

MEASURING REGIONAL AUTHORITY

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Accompanying book:

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The study covers regional authority in 81 countries over the period 1950-2010. The unit of analysis is the individual region which we define as a jurisdiction between national government and local government. We draw the boundary between local and regional government at an average population level of 150,000. This excludes the lowest tier of government, but allows us to capture intermediate governments, often arrayed at two nested jurisdictional levels between the local and national. We relax the population criteria for individual jurisdictions that

stick out from a tier of government that meets the regional threshold, such as Greenland or the Galapagos islands.

We indicate four types of regions using the notations S Y A D.

- A *standard region* (S) is part of a regional tier and has a multilateral association with the central state. Standard regions have a uniform institutional set up within a tier, and we estimate them as such.
- An *asymmetric region* (Y) is embedded in a national tier, yet has distinctive authority on one or several dimensions of the RAI. Asymmetry is usually specified in an executive decision, constitutional article, or special clause in framework legislation.
- An *autonomous region* (A) is exempt from the country-wide constitutional framework and receives special treatment as an individual jurisdiction. It operates mostly in a bilateral setting with the central state alone. The arrangement is laid down in a special protocol, statute, special law, or separate section of the constitution.
- A *dependent region* (D) is not part of a standard tier, but is governed hierarchically by the central state. It has a separate government with no, or very little, authority.

Two key features underpin these distinctions. The first concerns how a region stands in relation to other regions. Is the region part of a tier (S); is it part of a tier, yet has distinctive authority (Y) (e.g. Quebec or Catalonia); is the region anomalous (A) (e.g. Scotland or Aceh); or is the region excluded from a regional tier (D) (e.g. Misiones, Isla de la Juventud, Labuan)? The second feature concerns how a region stands in relation to the central state. Is the association multilateral, as part of a tier (S and Y); is it bilateral, so that the region relates to the central state individually (A); or is the relationship a unilateral one in which the region is governed by the central state (D)?

Regional tiers (S) and differentiated regions (Y,A,D) are evaluated on the same scale. We evaluate five dimensions of self-rule: institutional depth, policy scope, fiscal autonomy, borrowing autonomy, and representation. We evaluate five dimensions of shared rule: law making, executive control, fiscal control, borrowing control, and constitutional reform. There

are two forms of shared rule. We code a region as having multilateral shared rule when its authority is contingent on coordination with other regions. We code a region as having bilateral shared rule when its authority is not contingent on coordination with other regions. These dimensions are evaluated on an annual basis.

To achieve reliable and valid estimates we triangulate primary sources (constitutions, legislation, statutes) with secondary literature and the opinions of country experts. Chapter One of the book sets out the measurement strategy, and Chapter Three illustrates how we adjudicate gray cases.

The measurement instrument is grounded in well-established concepts. *Authority* is defined as legitimate power, that is, power recognized as binding because it is derived from accepted principles of governance (Dahl 1968). *Formal* authority is defined as authority exercised in relation to explicit rules, usually written in constitutions, legislation, treaties or statutes. A regional government has some degree of authority, with respect to some territorial jurisdiction, over certain actions. The proposed instrument therefore specifies (A) the territory over which a government exercises authority; (B) the depth of that authority; and (C) the spheres of action over which it exercises authority.

With respect to territorial scope of authority (A), a government may exercise authority in its own jurisdiction or co-exercise authority over a larger jurisdiction of which it is part. This is the distinction between self-rule and shared rule (Elazar 1987). The expression of authority in self-rule, that is the authority exercised by a regional government over those within the regional territory, is fundamentally different from that in shared rule, or the authority exercised by a regional government or its representatives in the country as a whole. With respect to

depth of authority (B), one needs to estimate the degree to which a government has an independent legislative, fiscal, executive organization, the conditions under which it can act unilaterally, and its capacity to rule when opposed by the national government. With respect to spheres of action (C), a regional or international government can have authority over a smaller or broader range of policies. Authority over taxation and authority over constitutional reform are especially important.

The coding scheme sets out the ten dimensions that constitute the latent variable of regional government. Principal components analysis reveals that a single-factor solution accounts for 81 percent of the variance. In a two-factor solution, each dimension loads strongly on one latent factor and weakly on the other factor. The indicators hang together as self-rule and shared rule. As one would expect, the correlation between the two constructs is quite high ($r=0.58$). The Cronbach's alpha across the ten dimensions for 2010 is 0.92, which suggests that the dimensions can be interpreted as indicators of a single latent concept. For detail on measurement, see Chapter One.

SELF RULE = The authority exercised by a regional government over those who live in the region

- 1) *Institutional depth = the extent to which a regional government is autonomous rather than deconcentrated*

This dimension breaks down into four categories. The first is a null category where there is no functioning general-purpose regional administration. The second is described by the Napoleonic term, *déconcentration*, which refers to a regional administration that is hierarchically subordinate to central government. A deconcentrated regional administration has

the paraphernalia of self governance—buildings, personnel, a budget—but is a central government outpost. The final two categories distinguish among regional administrations that exercise meaningful authority. The more self-governing a regional government, the more its relationships with the central government are lateral rather than hierarchical. The fundamental distinction here is whether regional self-government is, or is not, subject to central government veto (Falletti 2010; Inman 2008).

Institutional Depth	
0:	no functioning general-purpose administration at the regional level;
1:	deconcentrated, general-purpose, administration;
2:	non-deconcentrated, general-purpose, administration subject to central government veto;
3:	non-deconcentrated, general-purpose, administration not subject to central government veto.

2) *Policy scope = the range of policies for which a regional government is responsible*

This dimension is concerned with regional authority over policy making (Brancati 2006; Keating 2001; Peterson 1995; Sorens 2010). Policies are grouped into five areas: economic, cultural-educational, welfare, constitutive and coercive policies (residual powers, police, own institutional set-up, local government), and immigration and citizenship. Regional governments are scored on whether they exercise authority in none, one, or more than one of the first three policy areas. If more than one policy area, a regional government is evaluated whether it also exercises constitutive or coercive authority, i.e. authority that lies close to the core of state sovereignty. The final policy category taps whether a regional government co-exercises authority over membership in its community, i.e. in immigration and citizenship policies.

Policy Scope

- 0:** very weak authoritative competencies;
- 1:** authoritative competencies in a), b), c) or d)
 - a) economic policy;
 - b) cultural-educational policy;
 - c) welfare policy;
 - d) one of the following: residual powers, police, own institutional set-up, local government
- 2:** authoritative competencies in *at least two* of a), b), c), or d);
- 3:** authoritative competencies in d) and at least two of a), b), or c)
- 4:** region meets the criteria for **3** plus authority over immigration or citizenship.

3) *Fiscal autonomy = the extent to which a regional government can independently tax its population*

Fiscal autonomy is evaluated in terms of a regional government's authority to set the base and rate of minor and major taxes in its jurisdiction (OECD 1999; Rodden 2004; Schakel 2008). A schema developed by the OECD (1999), which distinguishes two notions of authority (control independent from central government, and shared rule with central government), and three areas of control (base, rate, revenue split), is drawn on to develop a simplified schema that produces (a) an annual (not decennial) measure, (b) for particular levels of government (not aggregated across subnational levels) that (c) is conceptually close to the thing to be measured: i.e., authority on fiscal matters. We assess a regional government's tax portfolio as a whole by distinguishing between major and minor taxes and within these, between the capacity to control base and rate, or rate only.

Fiscal Autonomy

- 0:** the central government sets the base and rate of all regional taxes;
- 1:** the regional government sets the rate of minor taxes;
- 2:** the regional government sets the base and rate of minor taxes;
- 3:** the regional government sets the rate of at least one major tax: personal income, corporate, value added, sales tax;
- 4:** the regional government sets the base and rate of at least one major tax.

4) *Borrowing autonomy = the extent to which a regional government can borrow*

Borrowing refers to the acquisition of money (on domestic or international financial markets or from domestic or international banks) against the obligation of future payment. For regional governments it can be a major source of income in addition to own taxes and intergovernmental grants. Our measure of borrowing autonomy evaluates the numerical fiscal rules that affect a region's authority to borrow. The inset describes how we compress gradations in restrictiveness in four categories. We assess a regional government's borrowing autonomy by evaluating the extent and type of central government restrictions and whether these rules are imposed ex ante or ex post on government actions.

Borrowing autonomy

- 0:** The regional government does not borrow (e.g. centrally imposed rules prohibit borrowing).
- 1:** The regional government may borrow *under prior authorization (ex ante)* by the central government* and it borrows under one or more of the following centrally imposed restrictions:
- Golden rule (e.g. no borrowing to cover current account deficits)
 - No foreign borrowing or borrowing from the central bank
 - No borrowing above a ceiling
 - Borrowing is limited to specific purposes
- * Including borrowing from the central bank
- 2:** The regional government may borrow *without prior authorization (ex post)* under one or more of the same centrally imposed restrictions (a, b, c, d, e):
- 3:** The regional government may borrow without centrally imposed restrictions.

5) *Representation = the extent to which a region has an independent legislature and executive*

Regional authority with respect to representation is conceived as the capacity of regional actors to select regional office holders: in the case of legislators, by indirect election by subnational office holders or by direct election in the region; in the case of an executive, by a mixed system of a regional/central dual executive or a regional assembly.

Assembly

- 0:** the region has no regional assembly;
- 1:** the region has an indirectly elected regional assembly;
- 2:** the region has a directly elected assembly.

Executive

- 0:** the regional executive is appointed by central government;
- 1:** dual executive appointed by central government and the regional assembly;
- 2:** the executive is appointed by a regional assembly or is directly elected.

SHARED RULE¹ = The authority exercised by a regional government or its representatives in the country as a whole

The index distinguishes five avenues for regional participation in national decision making.

Regional representatives may participate in making national law through its representation in the national legislature, usually in the upper chamber. A regional government may share executive responsibility with the national government for implementing policy. Regional representatives may co-determine the distribution of tax revenues in the country as a whole. A regional government may co-determine borrowing. Finally, and most importantly, regional representatives may exercise authority over the constitutional set up in the country or, in the case of a differentiated region, over its own constitutional relationship with the center.

1) *Law making = the extent to which regional representatives co-determine national legislation*

Law making assesses a) the role of regions in structuring representation at the national level (i.e. in the second legislative chamber); b) whether regional governments are directly represented in the second chamber; c) whether regions have majority or minority representation there; and d) the legislative scope of the second chamber.

¹ We distinguish between multilateral and bilateral arrangements for shared rule. The boxes here represent how we estimate multilateral shared rule; for a detailed discussion of bilateral shared rule, see the book (2015).

Law Making

0.5 for each of the following characteristics:

- regions are the unit of representation in a national legislature, i.e. the distribution of representation is determined by regional weights, rather than 'one citizen, one vote' in the country as a whole;
- regional governments designate representatives in a national legislature;
- regions at a given level have majority representation in a national legislature;
- the legislature with regional representation has extensive legislative authority, i.e. can veto ordinary legislation or can be overridden only by a supermajority in the other chamber

2) *Executive control = the extent to which a regional government co-determines national policy in intergovernmental meetings*

Executive control taps the possibility that regional executives have routine meetings with the central government and whether these are advisory or have veto power (Wright 1988). To score positively on this scale, such meetings must be routinized, not *ad hoc*, and to score the maximum, such meetings must be authoritative—they must reach decisions that formally bind the participants.

Executive Control

- 0:** no routine meetings between central government and regional governments to negotiate policy;
- 1:** routine meetings between central government and regional governments without legally binding authority;
- 2:** routine meetings between central government and regional governments with authority to reach legally binding decisions.

3) *Fiscal control = the extent to which regional representatives co-determine the distribution of national tax revenues*

This refers to the role of regions in negotiating or, at the extreme, exerting a veto, over the territorial distribution of national tax revenues. Shared rule on taxation is a special case of

legislative or executive shared rule. Yet fiscal extraction and allocation are consequential enough to be considered separately. Regional governments may influence the distribution of national tax revenues, including intergovernmental grants, directly in the context of intergovernmental meetings, or indirectly via representatives in a legislature with regional governmental representation.

Fiscal control

- 0:** either the regional governments nor their representatives in a national legislature are consulted over the distribution of national tax revenues;
- 1:** regional governments or their representatives in a national legislature negotiate over the distribution of tax revenues, but do not have a veto;
- 2:** regional governments or their representatives in a national legislature have a veto over the distribution of tax revenues.

4) *Borrowing control = the extent to which a regional government co-determines subnational and national borrowing constraints*

Shared rule on borrowing is a special case of executive control. The basic conditions are the same: meetings are composed of regional and national governments, and are institutionalized. The difference is the specificity of the topic: the national regulatory framework on government borrowing and debt management. Similar to executive control but different from law making or fiscal control, our focus is on governments.

Borrowing control

- 0:** regional government(s) are not routinely consulted over borrowing constraints;
- 1:** regional government(s) negotiate routinely over borrowing constraints but do not have a veto;
- 2:** regional government(s) negotiate routinely over borrowing constraints and have a veto.

5) *Constitutional reform*

Constitutional reform assesses authority over the rules of the game (Amoretti 2004; Bednar 2009; Watts 1998). The schema distinguishes between regional actors (i.e. electorates or regionally elected representatives) and regional governments. Since the purpose of the measure is to assess the extent of regional *government* authority, the role of the latter is given more weight than that of the former. So the questions asked are whether the central government or a unitary national electorate can unilaterally reform the constitution; do they need the assent of regional electorates or their representatives; or must reform gain the cooperation or assent of regional governments?

Constitutional reform

- 0:** the central government or national electorate can unilaterally change the constitution
- 1:** a national legislature based on regional representation can propose or postpone constitutional reform, raise the decision hurdle in the other chamber, require a second vote in the other chamber, or require a popular referendum
- 2:** regional governments or their representatives in a national legislature propose or postpone constitutional reform, raise the decision hurdle in the other chamber, require a second vote in the other chamber, or require a popular referendum
- 3:** a national legislature based on regional representation can veto constitutional change; or constitutional change requires a referendum based on the principle of equal regional representation
- 4:** regional governments or their representatives in a national legislature can veto constitutional change.

Calculating country scores

We score at the level of the individual region, or, in the case of standard regions, at the level of the regional tier, and we provide annual scores for ten dimensions. The aggregation to country scores is in three steps. First, we calculate a score for each standard tier and each non-standard region (see regional dataset). Second, we weight scores by population.² Where a tier is composed of regions with different scores, a score for that tier is calculated by weighting each region's score by its share in the national population. Where lower-level regions exist only in a subset of higher-level regions or where scores for lower-level regions vary across higher-level regions, the lower-level scores are weighted by the population of the higher-level regions of which they are part. Third, we sum scores of each tier.

² We use population figures for 2010 or the nearest year except in the rare case that a country gains or loses territory or partitions. Separate datasets ("calculation of country scores") contain population figures.