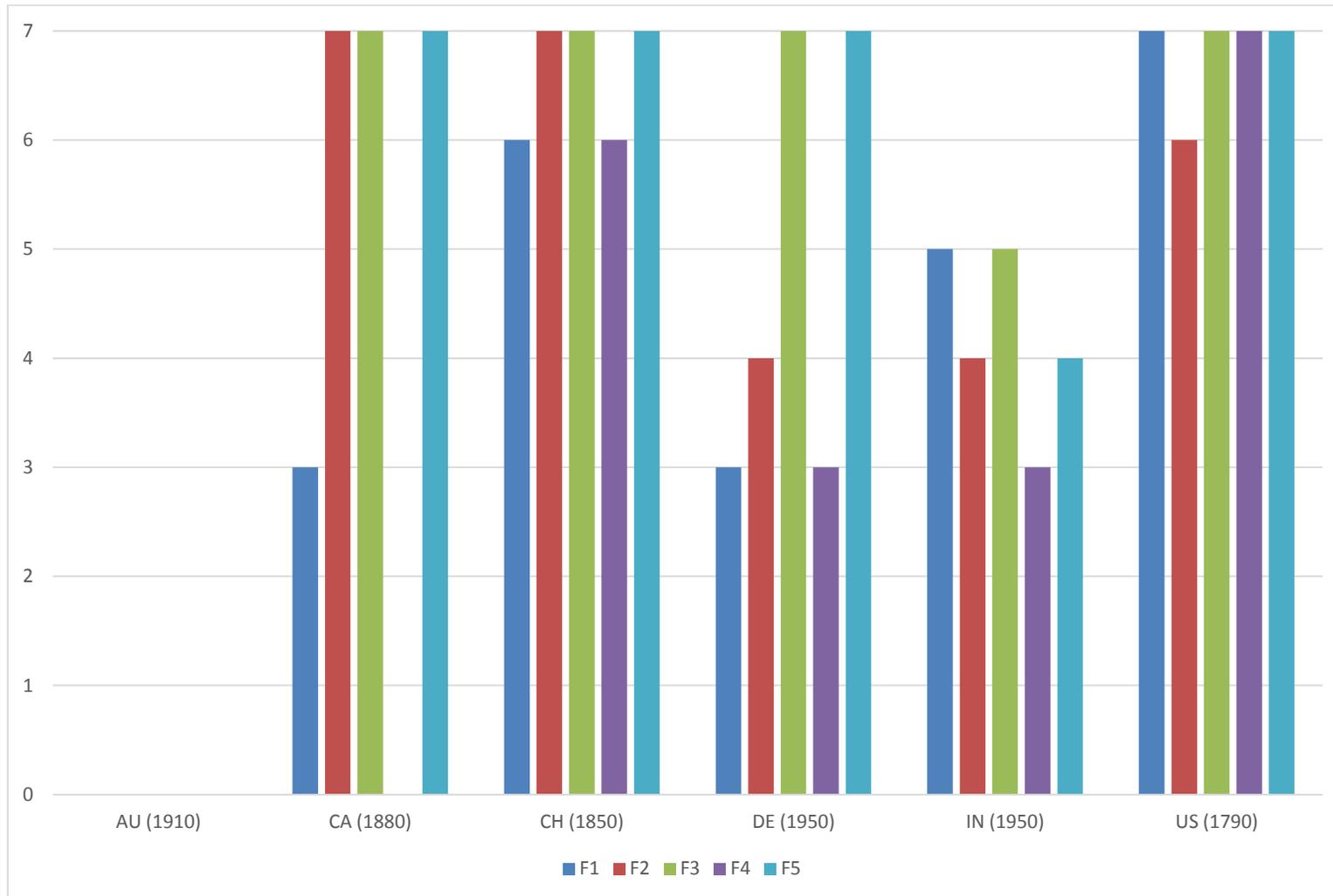
**Graph 2 – Static legislative de/centralisation at the outset by policy category**



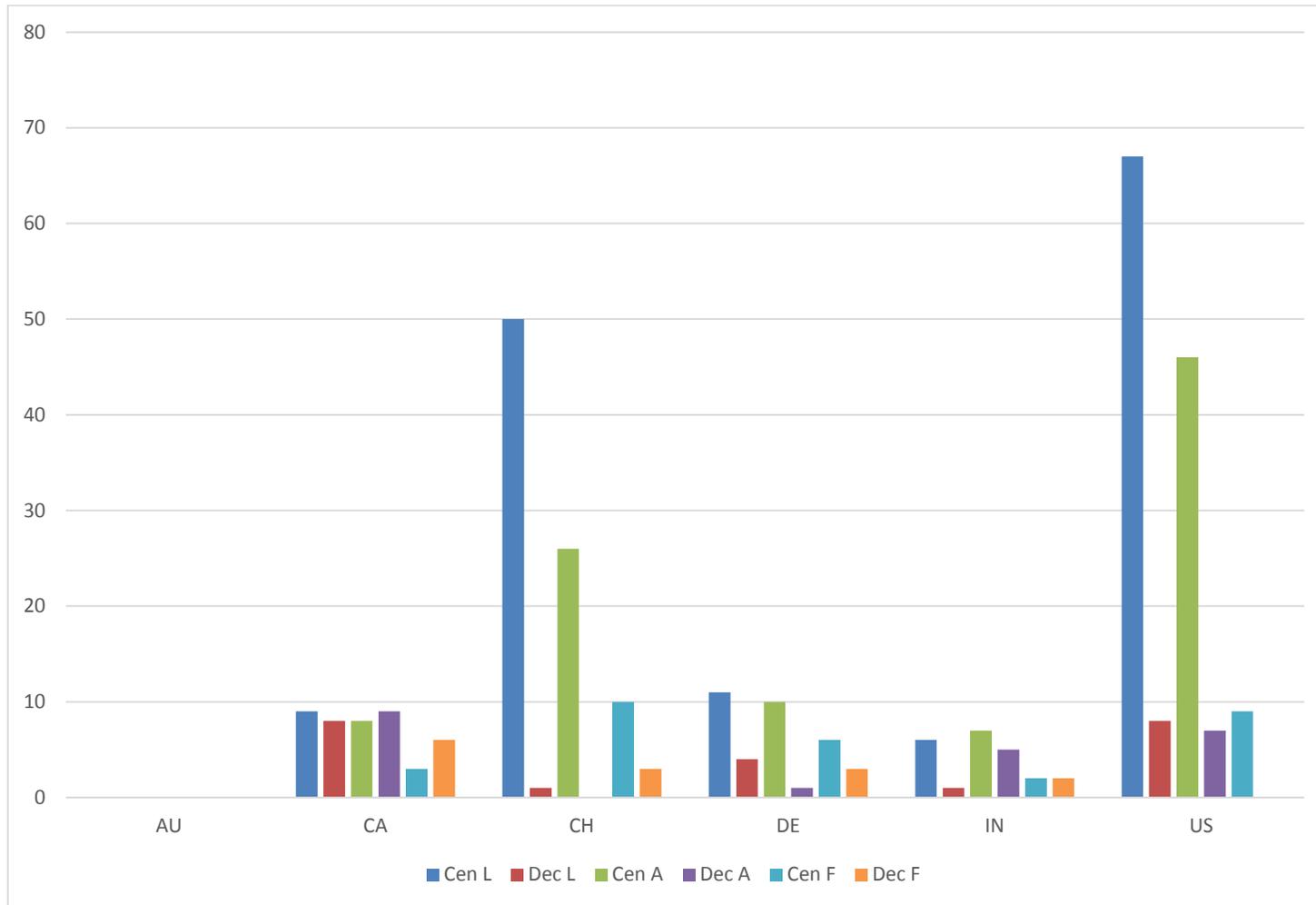
**Graph 3 – Static administrative de/centralisation at the outset by policy category**



Graph 4 – Static fiscal de/centralisation at the outset by category

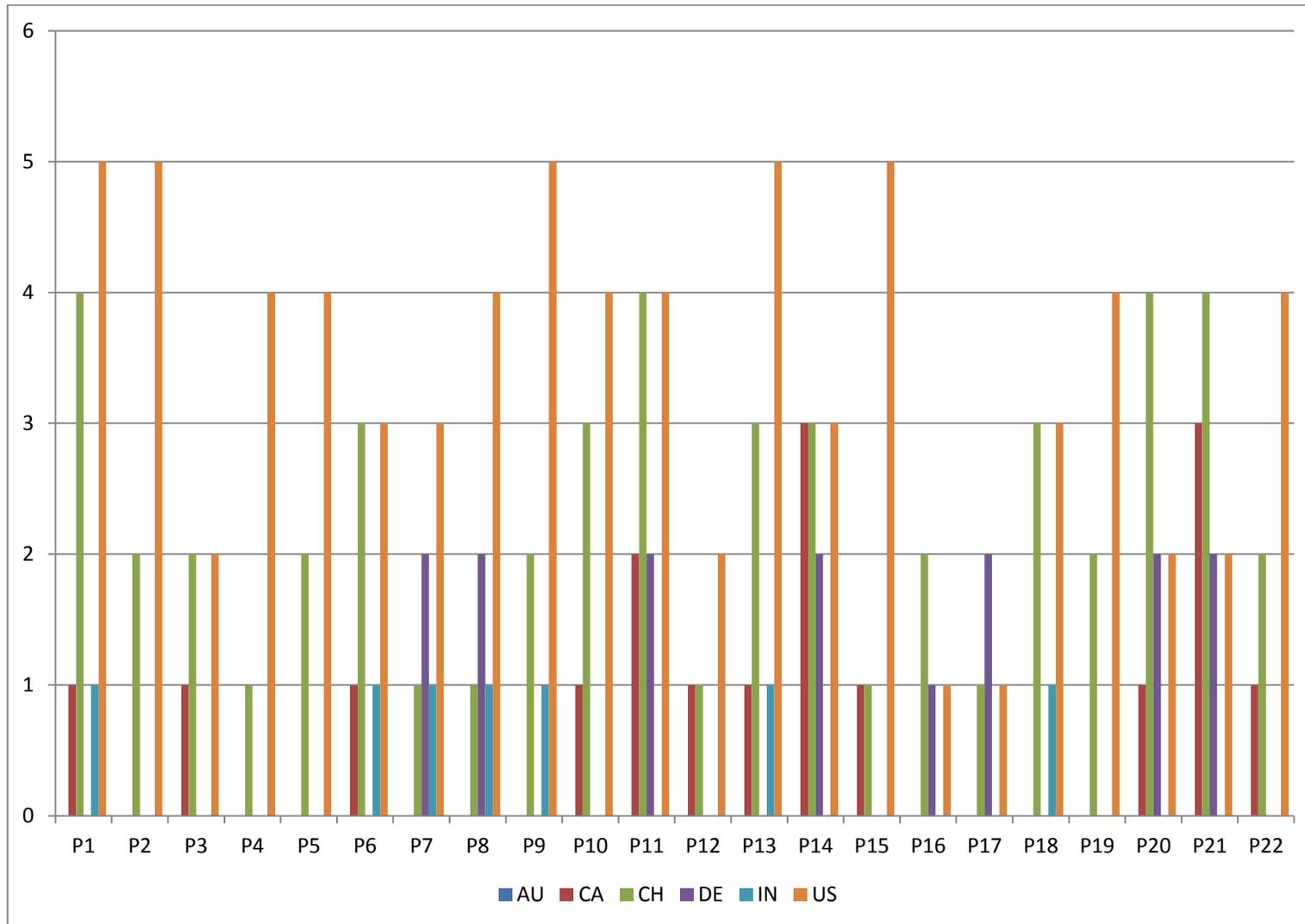


**Graph 5 – Frequency of dynamic de/centralisation by direction and dimension\***

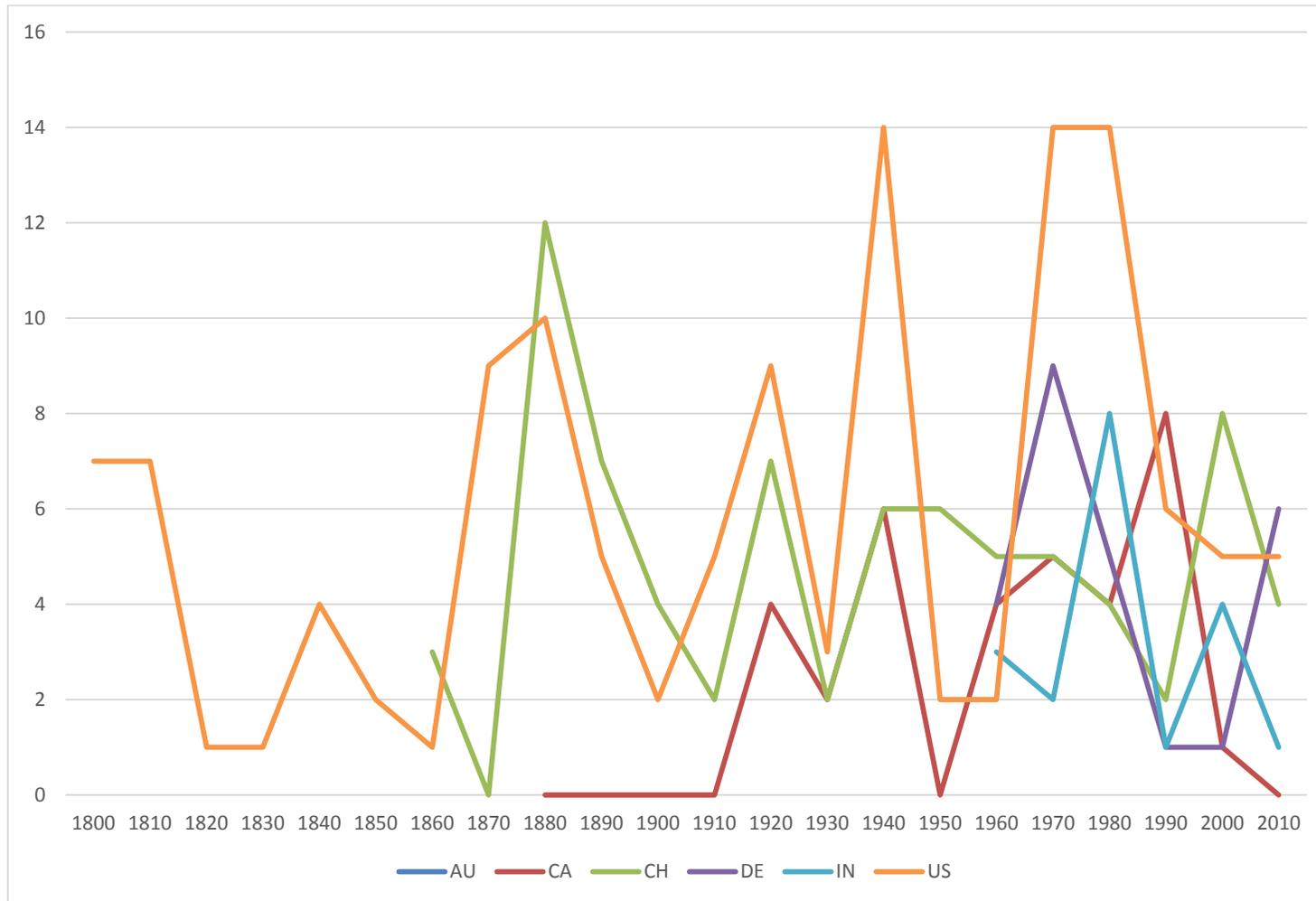


Note: \*number of code changes.

Graph 6 – Frequency of dynamic legislative de/centralisation by policy category

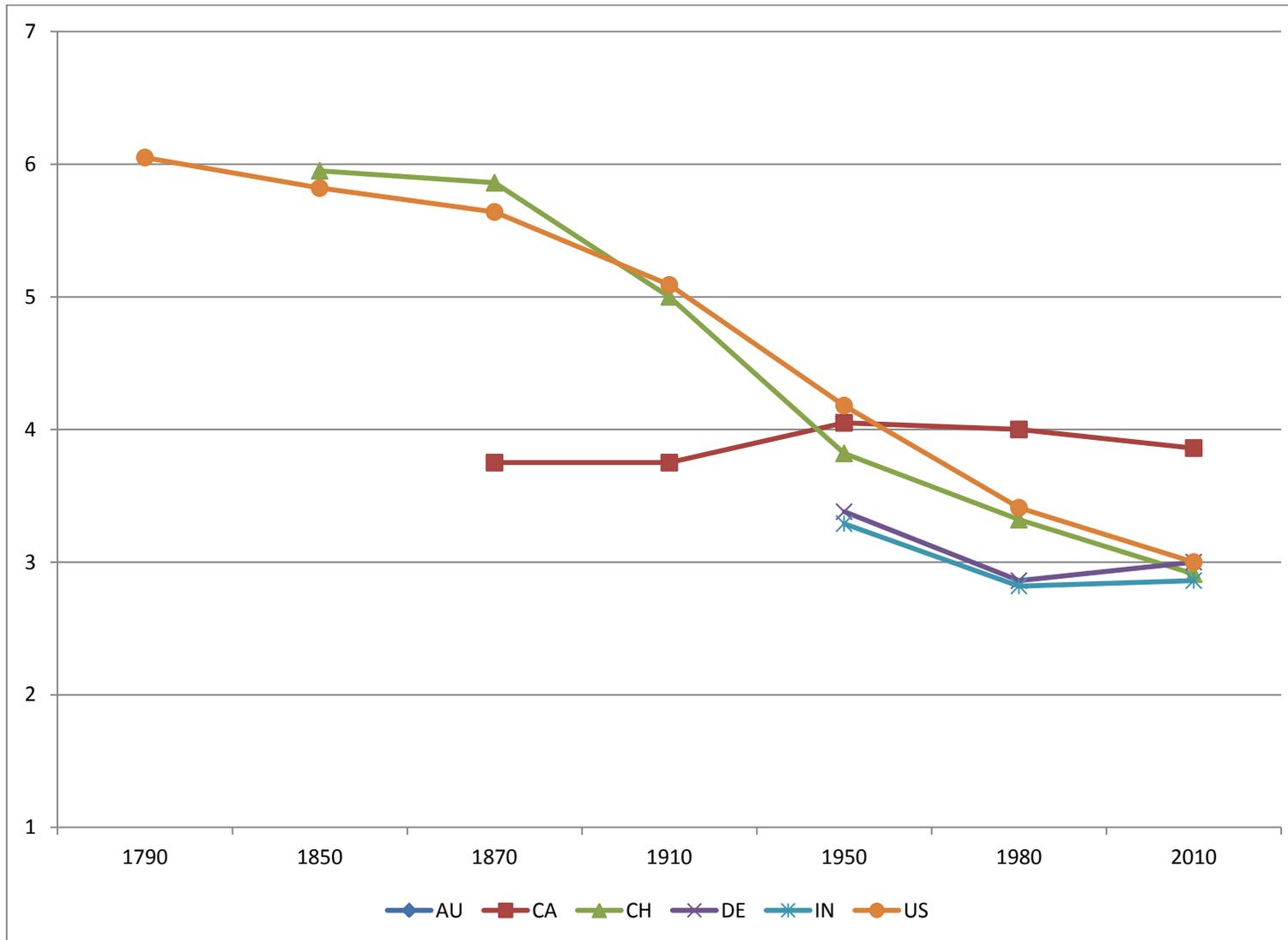


**Graph 7 – Frequency of dynamic policy de/centralisation by time point\***

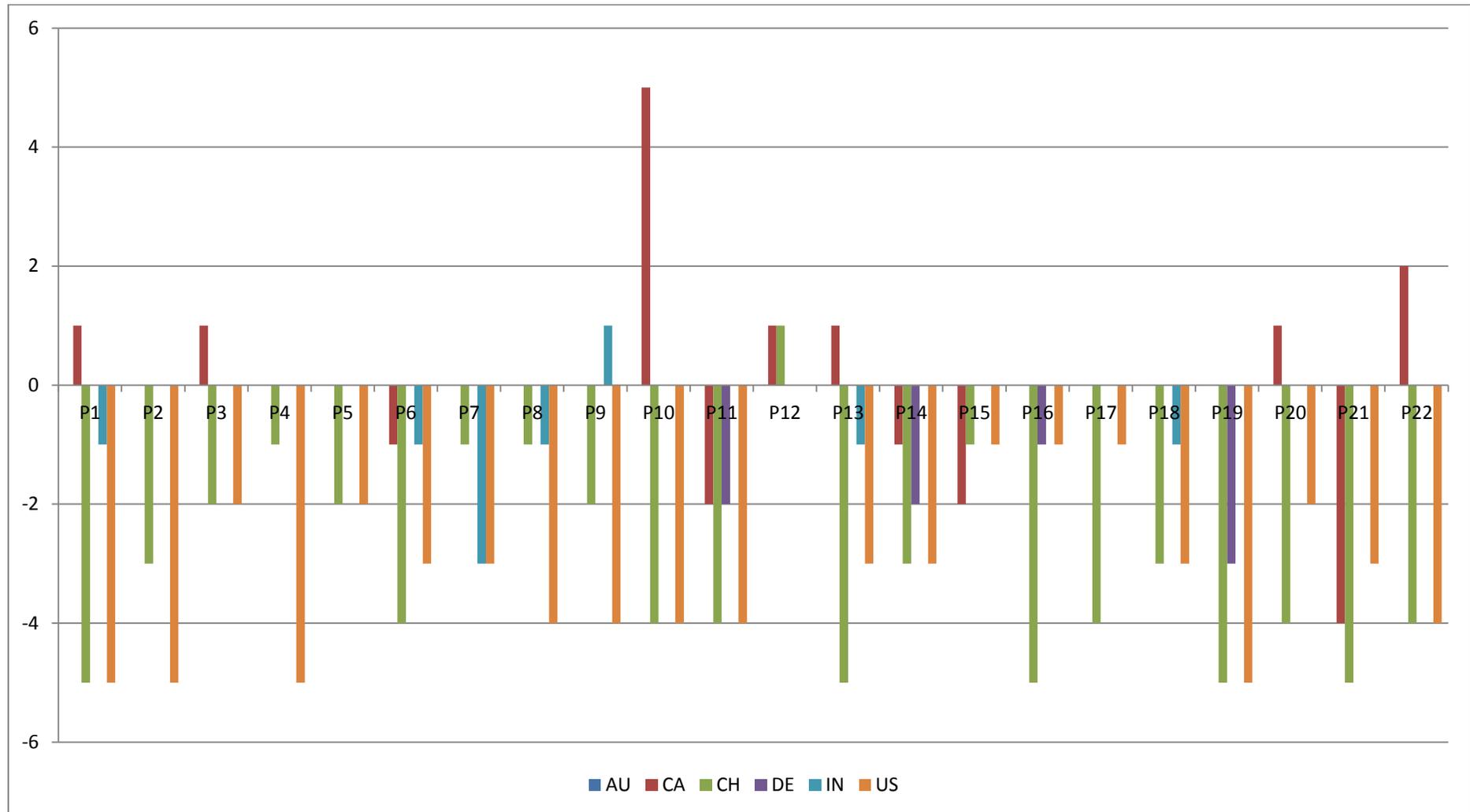


Note: \*number of code changes in both the legislative and the administrative dimensions.

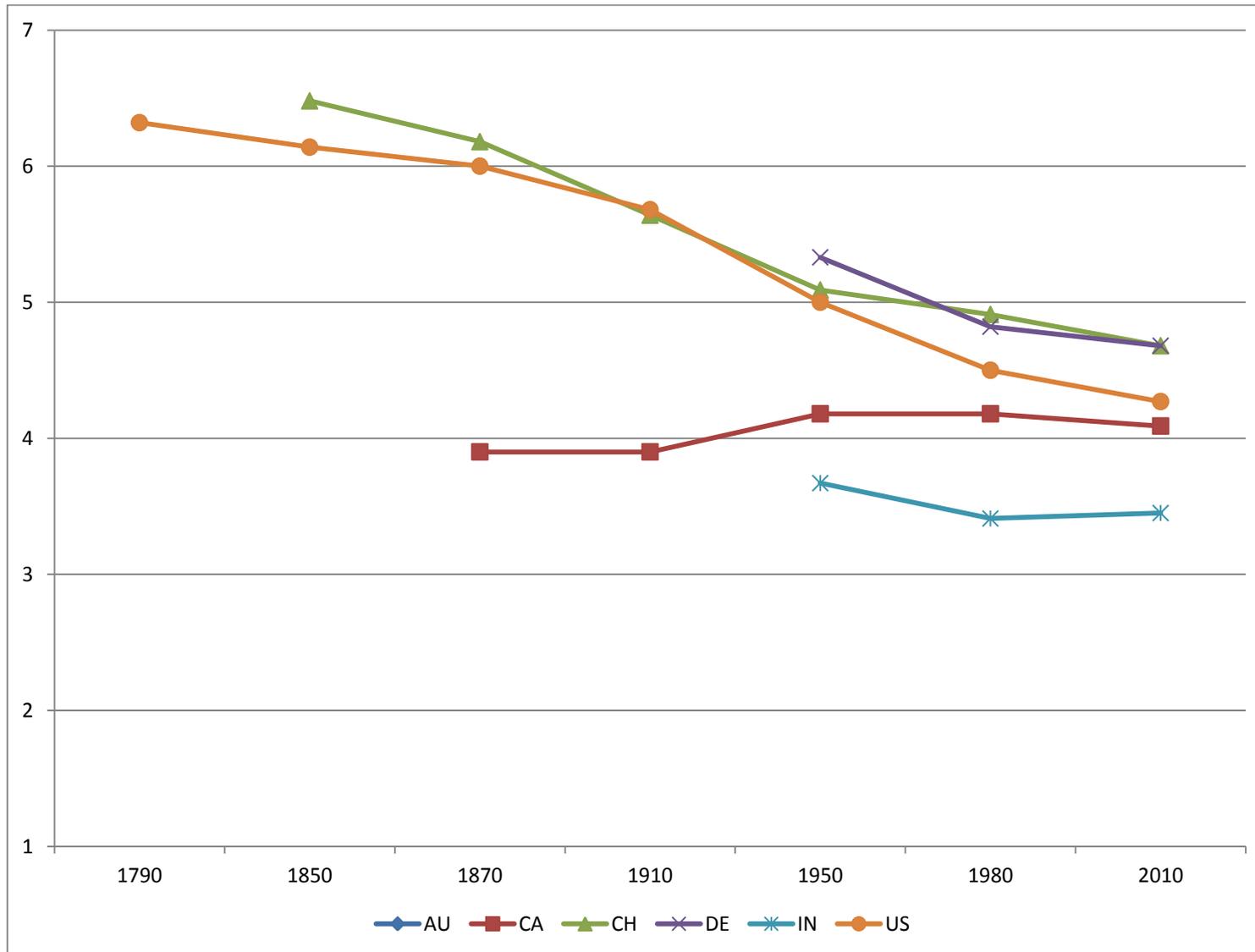
Graph 8 – Mean static legislative de/centralisation, 1790-2010



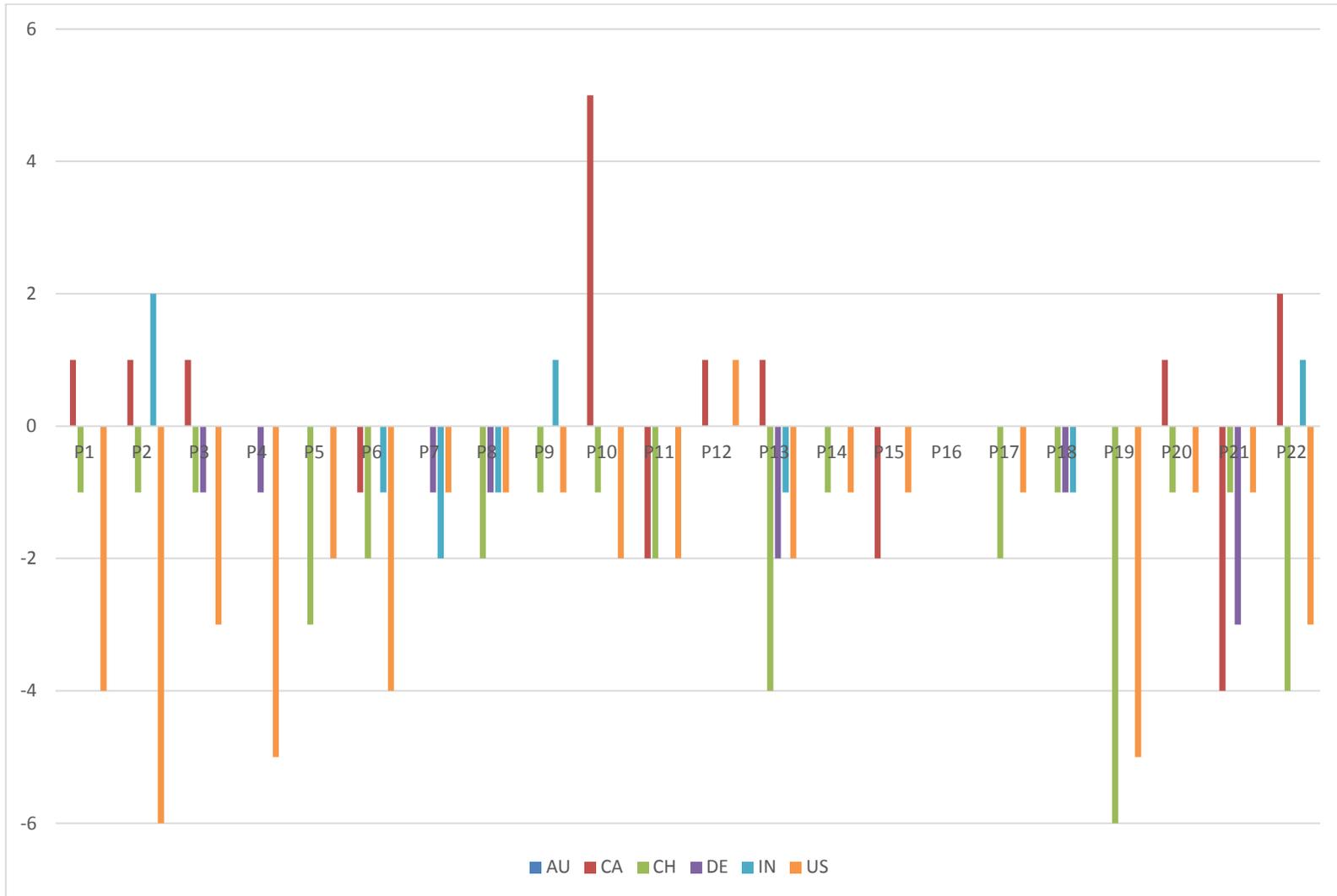
Graph 9 – Cumulative direction and magnitude of dynamic legislative de/centralisation by policy category



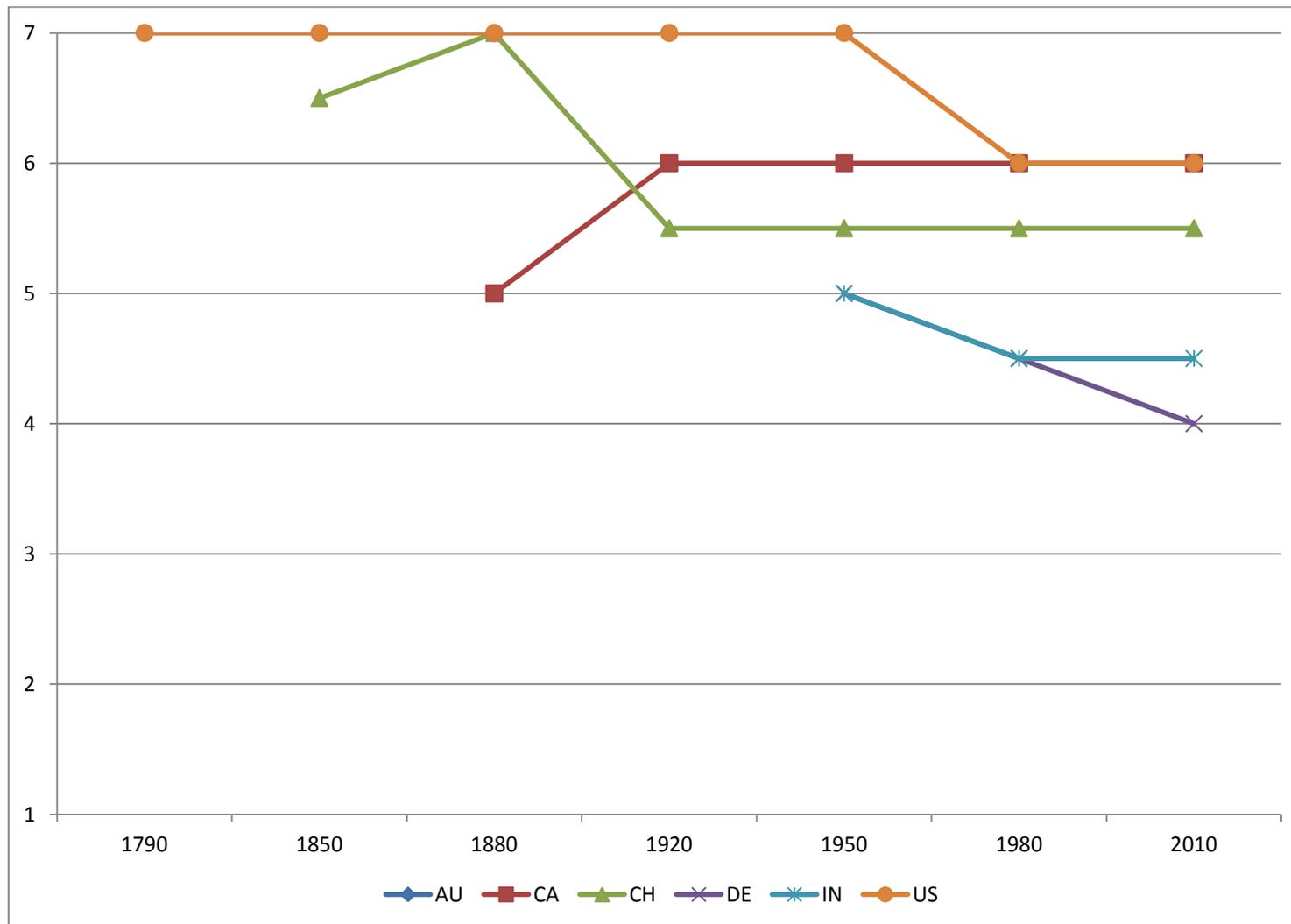
Graph 10 – Mean static administrative de/centralisation, 1790-2010



**Graph 11 – Cumulative direction and magnitude of dynamic administrative de/centralisation by policy category**

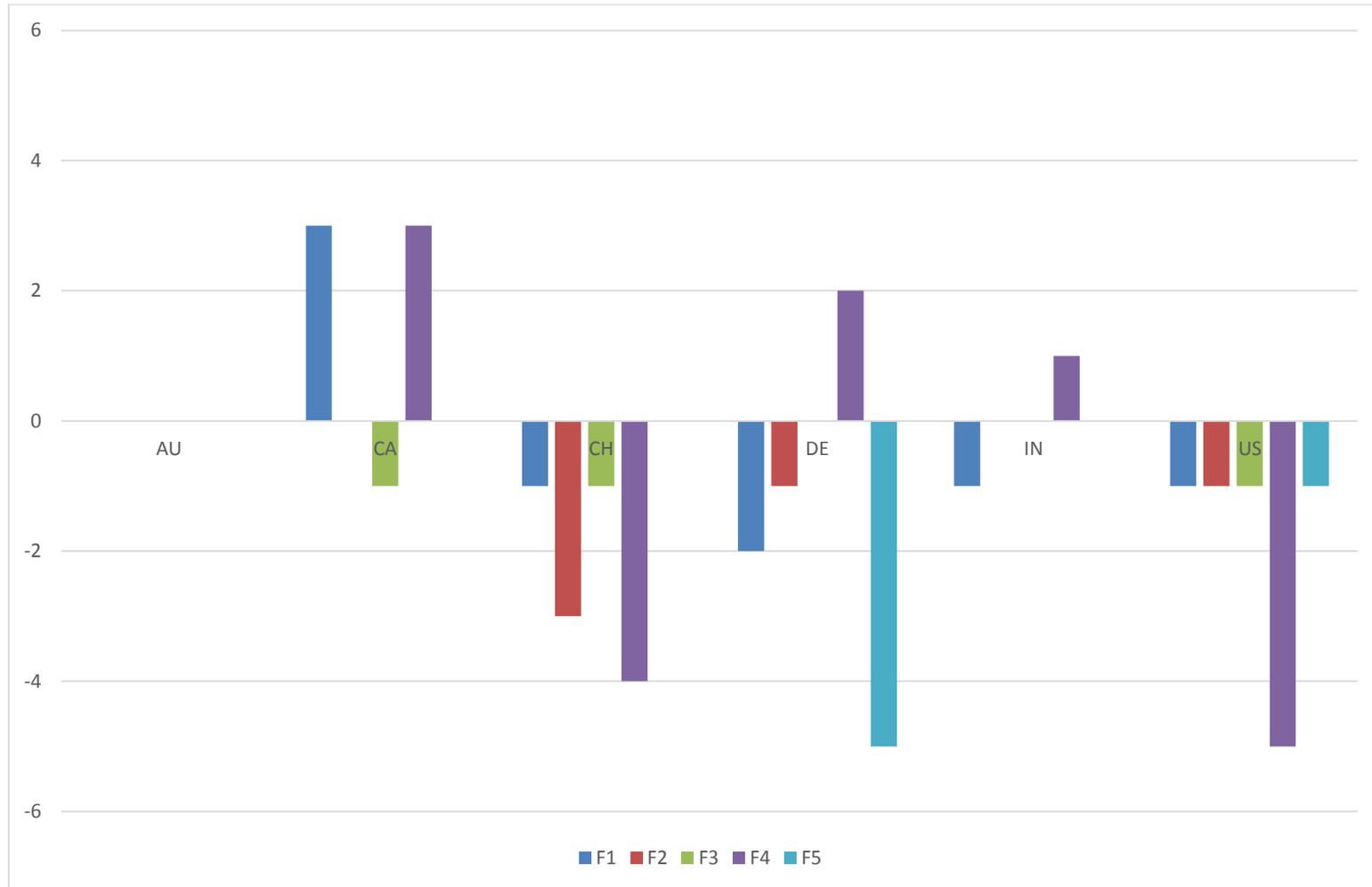


Graph 12 – Mean static fiscal de/centralisation, 1790-2010\*

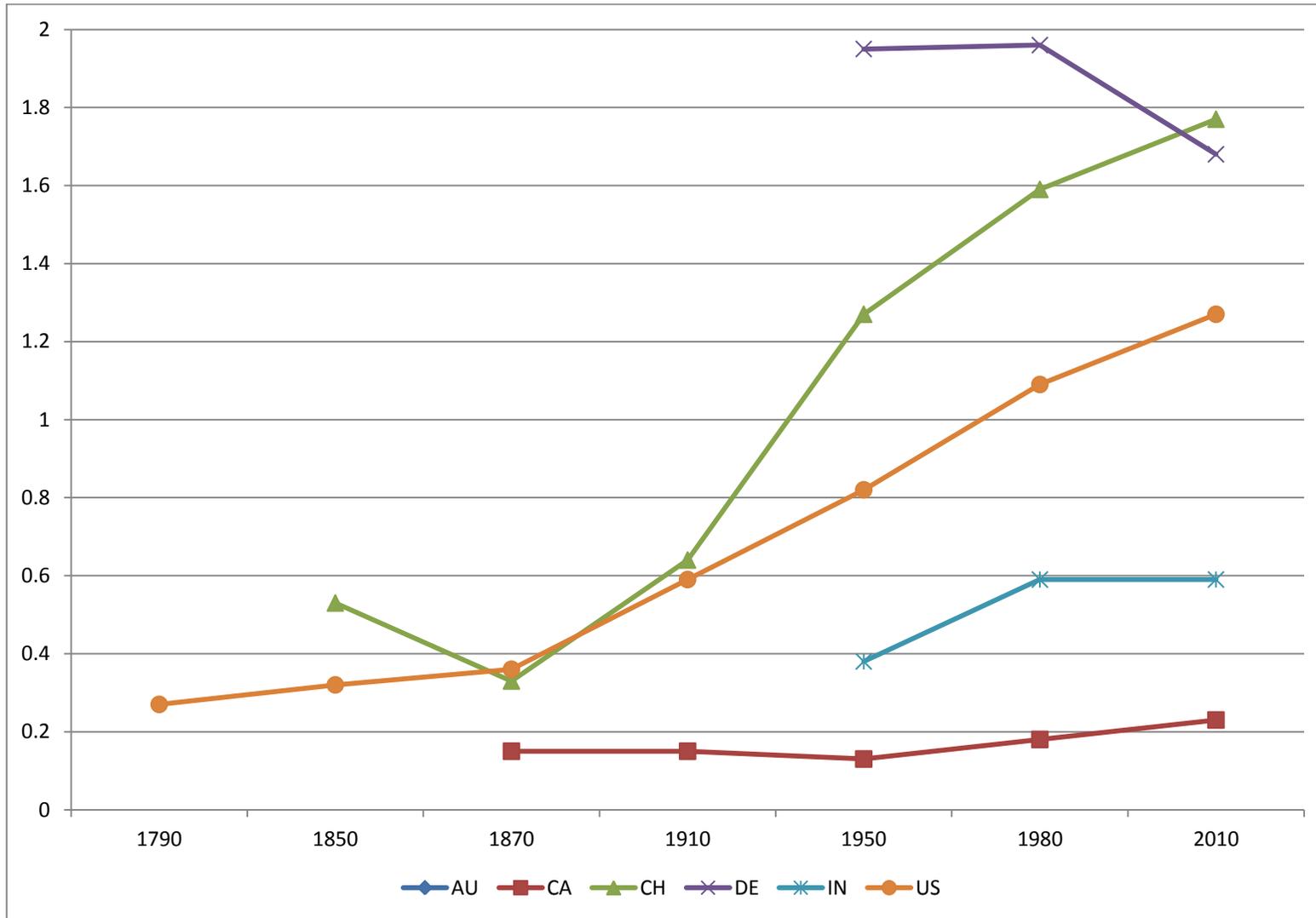


Note: \*core mean (F1+F3/2).

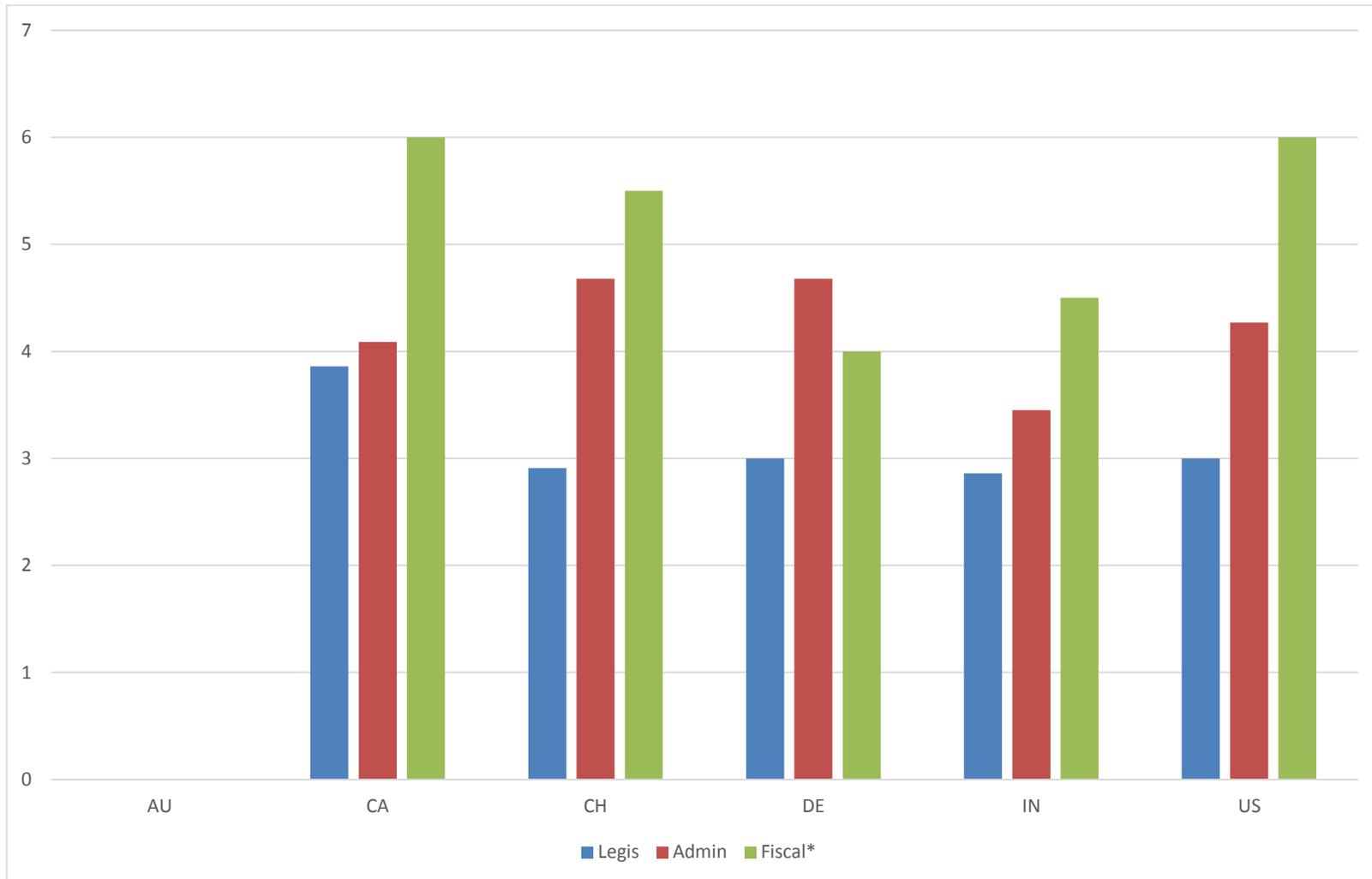
**Graph 13 – Cumulative direction and magnitude of dynamic fiscal de/centralisation by category**



Graph 14 – Legislative-administrative mean deviation, 1790-2010

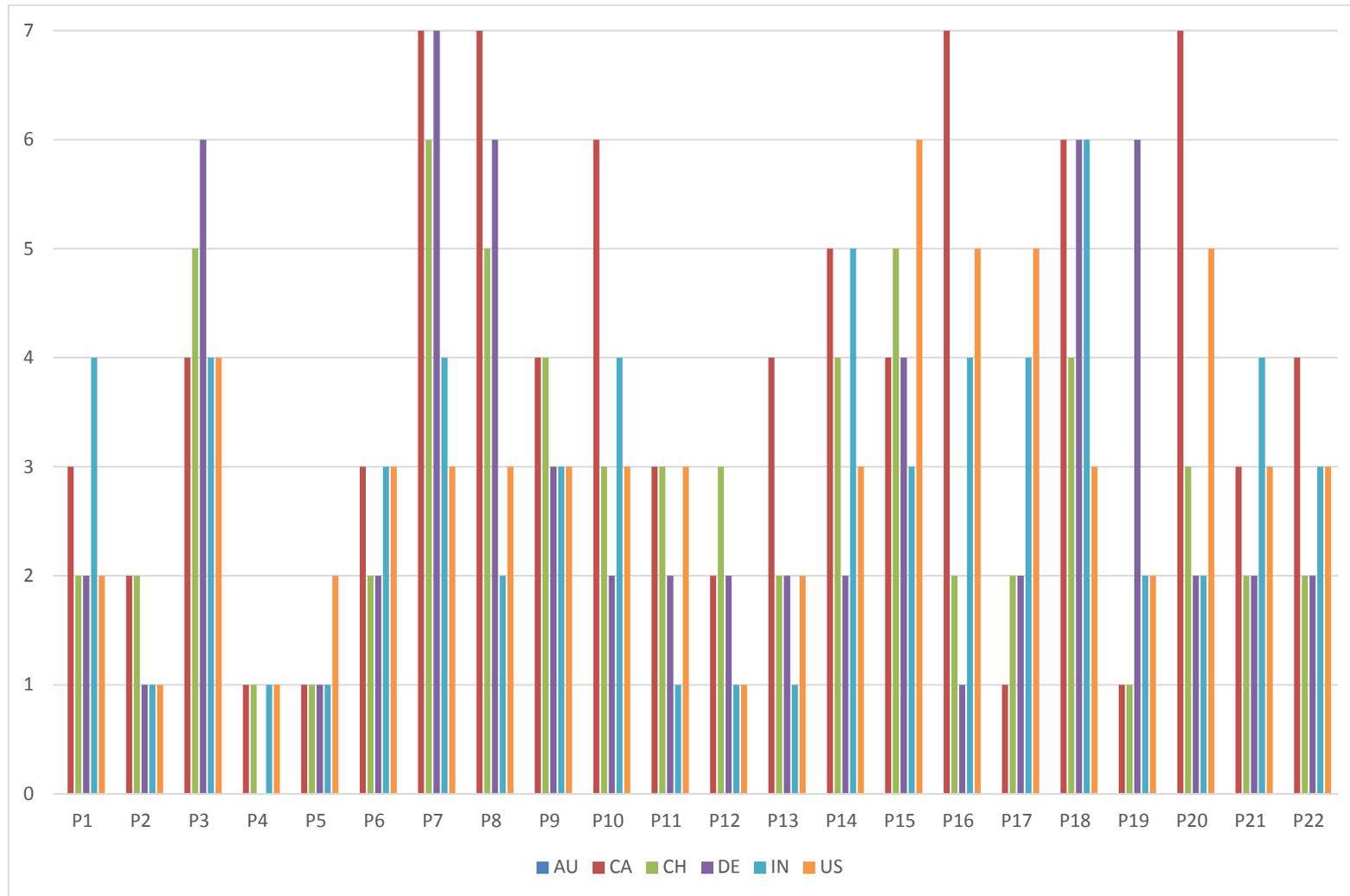


Graph 15 – Mean static de/centralisation, 2010

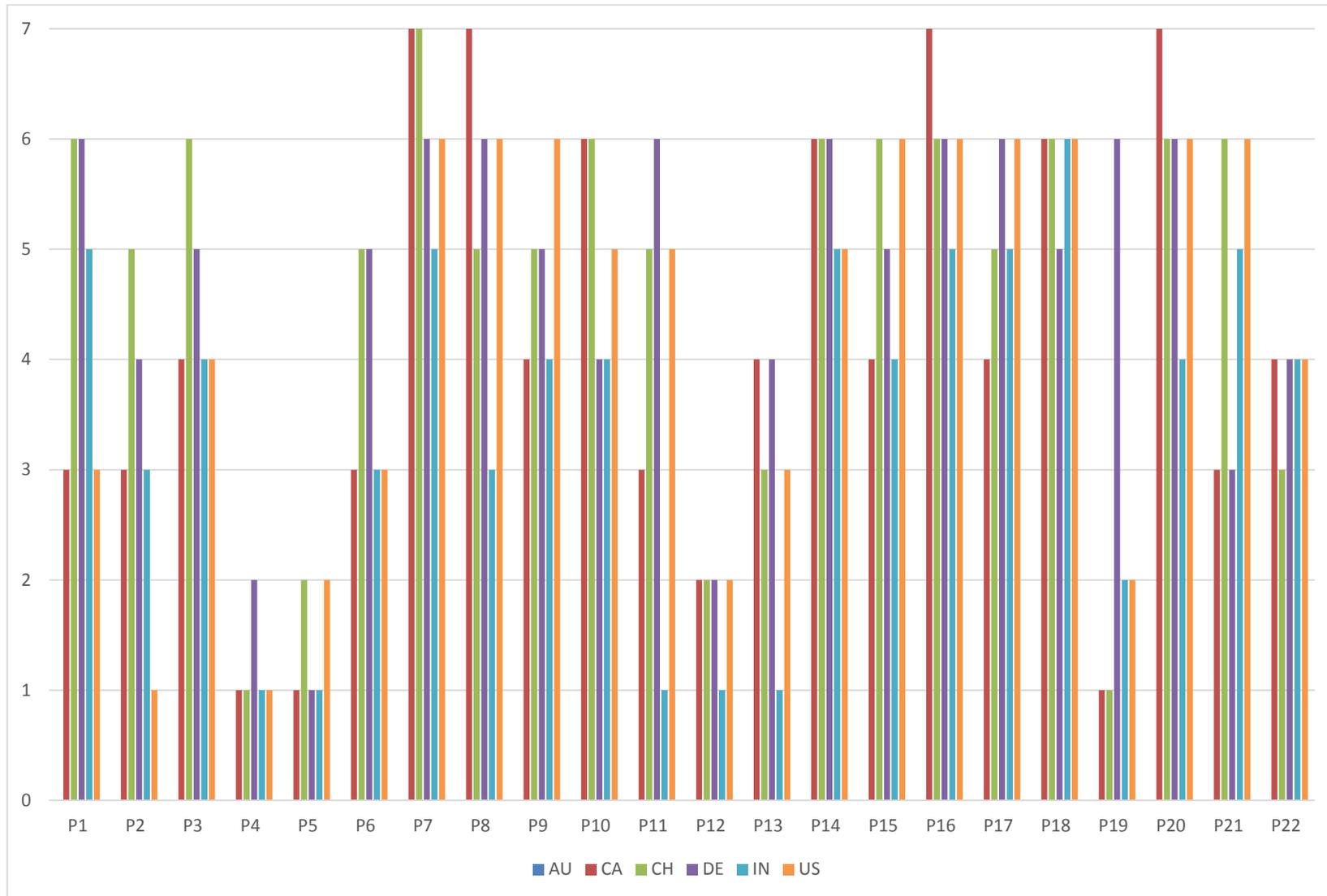


Note: \*core mean (F1+F3/2).

**Graph 16 – Static legislative de/centralisation by policy category, 2010**



**Graph 17 – Static administrative de/centralisation by policy category, 2010**



Graph 18 – Static fiscal de/centralisation by category, 2010

