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An index of political support for decentralization: the
Spanish case.

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ABSTRACT

This paper presents a method to make measurable what was not: the discourses of politicians regarding decentralization. For this purpose, we develop a "matrix of arguments" and a set of indexes, and apply them to provide a snapshot of the politicians' views on the "General Law of Budgetary Stability", a landmark for the process of decentralization in Spain

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1. INTRODUCTION

Decentralization is an active process around the world. Developing countries are using decentralization as a “possible way of escaping from the traps of ineffective and inefficient governance, macroeconomic instability, and inadequate economic growth” (Bird and Vaillancourt, 2000, page 1). Countries in transition in Eastern and Central Europe are also trying to catch up by applying decentralization processes (Stewart, 2000). Developed countries are seeking, through decentralization, to pay more attention to the requirements of the new “post-welfare state” (Wildasin, 1997). In this context, and as we will explain below, Spain provides a striking example, as lower levels of government are dealing with an increased percentage of income and spending, while the central government is partly losing its power. Taking for granted that the decentralization process is already working in practice (the “outside” of the topic), it is interesting to know how the Parliament is dealing with the process (the “inside” of the topic).

We present here what is, to our knowledge, the first attempt to study the practical aspects of decentralization based on the discourses of politicians. At its most basic, the method first identifies all the arguments that politicians can use in favor or against a law, and then classifies them as “centralized” or “decentralized” arguments. The information compiled in the matrix so constructed is then translated into a set of indexes that characterizes the position of the different parties and the theoretical arguments used in the discussions.

We then consider an application of the methodology. The paper tackles decentralization in Spain in a novel way, trying to observe whether and how politicians support this issue in their debates. From 1984, the first year of real decentralization¹, to the present, Parliament (Congress and Senate) has held many debates concerning the transfer of power from central to lower levels of government. We will focus our analysis on the debates with respect to the new “General Law of Budgetary Stability” (henceforward GLBS)², which

was sanctioned in December 2001. We are performing a partial analysis of political debate, since we will focus the study on issues related only to decentralization, keeping away from other issues such as the debates about the need for fiscal discipline in itself. However, we will offer an estimation of the political position of each political party regarding decentralization.

From January 2003³ the GLBS required all levels of government (Central, Autonomous Communities (henceforward A.C.) and Local Corporations (henceforward L.C.)) to balance their respective budgets, equalizing spending and income. Budgetary stability for lower levels of government is a mandate coming from the central level. In this sense, it is not obvious how the GLBS is supporting decentralization.

The next two sections will offer, respectively, a closer look at how decentralization has worked so far in Spain, as well as some background information about the GLBS. The methodology is discussed in section four, where two main tools are introduced: the “matrix of decentralization” and the “index of decentralization”. The matrix offers a wide set of theoretical arguments -grouped by families- that politicians could use in their debates. The index offers a snapshot of the level of support for decentralization. In section five, we present an application of our methodology, considering the case of the Spanish GLBS. Section six provides a wider overview of the method, considering its strengths and weaknesses. Section seven concludes.

2. THE DECENTRALIZATION PROCESS IN SPAIN

Decentralization, a process that started in 1978, is still ongoing in Spain. In this short period of time, the country has rapidly converged in terms of decentralization with other countries with more federalist traditions, like Germany or Switzerland. We do not offer here a detailed explanation about how decentralization has taken place in Spain; rather, we simply

provide some general references and a brief description of the Spanish case and compare it with the theory of decentralization. Interesting reviews of how decentralization has worked in practice can be found in Fossati and Panella (1999), who provide a good comparison among the different evolutions of decentralization in some European countries. Suárez-Pandiello (1999), Braña Pino and Serna de los Mozos (1999) and Molero (2001, 2002) provide recent surveys of the Spanish case.

One of the most important landmarks offering a model of how to decentralize is the “theory of fiscal federalism” (Tiebout (1956), Musgrave (1959), Olson (1969), and Oates (1972)). Even if this model has not been strictly applied in practice, it is the only serious archetype offering a theoretical approach to the issue. In Spain, decentralization has barely followed the fiscal federalism theory.

With respect to the evolution of the decentralization process in Spain, and taking into account both sides of the Public Administration budget (spending and income), we can see that from 1984 to the present, decentralization has happened mostly on the side of spending. It was only in 2001 that, with the approval of a new financing law for lower levels of government, A.C. started to manage a larger share of their own income.

According to available data on consolidated total spending for all Public Administrations⁴ in Spain, the central government has lost a great deal of control over spending over the last twenty years (72.6 percent of total expenditure was carried out by the central government in 1984, a figure that had gone down to 51.1 percent by 2005). Much of this expenditure is now in the hands of A.C., the real “winners” of the decentralization process (in particular, those with “high level of competencies”). In fact, the percentage of expenditure by A.C. more than doubled in this period, going from 14.4 percent to 33.1 percent in 2005.

Two notes are in order. First, this decentralization on the side of expenditure has not been coupled with decentralization on income-generation, which was still mostly in the hands of the central government. Second, if A.C. have been the “winners”, the “losers” of the decentralization process have been the L.C. Their spending went only from 13.0 percent of the consolidated total expenditure in 1984 to 15.8 percent in 2005. We could say that L.C. are still waiting for a second decentralization process coming from the A.C.

As a conclusion, and despite the different problems and shortcomings of the process, we have to remark that the decentralization of public expenditure has been one the major events in Spain during recent years. Moreover, it has helped Spain to establish a democratic spirit and move away from the previous centralized phase.

3. THE “GENERAL LAW OF BUDGETARY STABILITY” (GLBS)

The European Union is concerned about fiscal discipline. For this reason, the “Stability and Growth Pact” (henceforward SGP) was approved in July 1997 to balance spending and income. To apply the SGP, Spain developed its own “Stability Program 1998-2002” at the end of the year 1998, to be updated yearly. The objective of this program was to reduce deficit and debt and to ensure economic growth.

Trying to reinforce the compliance with the principles of the SGP, the political party running the central government in Spain during those years, *Partido Popular*, decided to present in the Parliament the project of a “General Law of Budgetary Stability” (GLBS), together with a “Complementary Law” in order to apply the GLBS at the level of Autonomous Communities according to their own legislation⁵. The discussions at the Parliament took place from February 2 (when the law was presented by the government) to November of 2001, and the general law and its complementary one were approved on December 12, 2001.

The key principles of the GLBS are described in Annex 1. A detailed analysis of the law is outside the scope of this paper, and readers are referred to González-Páramo (2001) for an in-depth study of the law.

4. THE METHODOLOGY

Political discourses are often convoluted, and the interventions dealing with a particular issue may be scattered, difficult to locate and costly to relate to the academic literature. Up to now, very little effort has been put in trying to study the possible useful information one could obtain from the Parliamentary discourses by the politicians. We present a new method trying to make measurable what was not so (the discourses in Parliament) through a novel compilation of politicians' speeches.

To our knowledge, nobody in the literature has so far attempted to study political discourses on decentralization and systematically join the analysis with the theory of fiscal federalism and its application. Not even work that considers political discourses is in abundance (with the exceptions of: Bel and Costas, 2001; Bel, 2003; Steiner, Bächtiger, Spörndli, and Steenbergen, 2003, 2005), and there is very limited contribution on studying discourses through categorization of arguments (Pujol, 1998, 2008; and Molero, 2003).

We will now present the main elements required to elaborate a matrix for the study of decentralization laws and discuss each of the necessary steps in turn.

4.1. ELABORATING THE “MATRIX OF DECENTRALIZATION”

The first step is the compilation of the discourses. When applying the method to any particular instance, the review of the relevant sources needs to be comprehensive and tailored

to each case under study. Special care may be needed if the discussion takes place in different legislative sessions or across various levels of government.

Once the compilation is completed, we divide the pages of the relevant documents - which contain the transcripts of the debates - in “units of extension”. We give one point of extension, or fraction in five-decimal increments, to each column (two columns per page) and to each amendment proposal.

The identification of the arguments of the matrix is the crucial and original part of the methodology. From the study of the literature on the issue, we identify the relevant theoretical principles dealing with the matter at hand. After the theoretical arguments are identified, the matrix is constructed, classifying each argument as “centralized” or “decentralized”.

The second step addresses the grouping of the individual arguments in families. With the term “family” we characterize groups of arguments that arise from the same theoretical principle. With this it becomes possible to study the discourses from the general point of view of theoretical principles. The appurtenance of the specific arguments appears to be clear enough for all cases. However, the possible misclassification of one argument would not have a strong effect on the general methodology because the difference between centralized and decentralized arguments is clear-cut.

In practical terms, for the identification of the arguments we have taken into account the prescriptions of the “fiscal federalism theory” concerning decentralization. The matrix (presented in Table 1) contains self-explanatory descriptions of the arguments. All of them come from key works of the literature, such as Bayoumi and Eichengreen (1995), Boadway and Shah (1995), Eichengreen and von Hagen (1996), Oates (1999), and Olson (1969).

Since the second part of this paper is the application of our methodology to a specific case (the GLBS), we complemented the “basic” theoretical principles with the revision of

specific research, as compiled in Braña Pino and Serna de los Mozos (1999), González-Páramo (2001), Melguizo Sánchez (1989), and Molero (2001, 2002).

As a result, we obtain the matrix of decentralization, which contains 34 arguments that may be potentially used by the politicians. We classify arguments as “supporting centralization” (or ‘c’ arguments, shown in the first column) or “supporting decentralization” (referred to as ‘d’ arguments, and presented in the second column). Individual arguments are further classified into one of the seven following families:

Family A. *Budgetary and financing autonomy*: how can the different levels of government best deal with deficits, and what implications does budgetary stability have for each tier.

Family B. *Income redistribution and spending on social issues*: how are redistribution and social spending affected by the decentralization of responsibilities.

Family C. *Macroeconomic stabilization*: which level of government is best suited to attain macroeconomic stabilization, and how is it affected by budgetary discipline mandated at the national level.

Family D. *Public Choice*: who should impose stability, and how are the benefits distributed for citizens and the different levels of government.

Family E. *Legislation*: what are the implications of the legal background for the distribution of responsibilities in budgetary stability.

Family F. *Spending on economic services*: basic guiding principles for the allocation of responsibilities on economic services across levels of government.

Family G. *General expenditures*: basic guiding principles for the allocation of responsibilities on general services across levels of government.

[Table 1 about here]

Once the theoretical arguments are identified and classified in categories, we can start filling in the matrix by reading the relevant discourses. Every time an argument is identified, a reference (one point) is included in the appropriate cell. This will provide a general view of the politicians' positions on the matter at hand. We can also use this information to calculate a numerical index of political commitment for decentralization, or "index of decentralization", as described in the next section.

4.2. THE "INDEX OF DECENTRALIZATION"

To study the position of a political party on a particular issue (in the application we use later, this would be the GLBS), we "run" the party's discourses through the filter of the matrix. Each time an argument is identified in the speech of a politician we assign one point to his political party in the appropriate cell of the matrix. Sometimes, politicians were only partially close to a theoretical argument; in these cases we have assigned just half a point to their interventions.

Next, we summarize all the different arguments ("decentralized" and "centralized" arguments) identified for each political party and construct an index. The index is presented in a scale ranging from +10 (all the interventions are in support of decentralization) to -10 (all the interventions are in support of centralization). Thus, the "index of decentralization" - ID (P) - is calculated according to [1].

Index, by political party:

$$ID (P) = [(\sum_{i=A}^G adi - \sum_{i=A}^G aci) / (\sum_{i=A}^G ta)] * 10 \quad [1]$$

ID (P) = index, by political party.

P= political parties: BNG, CC, CHA, etc.

ad = number of arguments supporting decentralization.

ac = number of arguments supporting centralization.

ta = total number of arguments.

A through G = the different families of arguments that could be used.

The index gives us an idea of the overall nature of the politicians' speeches, independent of how frequent their interventions are. Positive numbers indicate the party supports decentralization (higher numbers mean stronger support for decentralization) and negative numbers represent the contrary position. A score of zero would indicate an equal number of arguments for and against decentralization.

At the same time, the index calculates the average position of each party by taking the average of all relevant interventions, solving the potential problem of dissension within political groups.

We can extend the analysis to more particular issues if politicians use in their interventions a variety of arguments. In the particular case used here, politicians make use of enough families to allow us to conduct this type of analysis at the family level. The index of decentralization would then be calculated as indicated in [2], and it would provide a measure of the intensity of each type of argument.

Index, by family of arguments:

$$ID (F) = [(\sum ad - \sum ac) / (\sum ta)] * 10 \quad [2]$$

ID (F) = index, by family of arguments, across all political parties.

F= families of arguments: A, B, C, D, E, F, and G.

ad = number of arguments supporting decentralization.

ac = number of arguments supporting centralization.

ta = total number of arguments.

Considering the results of the index as calculated in [1] and [2] allows us to compare the particular strategies of the different political parties and the politicians' overall positioning with respect to the different aspects of the law.

5. THE APPLICATION

5.1. THE ANALYSIS OF THE PARLIAMENTARY DISCOURSES

Spain is a Parliamentary Monarchy, with a system of two Chambers, *las Cortes Generales* or *Parlamento* (Parliament), formed by a Congress and a Senate. The discourses of the GLBS took place in both Chambers, and we used the official transcription of the debates, that is, the *Boletín Oficial de las Cortes Generales* (henceforward BOCG), as source. The individual documents used are listed in Annex 2.

The political parties discussing the GLBS were the following. The *Partido Popular* (PP), a center-right party, was running the central government during the discussions of the GLBS. PP won the elections in 2000 (for the period 2000-2004), obtaining more than 50 percent of the seats in Parliament, and it was running the central government without needing support from other parties. The main Parliamentary opposition was the *Partido Socialista Obrero Español* (PSOE), a center-left party. One other political party at national level was *Izquierda Unida* (IU), a federation of left parties including, most notably, the Communist Party. The rest of the parties have regional bases: *Coalición Canaria* (CC) from Canary Islands; *Convergència i Unió* (CIU), *Esquerra Republicana de Catalunya* (ERC), *Iniciativa per Catalunya-Els Verds* (IC-V), and *Entesa Catalana de Progrés* (ECP) from Catalonia; *Bloque Nacionalista Galego* (BNG) from Galice; *Chunta Aragonista* (CHA) from Aragon; *Partido Andalucista* (PAN) from Andalusia; and *Eusko Alkartasuna* (EA), *Partido Nacionalista Vasco* (PNV), and the senators from the Basque Country: *Senadores*

Nacionalistas Vasco (SNV). We included separately the interventions of the Minister of Finance –of PP affiliation- (Min.Fin.). All in all, there are 14 political parties (or parliamentary groups) plus the Minister of Finance discussing the GLBS⁶.

We must note that we present here the results aggregated at the party level. It would also be possible to do it for each politician involved in the debate. This may be more appropriate in systems where divisions are not necessarily drawn along party lines, but may be according to place of origin or other criteria. In the example we use (the Spanish case), party discipline is the rule, and very rarely do politicians express an opinion other than the party's. The Minister of Finance is the only one breaking party discipline, so we consider it both separately and in conjunction with its political party PP.

The total extension of the discourses analyzed is approximately 500 pages of BOCG, and we have registered 149 interventions by different politicians. Table 2 shows the units of extension for the 14 political parties and the Minister of Finance. The extension of the 13 documents analyzed in this research is 667.75 units⁷. BNG is the political party with the most extension (more time speaking in both Chambers -Congress and Senate-) for its discourses: 103.7 units over 667.75 (15.52% of the total units). Following BNG, we find IU (92.2 units), PP (74.7 units, 102.85 counting together the extension of the Minister of Finance - 28.15 units -), CIU (65.7 units) and PSOE (64.6 units).

[Table 2 about here]

From Table 2 we can also provide another piece of key information: the number of arguments from the “matrix of decentralization” identified in the discourse of each political party. A first result to note is that the matrix seems to capture a large number of arguments in the politicians' discourses: From the 13 documents analyzed (667.75 units of extension) we identify 732 arguments of the “matrix of decentralization”⁸. Most of the arguments have been identified in the discourses of the political party PP (92 arguments, 141 including those of the

Minister of Finance) and by PNV (95.5 arguments). In order of importance, we mention: IU (74.5 arguments), PSOE (69 arguments), SNV (65.5 arguments), BNG (56.5 arguments), and CIU (55 arguments).

We could propose another measure (the last column in Table 2), which represents the degree of intensity of the political discourse on decentralization (number of arguments identified with respect to the units of extension of the discourse of each political party). This measure provides information on which parties are most interested on the subject in relative terms. In the example presented here, these are CHA, ERC, IC-V, EA, and also Minister of Finance.

5.2. THE EMPIRICAL STUDY

After analyzing the interventions of the different political parties regarding the extension of their discourses and knowing how many arguments have been identified for each party, our next step goes deeper, identifying the kinds of arguments from congresswomen, congressmen and senators' speeches. Graph 1 below shows the distribution of the 732 arguments by sort of arguments used, and provides a snapshot of the content of the political discourse dealing with the Spanish GLBS.

[Graph 1 about here]

Taking a look at Graph 1, we observe that the arguments used more often by all political parties are those favoring decentralization. Family A (“budgetary and financing autonomy”) is the most frequently utilized by politicians (336 arguments identified). Also family E (“legislation”) with 180 arguments identified, and family D (“public choice”) with 152 arguments, are habitually used at the politicians' interventions. Family B (“income redistribution and spending on social issues”) and family C (“macroeconomic stabilization”)

are barely used, regarding neither decentralized arguments nor centralized ones. Politicians never use family F (“spending on economic services”) and family G (“general expenditures”). The addition of all decentralized arguments ($A_d + B_d + C_d + D_d + E_d$) is 679 (92.6 percent over the total of arguments identified -732-). Summarizing centralized arguments ($A_c + B_c + C_c + D_c + E_c$), we can conclude that they are used only 7.4 percent of the times. In this sense, one of the first conclusions of our analysis is that when politicians are speaking about the GLBS at the Parliament, they are using decentralized arguments, independently of their position on acceptance of the law.

During its approval, the GLBS offered a new framework of political debate regarding the decentralization process. The new imposition of rules in order to control the budget at regional and local levels could have justified a greater number of centralized arguments. Nevertheless, the empirical results show that this possible centralized attitude almost does not appear. In fact, more than 90 percent of the arguments are useful in order to favor the benefits of the decentralization. It is possible that there will be politicians doing that because of their real decentralization conviction and others due solely to their political interests. Either way, data clearly show that nowadays it is not “politically correct” to defend openly centralization in Spain.

The next step in our research is to link part of the information presented in Table 2 (the distribution of the 732 arguments by political parties) and Graph 1 (the distribution of the 732 arguments by families). This matching is included in Table 3 below.

[Table 3 about here]

After reading the different discourses concerning the GLBS, the main remark is, as we could expect, that practically all political parties in the opposition (except a few discourses

of CC and CIU) are against the law (they argue that the law tends to centralization). Furthermore, they build their discourses by saying that GLBS will unduly attack the decentralization process and its virtues. As an exception, the political party CC has one B and two D centralized arguments defending the law (see Table 3 above). Logically, the political party PP (this party presented the law and it was running the central government) was always defending the law. Practically all centralized arguments defending the law have been identified in PP discourses, and they are mostly C and D centralized arguments (see Table 3). However, this political party is not only using centralized arguments, but also decentralized ones. When most parties support the law they claim it favors decentralization, and vice versa. However, PP uses both centralized and decentralized arguments in support of the law.

Following we will present the “index of decentralization” for both families of arguments and political parties. Comparing the average “index of decentralization” for the five families of arguments used by politicians at the Parliament (see Graph 2 below), we observe that family A reaches the higher level: $ID(A) = 9.73$. This happens because most of the arguments used by political parties are decentralized-type A (see Graph 1 above), and only PP uses centralized-type A arguments. In the same sense, $ID(D) = 7.99$, $ID(E) = 7.56$. In all these families the index is near to ten and again only PP is using some centralized arguments regarding these families.

[Graph 2 about here]

Results concerning the families of arguments B and C are less relevant, as there are only a small number of observations for these families. In any case, families B and C are used in a more centralized way, with family C is reaching the lowest index: $ID(C) = 0.91$. The reason here is that from a total of eleven arguments of type C, five of them are centralized ones, found in the discourses by the Minister of Finance. With respect to family B, also barely used by politicians, the index is: $ID(B) = 4.29$. The explanation is that among seven arguments

of type B that we identify, only two are centralized ones (we identified one centralized argument in the discourses by the political party PP and other in ones by CC).

Finally, we calculated the total-average-index of decentralization. This index is 8.54 (see Graph 2), meaning that generally speaking the families have been used regarding their “decentralized side” (“even arguments” of the matrix).

Graph 3 presents the comparative scores in the index of decentralization of the different parties, compounding the information presented in Table 3. The same explanations used then apply here, and we can see that parties that exclusively put forward arguments in favor of decentralization get the maximum score (10). Parties that present a mix of arguments score lower in the index, with PP and the Ministry of Finance scoring 3.8 and 1.02, respectively. CC reaches 6.67 because of the few centralized comments it gives supporting the law. It is worthy to note that, overall, the general opinion expressed by Spanish politicians on the GLBS is in favor of decentralization (a fact reflected by the overall score of 8.54), and may be because many parties (with the notable exceptions of PP and Ministry of Finance) fear the law could be too biased towards centralization. Stabilization may not be seen as an opportunity for sub-national governments to be active and responsible, but as a constraint to their normal operations.

[Graph 3 about here]

In what follows, the paper elaborates the information described in Table 3 to understand better the results of the indexes and the arguments used by politicians. We start by analyzing the political parties by considering the nature of their arguments.

The Minister of Finance (see Graph 4 below) supports the law in all his discourses, using both centralized (44 percent) and decentralized (56 percent) arguments. Among the

centralized arguments, the most important are the Dc arguments (*public choice*) -18 percent-, especially claiming that “*citizens receive clearer benefits when the budgetary stability comes from the central government*” (D5). The other main pillar of the Minister’s defense of the law with decentralized arguments is based on legislation (Ec), of the type of “*the national Constitution would justify that the central government can require deficit zero in lower levels of government*”.

Interestingly, when defending the law with decentralized arguments, the Minister of Finance uses the same families of arguments. The most frequently used types are Dd (21 percent of the time) (“*a correct national budgetary discipline can be achieved through the coordination/cooperation among the central and lower levels of government*”) and Ed (19 percent) (“*The central budgetary normative have to respect the former regional and local normative, and also the institutions already dealing with budgetary stability in lower levels of government*”).)

This draws a clear picture of what are the most relevant aspects of the law from the point of view of the Minister. He focuses on legislation and public choice issues (72 percent of all arguments belong to these families) in his defense of the law, and he uses both decentralized and centralized arguments, considering the law from all its possible perspectives.

[Graph 4 about here]

Graph 5 presents the distribution of arguments used by the party in power at the time, PP. It is interesting to note that, although PP is of the same political affiliation as the Minister of Finance, PP differs from the Minister in the type of arguments (using more decentralized arguments in the defense of the law) and the families it uses.

When it comes to the families used within the centralized arguments, PP speakers use the same type of legislative arguments as the Minister of Finance but different public choice arguments. The PP defends the law arguing that, “*the only way to reach budgetary discipline in lower levels of government is through a national level law*”.

Among the decentralized arguments, the most important difference with the Minister of Finance is the inclusion of arguments belonging to the A family (budgetary and financing), which become the most frequently used arguments, stating that “*in a decentralized country, any budgetary stability rule has to respect the competencies and the political and budgetary autonomy of the low levels of government*”.

[Graph 5 about here]

We identified only 18 arguments in the interventions of CC, the only political party making statements in defense of the law, together with the Minister of Finance, PP, and CIU⁹. In Graph 6 we can see that the distribution of arguments differs from that of other supporters: centralized arguments represent only 16 percent of the total. By families, we can see that 11 percent are of type D, and CC uses B arguments more often than the PP, representing 5 percent of CC’s interventions. However, the CC also sees issues with the law, such as concerns that the GLBS may not respect the budgetary and financing autonomy of sub-national governments (in fact, 60 percent of the party’s arguments are of type Ad).

[Graph 6 about here]

The rest of the political parties discussing the GLBS at the Parliament are against the law, claiming that the GLBS tends to centralization. An interesting fact is that the political parties for which we identified a high number of arguments (BNG, IU, PNV, PSOE, and SNV) distribute their arguments in a very similar way, using almost exclusively Ad, Dd, and Ed arguments (except for BNG and IU, which also use Bd arguments). Using Graph 7 we turn

now to discuss in more detail the types of arguments used by PSOE, the main opposition party at the time.

[Graph 7 about here]

PSOE was mostly concerned about the potential loss of budgetary and political autonomy of the low levels of government that may result from the GLBS, which is reflected in its frequent use of arguments of family A, and the lack of need (D2 arguments) or constitutional support (E arguments) for centrally-imposed budgetary discipline.

Graphs 8, 9 and 10 present some interesting information about some region-based parties such as ERC, EA and PAN. At first glance, we can see that, compared to parties with national scope, region-based parties tend to concentrate their speeches around one particular type of argument.

ERC, like the other political parties from the region of Catalonia (CIU, ECP, and IC-V) presents a majority of Ad arguments, emphasizing that “*in a decentralized country, any budgetary stability rule has to respect the competencies and the political and budgetary autonomy of the low levels of government*”). EA concentrates its speeches on Ed arguments, noting that “*the central budgetary normative have to respect the former regional and local normative, and also the institutions already dealing with budgetary stability in lower levels of government*”. Finally, PAN centers its interventions on public choice arguments (D family), insisting that “*a correct national budgetary discipline can be achieved through the coordination/cooperation among the central and lower levels of government*”.

[Graphs 8, 9, and 10 about here]

6. THE METHODOLOGY IN PERSPECTIVE

This methodology allows the quantification of the politicians' discourses, making it possible to systematically extract and classify the key points of the different parties, applying a "matrix of arguments" constructed from a theoretical point of view to the actual interventions of the political parties. Some may argue that we can get a general feeling for what a politician's position on an issue is without having to go through the trouble of applying the method used here. However, this argument is flawed for several reasons. We summarize now the advantages and the caveats of the methodology applied.

First, a party may express mixed opinions about the law (as is the case for some of the parties analyzed here); thus, simplifying its position to "in favor" or "against" would not be easy by simply "keeping up with political activity". Our method allows us to provide some sense about the net position of these mixed-views parties.

Second, even if a party was to always declare itself "against" the law, the reasons for its doing so may vary widely. In the case studied here, the casual observer may easily realize that some parties are strongly against the GLBS. It is however, more difficult to pin-point that most of the arguments used against the law are "decentralized" arguments. Also, among the seven types of arguments proposed by the theory, politicians who oppose the GLBS are most troubled about "budgetary and financing autonomy" (family A), and issues having to do with "legislation" (family E), but are virtually unconcerned by "spending on economic services" or "general expenditures" (families F and G).

In particular (see Table 3), we can see that the parties who use arguments both in favor and against the law (PP and CC, as well as the Minister of Finance) employ five or six families of arguments. However, among the 12 parties that consistently express their dissatisfaction with the law, most of them (eight) use only three arguments.

In the distribution of families, all parties consider the budgetary and financing autonomy of A.C. and L.C. (from either perspective), and discuss the public choice aspects of the law: families A and D. However, only the parties that express some favorable opinions about the GLBS (PP, CC and Minister of Finance) consider its incidence on macroeconomic stabilization: family C, just with the exceptions of CIU and BNG, with non-favorable opinions about the GLBS.

All things considered, our method allows us to tie the political interventions back to the theoretical foundations that researchers use. After the analysis, it becomes clearer what kinds of issues are in the minds of policy-makers when dealing with decentralization of public finances.

We must also note some caveats in the methodology. First, the method is most useful when a large number of different theoretical arguments can be applied to a law or political discussion. If the possible theoretical arguments are few or easy to distinguish just reading the discourses, the construction of the matrix may be unnecessarily costly.

Second, there is some subjectivity involved in our methodology, both translating literature into the construction of the matrix and afterwards applying the matrix to reading the politicians' discourses. Nevertheless, as we pointed out before, this caveat could be more relevant in the application of the matrix, since the literature constructing the matrix is well established.

Lastly, the first step of our methodology enables us to find 732 arguments of the matrix and their distribution into families. In a second step, it provides an "index of decentralization" for both political parties and families of arguments. The caveat here appears if the reader extracts too much quantitative meaning from the scale -10 to 10 of the index. For instance, analyzing Graph 3, we find an index of 6.67 for political party CC and of 3.8 for PP,

but this does not imply that CC is twice as in favor of decentralization as PP is. Rather, higher indexes imply more arguments are used in support of decentralization (10 would mean all arguments are in favor of the issue analyzed): the index is ordered rather than cardinal.

7. CONCLUSIONS

The devolution of responsibilities to lower tiers of government is an active process in many countries, and political parties are essential players in this process. However, the politicians' speeches and interventions (which are the public expression of their points of view and intended policies) are hardly considered in analyzing decentralization.

The method manages to achieve equilibrium between enough detail to provide significant insights, and enough aggregation to maintain an overall vision (and not spreading data too thinly). It allows condensing lengthy, complicated political interventions into a set of indexes that are consistently produced and theoretically based.

The methodological contribution of the paper is twofold. We first discuss the construction of a matrix for the analysis of laws dealing with decentralization of public finances, and we then go on to construct a series of indexes to characterize political discourses on the matter. The process of construction of matrix (and its families) is derived directly from the theory of fiscal federalism, and provides the guide for the classification of the politicians' statements. The index of decentralization represents, to our knowledge, the first attempt in the literature of fiscal federalism to create a method that makes it possible to quantify the practitioners' point of view on a piece of legislation. The index makes use of the classification of arguments constructed for the elaboration of the matrix, but goes beyond the information presented there, because it reduces the information from the speeches to a more systematic tool.

The application of the method discussed here can provide useful information for policy makers. Because policymaking is a dynamic process, it is important to know not only whether a law has the approval of politicians, but also why. Moreover, we would like to know the reasons that create dissension among policy makers. Laws are debated, redrafted, and compromises are made in the process. Sometimes what is perceived as a stumbling stone may not be of capital importance for some political groups, while other aspects of the law are key. The index makes it possible to separate the two from a theoretical point of view. We consider in this paper the analysis of a particular case (the GLBS, a law of capital importance for decentralized public finances in Spain), but this methodology can be applied to the study of other issues where the translation of political discourses on decentralization into a metric may be useful.

The methodology employed here provides some interesting additional insights. For example, it allows us to identify which types of arguments are used in the discourse and their intensity for each party. By simply reading the discourses we might gather that there is strong opposition to the GLBS, and at this juncture, it could be argued that opposition parties show their antagonism to the governing party (PP) by attacking any law proposal, regardless of its intrinsic quality. This means that the grade of “attachment” to the decentralization process does not entirely correspond to their manifested position. However, the use of the matrix and indexes allows us to provide a more detailed picture, and we show that in fact, ideological differences exist under the apparent unanimity of these parties.

In short, we believe that the method described here could provide notable insights for the many countries where decentralization is an ongoing process, and further work could adapt it to other countries and issues.

ANNEXES

Annex 1: Summary of some of the key principles of the GLBS.

1. *Principle of Budgetary Stability.* The elaboration, approval and execution of the budgets for all levels of government will be performed according to a frame of budgetary stability, taking into account the guiding principles of the SGP. When talking about “budgetary stability” we refer to the situation of balance or surplus of the budget (summary of articles 2 and 3 of the GLBS).

2. *Principle of multi-annual finance plan.* The elaboration of budgets by the different levels of government will be framed within a multi-annual set-up. This framework will be compatible with the yearly principle guiding the approval and execution of the budgets (Budgetary General Law) and with the temporal horizon of four years advised by the SGP (summary of article 4 of the GLBS).

3. *Principle of Transparency.* The GLBS pretends that all agents running the budgetary process always have to be able to know the situation of the public finances and to verify the fulfillment of the budgetary stability objectives (summary of article 5 of the GLBS).

4. *Principle of Efficiency regarding the allocation and use of the public resources.* The GLBS leads to efficiency, efficacy and quality in management of resources (summary of article 6 of the GLBS).

Annex 2: The documents used in analyzing the GLBS.

- At the Congress: plenary sessions (numbers 1 through 3), special commissions (number 4), and amendment proposals (numbers 5 and 10).

- At the Senate: plenary session (number 6), commissions (number 7), amendment proposals (numbers 9 and 12), and vetoes to the GLBS (numbers 8 and 11).

- Exposition of motives of the GLBS (and its complementary law) by the central government *-Partido Popular-* (number 13).

List of the specific documents analyzed:

1. *Congreso de los Diputados* (Congress of Deputies), *Pleno* (General Session), n. 066, March 8, 2001.

2. *Congreso de los Diputados* (Congress of Deputies), *Pleno* (General Session), n. 111, October 4, 2001.

3. *Congreso de los Diputados* (Congress of Deputies), *Pleno* (General Session), n. 125, November 29, 2001.

4. *Congreso de los Diputados* (Congress of Deputies), *Comisiones* (Commissions), n. 291, September 18, 2001.

5. *Enmiendas* (Amendments): “*BOCG. Congreso de los Diputados* (Congress of Deputies)”, *serie A*, n. 29-19, June 14, 2001.

6. *Senado* (Senate), *Pleno* (General Session), n. 67, November 22, 2001.

7. *Senado* (Senate), *Comisiones* (Commissions), n. 199, November 12, 2001.

8. *Propuestas de veto, Senado* (Veto proposals, Senate): *BOCG. Senado, serie II*, n. 33-c, November 2, 2001.

9. *Enmiendas, Senado* (Amendments, Senate): *BOCG. Senado, serie II*, n. 33-d, November 2, 2001.

10. *Enmiendas* (Amendments): “*BOCG. Congreso de los Diputados* (Congress of Deputies)”, *serie A*, n. 30-18, June 14, 2001 (special amendments referring to the Complementary Law of the General Law of Budgetary Stability).

11. *Propuestas de veto, Senado* (Veto proposals, Senate): *BOCG. Senado, serie II*, n. 34-c, November 2, 2001 (special proposals referring to the Complementary Law of the General Law of Budgetary Stability).

12. *Enmiendas, Senado* (Amendments, Senate): *BOCG. Senado, serie II*, n. 34-d, November 2, 2001 (special amendments referring to the Complementary Law of the General Law of Budgetary Stability).

13. *Exposición de motivos* (as an introduction) of the General Law of Budgetary Stability and its Complementary Law.

TABLES

Table 1: Matrix of decentralization: families and arguments within each family.

	Arguments supporting centralization -c-	Arguments supporting decentralization -d-
Family A Budgetary and financing autonomy		A2- In a decentralized country, any budgetary stability rule has to respect the competencies and the political and budgetary autonomy of the lower levels of government.
	A1- There is no direct relationship between public investment and deficit in the middle and long term. This implies that the central government can regulate deficit for all levels of government without influencing public investments at lower levels of government. (González-Páramo, 2001).	A4- Regional and local governments need deficits in order to finance their public investment more frequently. Hence, a national regulation trying to prevent deficits does not make sense for lower levels of government.
Family B Income redistribution and spending on social issues	B1- The central level of government has to control deficit in the lower levels, because a government without deficit favors all generations.	B2- Regional and local governments have their own responsibility with respect to their future generations. In this sense, some deficit could exist in order to share responsibilities between generations.
	B3- “According to the fiscal federalism theory, central governments could have primary responsibility on the function of redistribution” (Oates, 1999).	B4- Central governments could redistribute rent among jurisdictions, but only regional and local governments will be able to redistribute rent among individuals (Melguizo Sánchez, 1989).
	B5- Redistribution at lower levels of government could cause fiscal migrations among different regions. Central governments are then better fit to carry out this function.	B6- Regional and local governments could better handle redistribution, because there is no a direct relationship between fiscal migrations and redistribution.
	B7- The central government should carry out spending on education and medical care research programs, taking into account reasons like: economies of scale, externalities, technology uniformity, and the jurisdictional area of benefices (Braña Pino and Serna de los Mozos, 1999).	B8- The political requirements and the proximity to citizens would justify that lower levels of government carry out the general administration of education and medical care programs within their jurisdictions (Braña Pino and Serna de los Mozos, 1999).
	B9- Spending on retirement and unemployment pensions should be in the central government’s hands, because they are social assistance policies with national repercussion.	
		B10- The principle of “fiscal equivalence” (Olson, 1969) would justify that lower levels of government carry out spending on “housing and relative services”.
Family C Macroeconomic stabilization	C1- “According to the fiscal federalism theory, central governments could have primary responsibility on the function of stabilization” (Oates, 1999) and, therefore, on budgetary stability.	C2- Lower levels of government could have responsibility on budgetary stability. They know better their own macroeconomic reality and how to manage their budget as an instrument of stability.

		C4- Any national budgetary discipline has to count on regional and local governments, since budgetary discipline has consequences regarding low levels of government: temporal implications (multi-annual finance plans) and transparency.
Family D Public Choice	D1- The only way to reach budgetary discipline in lower levels of government is through a national law.	D2- In decentralized countries, lower levels of government can handle their own budgetary discipline. They do not need any imposed law coming from the central level (Eichengreen and Von Hagen, 1996).
	D3- A national law of budgetary discipline increases the prestige and credibility of the central government.	D4- A national law of fiscal discipline imposes an excessive and unnecessary rigidity on regional and local governments, adversely affecting governors running these jurisdictions.
	D5- Citizens receive clearer benefits when the budgetary stability comes from the central government.	D6- The budgetary behavior of regional and local governments is more important for citizens.
	D7- All levels of government have to follow the example of the central government concerning budgetary stability.	D8- Regional and local governments do not need the example of the central government. They can attain enough budgetary discipline and therefore support the budgetary stability at national level unaided.
		D10- Appropriate national budgetary discipline can be achieved through the coordination / cooperation of the central and the lower levels of government, without imposition from the top.
Family E Legislation	E1- The national Constitution would justify that the central government can require deficit zero in lower levels of government.	E2- There is not enough constitutional support for the central government to impose budgetary stability for all levels of government.
		E4- The central budgetary normative has to respect the former regional and local normative, and also the institutions already dealing with budgetary stability in lower levels of government.
	E3- The central government has the right to bond budgets of all levels of government to the agreements of the “Stability and Growth Pact” (SGP), established among EU countries in July 1997.	E6- The budgetary stability imposed by the central government exceeds the SGP requirements for regional and local governments.
Family F Spending on economic services	F1- Because of the existence of externalities, the central government can play a major role regulating issues such as communications, the environment, agriculture, transportation, capital markets, and national and international trade. (Boadway and Shah, 1995)	F2- However, based on the jurisdictional area of benefits and the requirements of regional policies, some issues like communications, transportation, tourism, agriculture, stockbreeding, and fishing could be carried out by regional and local governments (Braña Pino and Serna de los Mozos, 1999).
Family G General expenditures	G1- There are general services that could be better provided at the central level because of their benefits are national: external issues, defense, general administration, or immigration (Boadway and Shah, 1995).	

G2- Lower levels of government could carry out spending on civil protection, public order and security. Their area of jurisdiction would justify this position.

Source: Own elaboration from: Bayoumi and Eichengreen (1995), Braña Pino and Serna de los Mozos (1999), Boadway and Shah (1995), Eichengreen and Von Hagen (1996), González-Páramo (2001), Melguizo Sánchez (1989), Molero (2001, 2002), Oates (1999), Olson (1969).

Table 2: “Units of extension” and number of arguments used by political party.

Political Party	“Units of extension” (A)	Number of arguments identified (B)	Degree of intensity of the political discourse in percentages (B/A)
BNG	103.7	56.5	54.5
CC	39.8	18	45.2
CHA	1	8.5	850.0
CIU	65.7	55	83.7
EA	7.7	13	168.8
ECP	29.4	31.5	107.1
ERC	12.5	32	256.0
Min.Fin.	28.15	49	174.1
PP	74.7	92	123.2
IC-V	19.5	33	169.2
IU	92.2	74.5	80.8
PAN	26.2	39	148.9
PNV	56.1	95.5	170.2
PSOE	64.6	69	106.8
SNV	46.5	65.5	140.9
TOTAL (Extension and arguments)	667.75	732	109.6

Source: Own elaboration from *Boletín Oficial de las Cortes Generales* (BOCG), year 2001.

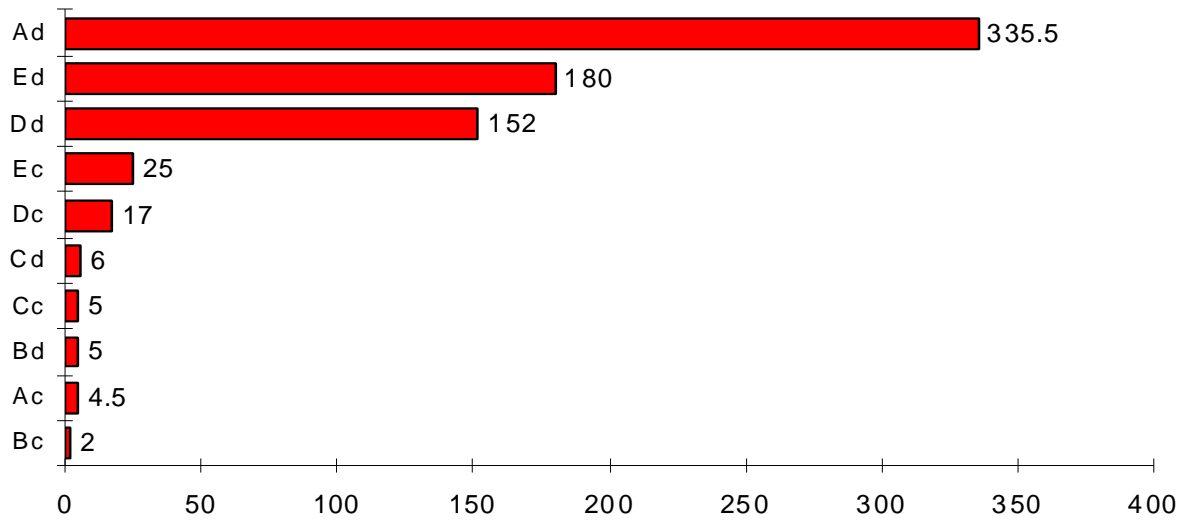
Table 3: Number of arguments identified at the interventions of the different political parties.

Political Party	Arguments identified									
	A-cen.	A+ decen.	B-cen.	B+ decen.	C-cen.	C+ decen.	D-cen.	D+ decen.	E-cen.	E+ decen.
BNG	0	24	0	1	0	4	0	11	0	16.5
CC	0	10.5	1	0	0	1	2	1	0	2.5
CHA	0	5	0	0	0	0	0	1.5	0	2
CIU	0	37.5	0	0	0	1	0	5	0	11.5
EA	0	7	0	0	0	0	0	1	0	5
ECP	0	19.5	0	0	0	0	0	4	0	8
ERC	0	26	0	2	0	0	0	3	0	1
Min.Fin.	1	8	0	0	5	0	9	10	7	9
PP	3.5	32.5	1	0	0	0	6	16	18	15
IC-V	0	14	0	0	0	0	0	9	0	10
IU	0	44	0	2	0	0	0	12	0	16.5
PAN	0	16	0	0	0	0	0	16.5	0	6.5
PNV	0	37	0	0	0	0	0	25	0	33.5
PSOE	0	25.5	0	0	0	0	0	22	0	21.5
SNV	0	29	0	0	0	0	0	15	0	21.5
Distribution of the 732 arguments by families (Graph 1)	4.5	335.5	2	5	5	6	17	152	25	180

Source: Own elaboration from table 1 and *Boletín Oficial de las Cortes Generales* (BOCG), year 2001.

GRAPHS

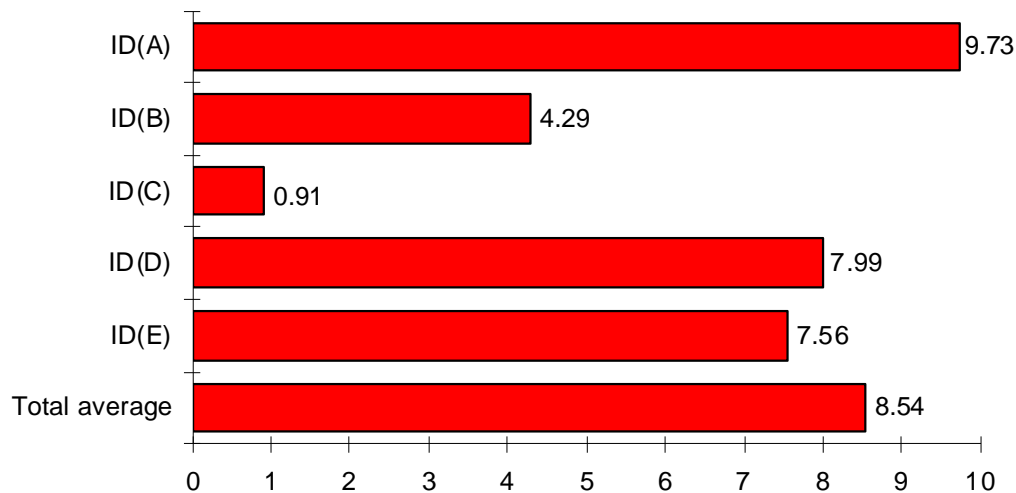
Graph 1: Distribution of the arguments by families.*



***Note:** “d” indicates decentralized arguments, “c.” indicates centralized arguments. For instance: Ad. are decentralized arguments in family A, c. are centralized arguments in family A.

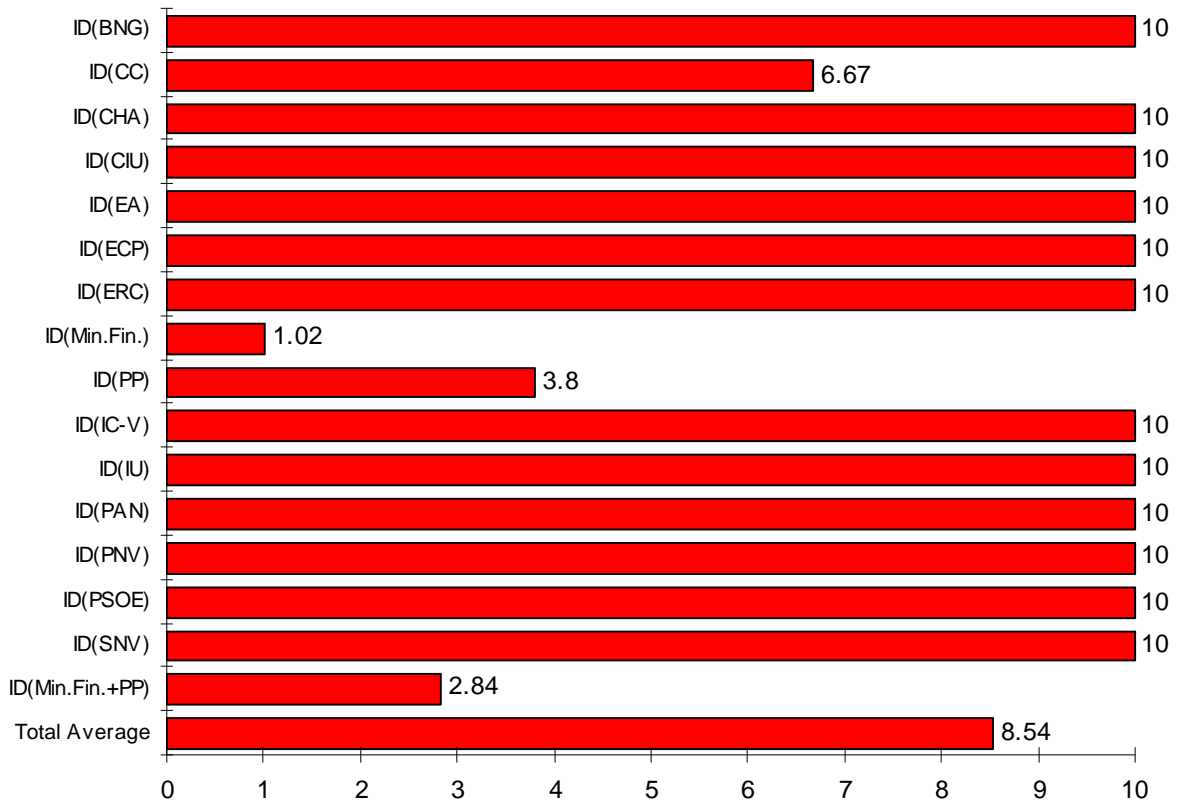
Source: Own elaboration from table 1 and *Boletín Oficial de las Cortes Generales (BOCG)*, year 2001.

Graph 2: "Index of decentralization" by families of arguments.



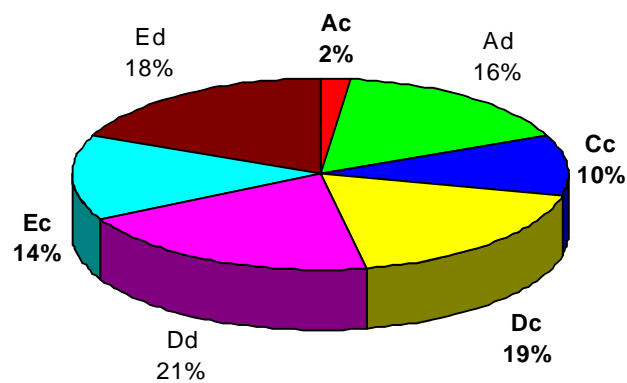
Source: Own elaboration.

Graph 3: "Index of decentralization" by political parties.



Source: Own elaboration.

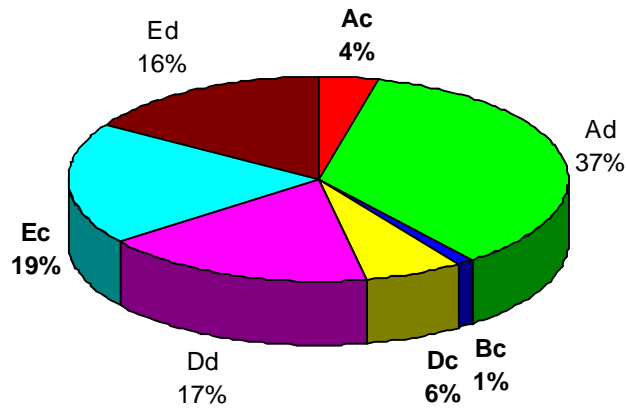
Graph 4: Families of arguments used by the Minister of Finance. Percentages over the total of arguments



Note: where "c" indicates centralized arguments, and "d" decentralized arguments.

Source: table 3

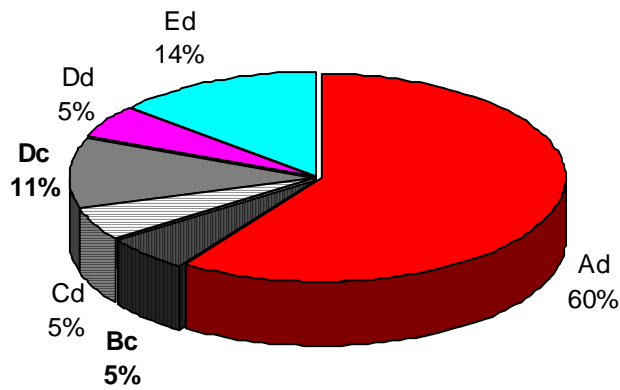
Graph 5: Families of arguments used by the political party PP. Percentages over the total of arguments



Note: where “c” indicates centralized arguments, and “d” decentralized arguments.

Source: table 3

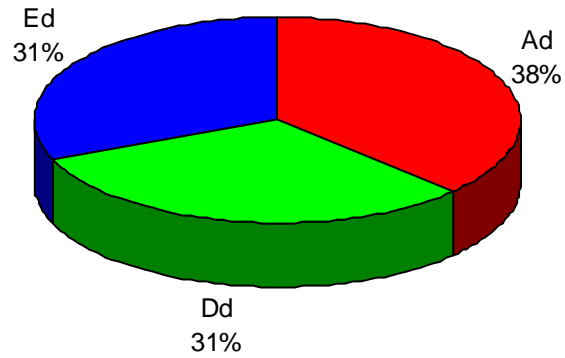
Graph 6: Families of arguments used by the political party CC. Percentages over the total of arguments



Note: where “c” indicates centralized arguments, and “d” decentralized arguments.

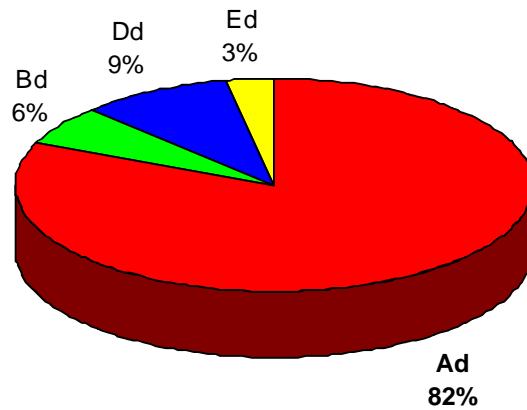
Source: table 3

Graph 7: Families of arguments used by the political party PSOE. Percentages over the total of arguments.



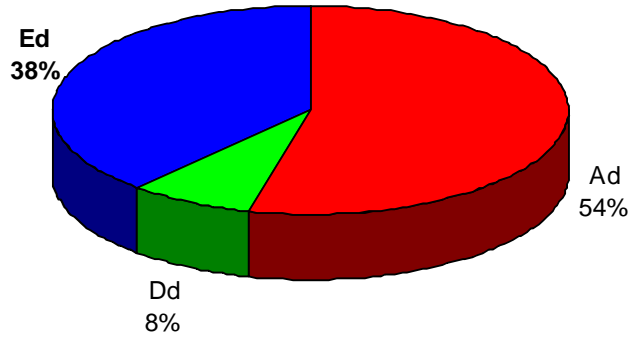
Note: where “c” indicates centralized arguments, and “d” decentralized arguments.
Source: table 3

Graph 8: Families of arguments used by the political party ERC. Percentages over the total of arguments



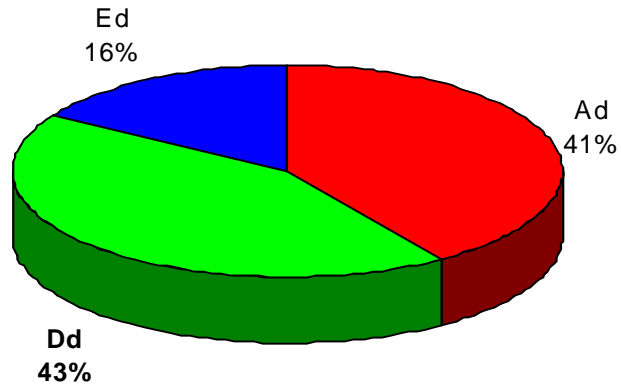
Note: where “c” indicates centralized arguments, and “d” decentralized arguments.
Source: table 3

Graph 9: Families of arguments used by the political party EA. Percentages over the total of arguments



Note: where “c” indicates centralized arguments, and “d” decentralized arguments.
Source: table 3

Graph 10: Families of arguments used by the political party PAN. Percentages of the total of arguments.



Note: where “c” indicates centralized arguments, and “d” decentralized arguments.
Source: table 3

NOTES

¹ 1984 is the first year in which all the regional governments had a budget for the entire period.

² Although, as we will explain later on, this law has a complementary one. We will refer to both laws without distinguishing between the two using the general reference “GLBS”.

³ Since the GLBS was approved in December 2001, its application began in January 2002 for the elaboration of the budget for 2003.

⁴ For more information concerning public spending decentralization see for instance Molero (2001), and Gil- Ruiz, Gil-Esparza, and Iglesias Quintana (2007).

⁵ As we pointed out before, we will refer to both laws using the term “GLBS”.

⁶ We include here politicians intervening in the different discourses by last name and political affiliation. BNG: Aymerich Cano, Quintana González and Rodríguez Sánchez. CC: Julio Reyes, Mauricio Rodríguez, Morales Rodríguez and Ríos Pérez. CHA: Labordeta Subías. CIU: Cambra I Sánchez, Marimon I Sabaté, Padrol I Munté, Trias I Vidal De Llobatera. EA: De Boneta y Piedra and Lasagabaster Olazábal. ECP: Aleu I Jornet and Aroz Ibáñez. ERC: Puigcercós I Boixassa. GOB-HAC: Montoro Romero. IC-V: Saura Laporta. IU: Cabrero Palomares, Cámara Fernández, Llamazares Trigo and Rejón Gieb. PAN: Núñez Castain. PNV: Anasagasti Olabeaga and Azpiazu Uriarte. PP: Cámara Rodríguez-Valenzuela, Caneda Morales, De Grandes Pascual, González Pons and Soto García, PSOE: Caldera Sánchez-Capitán, Fernández de la Vega Sanz, Fernández Marugán, Lerma Blasco, Martínez García, Mendizabal Gorostiaga and Sevilla Segura. SNV: Albistur Marín.

⁷ As we explain in the methodology section, the “units of extension” can be decimal numbers, because, for instance, one could find interventions of 2.5 columns. Amendment proposals are always integer numbers.

⁸ Logically, we identified more than once each argument, because the matrix only has 34 arguments.

⁹ Although the political party CIU voted in favor of the law, we did not identify centralized arguments in its discourses, just decentralized ones.

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