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**FISCAL DECENTRALISATION IN EUROPE**

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## FISCAL DECENTRALISATION IN EUROPE

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### RESUMEN

El artículo compara todos los países de la Unión Europea y fija la posición relativa de éstos y de sus niveles territoriales en los procesos de descentralización (o centralización) fiscal. Los niveles territoriales de gobierno son cinco: a) supranacional, b) central (países no federales) o federal, c) estatal (países federales), intermedio o regional, d) el local y e) el general (abarca a los cuatro anteriores). Se incluyen Hungría y Polonia, candidatos muy serios a la integración, y Suiza, país federal con un notable equilibrio entre niveles territoriales. Se analiza el periodo 1982-1995 utilizando flujos de caja y relaciones porcentuales tanto en ingresos como en gastos.

Las conclusiones fundamentales son: a) no parece existir una relación definitiva, por una parte, entre el hecho de que un estado sea considerado federal o centralista y, por otra, en el grado de desarrollo de los distintos niveles y su evolución en el tiempo, b) La descentralización fiscal se manifiesta fundamentalmente en los gastos, c) los países no necesitan crear un nuevo nivel territorial para descentralizarse, basta con traspasar al local muchas de los recursos, competencias y responsabilidades que disfruta el central.

*Palabras clave:* Descentralización fiscal; relaciones intergubernamentales; niveles territoriales de gobierno.

### ABSTRACT

The paper compares all the European Union countries and establishes their relative position and territorial levels with regard to the processes of fiscal decentralisation (or centralisation). There are five governmental territorial levels: a) supranational, b) central (non-federal countries) or federal, c) state (federal countries), intermediate or regional, d) local, and e) general (covers all preceding levels). Two very serious EU candidates, Hungary and Poland, are included as well as a federal state, Switzerland, with an outstanding balance of territorial levels. The study period is 1982-1995 and cash-flows and percent ratios are used for both revenue and expenditure.

Some fundamental conclusions can be drawn: a) apparently, there is not a final relationship between the fact that a country may be considered federal or centralist on the one hand, and the development of the different levels and their evolution in time on the other, b) fiscal decentralisation is fundamentally observed in the expenditure, and c) the states do not need to create a new territorial level to decentralise: it is sufficient to pass many of the central level resources, competencies and responsibilities on to the local level.

*Keywords:* Fiscal decentralisation; intergovernmental relations; governmental territorial levels.

### INTRODUCTION

From an economic point of view, the fiscal federalism theory (Musgrave and Musgrave, 1989) provides elements for the correct design of the dimension and the number of governmental territorial levels. The analysis of the different existing levels facilitates the understanding of the differences between public revenue and expenditure systems. In general, any statistic or econometric study aiming at assessing this

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complexity can lead to contradictory baffling results.<sup>1</sup> In any case, compared analyses on the different governmental territorial structures permit to delve into the study of different subjects, such as: A) The unequal tax-base structure (Feenberg and Rosen, 1987) and the territorial supply of public services, and their consequences on the public sector dimension. B) Intergovernmental grants, effects and possibilities of replacing them with own revenue or participating in the superior government tax, etc.<sup>2</sup> C) Objective methods for calculating the fiscal capacity and necessity of the local (and intermediate or regional) jurisdiction.<sup>3</sup> D) Use of techniques for tax efficiency, like *budgeting for results* (OECD, 1995a) and *data envelopment analysis* (Charnes *et al.*, 1994). E) Assessment of the financial weight of the municipalities and the local level in the introduction of public management procedures and methods (OECD, 1995b). In the case of Spain, the analysis of the territorial finance is of interest at present (Miñana *et al.*, 1996). Paradoxically, a Spanish citizen can pay his/her taxes at the same time -without being aware of it- to seven different governmental levels (community, state, region, province, county, city, municipality). In turn, the same citizen benefits from certain public services whose provider cannot be determined in most cases, except for some services belonging to the local level.

In the next pages, we will describe the methodology, the fiscal decentralisation indicator based on the study of the financial relative weights of the governmental territorial levels, the fiscal development and decentralisation per level, and relevant conclusions.

## 1. METHODOLOGY

The starting point is the hypothesis that the budgetary activity of the public administrations of the countries studied simultaneously focuses on: resource assignation, income and wealth redistribution, balanced development internal regions, and economic stabilisation and growth. Each country is analysed and grouped with others presenting common elements. The calculation of simple mean values was needed for comparison purposes.

The data used are in line with information from the International Monetary Fund (IMF) and -from a statistical point of view- is most homogeneous (the compilation of statistical information on budgets per homogeneous governmental level was also carried out in the Commission of the European Communities, and in the OECD). In this context, the different concepts used in the analysis must be defined: decentralisation indicators for both revenue and expenditure, in line with the statistical information used.

### **Fiscal Decentralisation Indicators**

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<sup>1</sup> See, for example, Baker (1983), Breeden and Hunter (1985), Castells (1991), Castells and Bel (1991), Clotfelter (1976), Grossman (1989a and 1989b), Marlow (1988), Oates (1972 and 1985), Patsouratis (1990), Pommerehne (1977), Saunders (1988), and Wagner (1976).

<sup>2</sup> See, amongst other authors, Courant *et al.* (1979), King (1984), Miñana (1996a), and O'Brien and Shieh (1990).

<sup>3</sup> Using methods equivalent to *representative expenditure* and *characteristic tax system* in the USA (ACIR, 1990), or that established in Miñana (1996b).

<1>	Non-consolidated revenue static indicator.....	RNC / RNCA
<2>	Consolidated revenue static indicator.....	RC / RCA
<3>	Non-consolidated expenditure static indicator .....	ENC / ENCA
<4>	Consolidated expenditure static indicator .....	EC / ECA
<5>	Non-consolidated revenue dynamic indicator .....	annual differences in .... RNC / RNCA
<6>	Consolidated revenue dynamic indicator .....	annual differences in .... RC / RCA
<7>	Non-consolidated expenditure dynamic indicator ....	annual differences in .... ENC / ENCA
<8>	Consolidated expenditure dynamic indicator .....	annual differences in .... EC / ECA

where

- R: public Revenue; E: public Expenditure;  
RNC: Revenue and grants received Non-Consolidated (total flows, including grants from other levels of national government);  
RC: Revenue and grants received Consolidated (net total grants flows among governmental territorial levels);  
ENC: Expenditure and lending minus repayments Non-Consolidated (total flows, including grants to other levels of national government);  
EC: Expenditure and lending minus repayments Consolidated (net total grants flows among governmental territorial levels);  
A: public Administrations (overall territorial governmental levels).

In this paper: a) the word “tendency” implies the analysis of the indicators from a dynamic point of view, whereas “degree” is the final qualification received by each country, based on the study of the indicators and the tendency, and b) we consider "tendency towards centralisation" to be the increase in the relative weight of the supranational and federal/central levels; on the contrary, a "tendency towards decentralisation" will be observed when the increase occurs in the state/intermediate and local levels.

## 2.- RELATIVE FINANCIAL WEIGHTS

Table 2 shows the results of the fiscal decentralisation indicator for the different countries analysed, i.e. the different relative financial weights for consolidated flows (both revenue and expenditure).

In the revenue section, we can appreciate the following: A) Four states -Austria, Belgium, Finland and Ireland- are stable as to their relative financial weight of the different territorial levels. B) France, Luxembourg and Portugal have similar relative financial weights and similar trends: the local level (and in some case the supranational one) has an increased relative weight in detriment of the central one. C) Denmark, the United Kingdom, and Sweden have similar positions as far as their relative financial weights are concerned; the weight of the local government of the three countries drops in favour of the central. D) In Germany, two levels, supranational and federal, have slightly increased relative weights in detriment of the other two territorial levels, intermediate and local. E) On the other hand, Spain has a greater financial weight in the supranational and autonomous or intermediate, and lower weights in the central and local levels.

Regarding consolidated expenditure, table 2 shows that: A) Two states, Austria and Ireland, have stable relative financial weights in the different territorial levels. B) Finland, France, Holland, and Luxembourg are relatively similar as to their financial weights: the local level (and in some cases the

supranational one) has a higher relative weight in detriment of the central. C) The United Kingdom displays similar features to the countries in section B; the relative financial weight of the supranational and central decrease whereas the local increases. D) Three states -Belgium, Denmark, and Sweden- have similar positions: the three countries display a decreased weight of the local government mainly in favour of the central one. E) The situation in Germany is similar and two levels -supranational and federal- undergo slight increases in their relative weights whereas the intermediate level drops and the local one remains stable. F) On the other hand, in Spain the relative financial weights of three levels increase: supranational, autonomous or intermediate and local whereas the central one .

### **3.- DEGREES OF FISCAL DEVELOPMENT AND DECENTRALISATION**

Indeed, the description of the fiscal decentralisation level indicator requires the assessment of the development of the different territorial levels of the government. Apparently there is not a final relationship between the fact that a state may be considered federal/centralist and the development achieved in the different levels and their tendency in time. Table 3 summarises the situation and qualifies the countries studied in accordance with their financial weight of the levels and their time tendency.

From the revenue point of view, the central level in federal states has an almost low or low relative weight. As a matter of fact, this situation results from the existence of another level -national or intermediate- which acts as a counter-weight. The local level does not reach the high values of some centralist states (Denmark and Sweden, with average values of 30% and 32% respectively and a decreasing tendency, and Finland with a stable average value of 31%) in none of the federal countries. In any case, after the analysis of the development degree of the territorial levels, we have: a) four semi-decentralised countries (Germany, Denmark, and Sweden, with a negative tendency, and Finland, with a balanced situation), and b) one centralised country (Austria, with a stable tendency). The rest of the states are very centralised.

From the expenditure point of view, the tendency increases towards decentralisation. The local level is best represented by the states mentioned with regard to the revenue (previously described): Denmark, Sweden, and Finland, with average values of 53% and 38% with a decreasing tendency for the first two, and 44% with a positive tendency for the last one. Regarding consolidated expenditure, the table shows the countries which are: a) very decentralised (Denmark), b) decentralised (Germany and Finland), c) semi-decentralised (Austria, Holland, and Sweden), d) centralised (Spain, Ireland, and the United Kingdom), and e) very centralised (the rest).

### **4.- CONCLUSIONS**

1. If we take into account the global tendency for both revenue and expenditure then: a) Austria and

Ireland are stable countries, b) Germany, Denmark, and Sweden have a centralising trend, c) Spain, France, Luxembourg, and Holland display decentralising features, and d) Belgium, Portugal, Finland, and the United Kingdom are not defined clearly.

2. Regarding both revenue and expenditure, the claim by the Spanish municipalities and some political party does not seem realistic: “50-25-25” or “40-30-30” (relative weights in the central, intermediate, and local levels) for two reasons: firstly the claimers forget about the existence of a supranational level; secondly no country in the European Union has reached such values.

3. The states do not need to create a new territorial level to decentralise: it is sufficient to pass many of central level resources, competencies and responsibilities (Denmark, Finland, and Sweden examples) on to the local level (nearer the citizens).

4. Fiscal decentralisation is mainly observed in the expenditure: the local and the state or intermediate levels are more autonomous here due to the grants among the different levels of the public administrations. But the problem also lies here: since there is not a balanced relationship between spending and revenue, the fiscal co-responsibility should be greater in the local and state levels.

5. The weight of the central level decreases in an almost-federal state like Spain. Therefore, this country cannot be considered a federal state today even though it has an intermediate (regional or autonomous) level, and given the weights of its governmental levels: the central level is important, the others are not. In the revenue these situation occurs on the expense of the local level or, in other words, what the supranational level earns (centralisation) is what the central level loses, whereas what the local level loses (centralisation) is what the intermediate or autonomous level earns (decentralisation). As far as spending is regarded, the financial weight loss of the central level is far greater (21% in the period 1982-92), the rest of the levels benefiting, in particular the intermediate or autonomous one (17% gain).

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**TABLE 1.-** Basic Data on Territorial Structure in 1997

COUNTRY	GOVERNMENTAL TERRITORIAL LEVELS <sup>1</sup>			
	C <sup>2</sup>	F <sup>3</sup>	S	L
AUSTRIA	1995	federal federal republic	9 states (bundesländer)	98 districts (bezirke); 2.350 municipalities (geneinde); municipal associations
BELGIUM	1957	federal constitutional monarchy	3 regions and Brussels	9 provinces; 589 communes
DENMARK	1973	central parliamentary monarchy		14 counties and Copenhagen; 275 municipalities; county or municipal agencies
FINLAND	1995	central parliamentary republic		12 provinces; 455 municipalities; 268 joint municipal boards
FRANCE	1957	central presidential republic		22 regions; 96 departments; 36.000 municipalities
GERMANY	1957	federal federal republic	13 states (länder) 3 city states	235 districts (kreise); 12.600 municipalities (germeinden); 3.500 municipal associations
GREECE	1981	central parliamentary republic		277 municipalities; 5.757 communities
HOLLAND	1957	central constitutional monarchy		12 provinces; 487 intermunicipal corporations; 633 municipalities; 584 municipal agencies; 85 "polder boards"
IRELAND	1973	central parliamentary republic		27 county councils; 4 county borough corporations; 49 urban district councils; 7 borough corporations; 24 boards of town commissioner
ITALY	1957	central parliamentary republic		20 regions and 2 autonomous provinces; 93 provinces; 8.100 municipalities
LUXEMBOURG	1957	central constitutional monarchy		12 cantons; 118 municipalities and communal administrations
PORTUGAL	1986	central parliamentary republic		18 administrative districts; 2 regional governments (Azores and Madeira); 305 municipal councils; 4.220 parishes ("freguesias")
SPAIN	1986	central parliamentary monarchy	17 autonomous communities (fiscal regime territory: com- mon 15, "foral" or special 2) Ceuta / Melilla	53 provinces, town councils and insular councils; 807 supramunicipal local entities (697 municipal "mancomunidades", 49 administrative areas, 3 metropolitan areas and 58 municipality groups); 8.086 municipalities; 3.715 local entities smaller than a municipality
SWEDEN	1995	central constitutional monarchy		100 county councils; 284 municipalities; 2.566 parishes
UNITED KINGDOM	1973	central parliamentary monarchy		100 counties (Scotland 33, Wales 13, England 46, Ireland 8); 540 local councils and local government boards
HUNGARY	---	central parliamentary republic		independent regional governments; 3.155 independent local governments
POLAND	---	central parliamentary republic		2480 communes ("gmina")
SWITZERLAND	---	confederate parliamentary republics	26 cantons	3.000 communes

**NOTES: 1.-** The governmental territorial levels are as follows: supranational (S), federal or central (F), state or intermediate (S), local (L); the governmental general level (G) covers the whole of the four preceding levels. **2.-** The supranational level column indicates the year of integration in the Community, where applicable. **3.-** The central level column indicates -for each country- the specific denomination of the level and



the political system.

**SOURCE:** own elaboration and Miñana (1996a), and IMF (1996).

**TABLE 2.- Fiscal Decentralisation Indicator: Consolidated Data**

COUNTRY	1982	1983	1984	1985	1986	1987	1988	1982	1983	1984	1985	1986	1987	1988
	A.- Revenue and Grants *							B.- Expenditure and Lending Minus Repayments *						
<b>1.- Supranational Level (C); percentages</b>														
BELGIUM	2.77	2.64	2.45	2.37	2.53	2.86	3.04	2.01	1.89	1.84	1.82	1.94	2.28	2.44
DENMARK	2.19	2.26	2.61	2.13	2.30	2.54	2.30	1.67	1.83	2.11	1.82	2.30	2.47	2.16
FRANCE	1.73	1.76	1.68	1.68	2.03	2.44	2.26	1.41	1.38	1.34	1.33	1.46	2.02	2.16
GERMANY	1.99	2.04	2.05	1.95	2.09	2.14	2.57	1.84	1.92	1.94	1.89	2.02	2.05	2.44
HOLLAND	1.92	2.27	2.19	2.49	2.44	2.80	3.49	1.71	2.03	1.99	2.29	2.14	2.48	3.30
IRELAND	2.71	3.04	3.04	2.83	3.18	3.42	2.85		1.99	2.08	1.87	2.11	2.35	2.21
LUXEMBOURG	1.82	2.21	2.47	2.07	2.77	2.73	2.88	1.53	2.08	2.29	1.57	2.51	2.37	2.36
PORTUGAL						1.01	1.06							
SPAIN						1.41	2.88						1.26	2.61
UNITED KINGDOM	2.29	2.19	2.07	2.48	1.79	2.19	1.95	1.44	1.36	1.23	2.38	1.74	1.66	1.55
<b>2.- Central Level (F); percentages</b>														
AUSTRIA	73.47	73.19	73.70	71.49	71.53	71.49	73.51	67.61	68.43	68.74	68.65	69.34	68.83	68.68
BELGIUM	90.72	90.94	90.82	91.09	90.93	90.66	90.41	85.55	86.19	86.59	86.62	86.49	85.92	85.77
DENMARK	66.29	66.28	67.49	68.71	69.60	68.15	67.34	42.43	44.50	45.65	45.72	44.30	43.68	44.46
FINLAND	68.78	68.70	68.17	68.39	68.93	68.61	70.98	56.96	57.65	55.48	54.80	55.49	55.34	56.37
FRANCE	88.71	88.33	87.35	87.07	86.10	85.78	85.58	82.59	82.34	82.68	82.28	81.50	80.39	79.94
GERMANY	63.53	62.76	63.33	63.23	63.08	63.03	62.35	58.63	59.23	60.00	59.71	59.11	59.16	59.34
HOLLAND	90.87	90.91	90.35	90.04	90.65	90.00	89.53	67.09	66.26	67.33	65.65	64.29	64.89	66.67
IRELAND	89.63	89.26	88.96	88.55	88.17	87.78	88.26		73.68	73.67	72.90	72.69	73.68	75.76
LUXEMBOURG	90.70	89.65	90.01	90.06	89.38	90.30	90.46	84.13	85.88	85.05	85.58	84.48	82.79	81.87
PORTUGAL						94.52	93.57							
SPAIN	85.06	83.76	82.60	85.18	87.77	85.55	83.39	85.26	83.36	82.71	78.83	76.97	75.03	74.10
SWEDEN	64.86	65.38	66.52	67.56	67.74	69.62	69.90	59.14	60.29	60.08	60.49	61.49	61.11	61.69
UNITED KINGDOM	81.68	82.48	83.45	83.23	83.33	82.51	82.44	71.94	70.75	71.60	70.83	70.35	69.61	69.07
HUNGARY	87.45	88.52	89.46	86.94	88.10	88.11	88.07	77.46	78.53	78.40	76.42	78.09	77.97	77.57
POLAND			89.93	87.98	81.76	79.83	77.31			71.50	71.70	71.43	71.05	71.95
SWITZERLAND	53.28	53.01	53.28					47.57	47.63	48.82				
<b>3.- State Level (S); percentages</b>														
AUSTRIA	9.83	9.88	9.90	11.76	11.85	11.82	10.20	14.78	14.77	14.67	14.78	14.36	14.71	14.75
GERMANY	21.09	21.43	21.23	21.53	21.54	21.58	21.60	21.66	21.70	21.37	21.31	21.51	21.39	21.21
SPAIN	2.35	2.38	4.00	4.35	2.75	3.57	4.15	3.64	5.74	7.50	10.12	11.37	12.42	11.76
SWITZERLAND	25.04	25.23	24.64					28.27	28.22	27.59				
<b>4.- Local Level (L); percentages</b>														
AUSTRIA	16.70	16.93	16.40	16.74	16.62	16.69	16.29	17.61	16.80	16.59	16.57	16.30	16.46	16.57
BELGIUM	6.51	6.43	6.73	6.55	6.54	6.48	6.55	12.44	11.93	11.57	11.55	11.58	11.80	11.79
DENMARK	31.51	31.46	29.90	29.16	28.10	29.31	30.36	55.90	53.67	52.25	52.46	53.40	53.84	53.38
FINLAND	31.22	31.30	31.83	31.61	31.07	31.39	29.02	43.04	42.35	44.52	45.20	44.51	44.66	43.63
FRANCE	9.56	9.91	10.97	11.24	11.87	11.78	12.16	16.00	16.28	15.98	16.40	17.03	17.59	17.90
GERMANY	13.40	13.78	13.39	13.29	13.30	13.25	13.48	17.87	17.15	16.69	17.09	17.36	17.40	17.01
HOLLAND	7.21	6.82	7.46	7.47	6.91	7.20	6.98	31.20	31.71	30.68	32.06	33.57	32.62	30.04
IRELAND	7.66	7.69	8.00	8.62	8.65	8.79	8.88		24.33	24.24	25.24	25.20	23.98	22.02
LUXEMBOURG	7.48	8.14	7.52	7.87	7.85	6.97	6.66	14.33	12.04	12.66	12.85	13.01	14.83	15.78
PORTUGAL						4.47	5.37							
SPAIN	12.59	13.86	13.40	10.46	9.48	9.47	9.58	11.10	10.91	9.79	11.06	11.66	11.29	11.53
SWEDEN	35.14	34.62	33.48	32.44	32.26	30.38	30.10	40.86	39.71	39.92	39.51	38.51	38.89	38.31
UNITED KINGDOM	16.03	15.33	14.48	14.29	14.88	15.30	15.61	26.62	27.89	27.16	26.79	27.91	28.73	29.38
HUNGARY	12.55	11.48	10.54	13.06	11.90	11.89	11.93	22.54	21.47	21.60	23.58	21.91	22.03	22.43
POLAND			10.07	12.02	18.24	20.17	22.69			28.50	28.30	28.57	28.95	28.05
SWITZERLAND	21.67	21.76	22.08					24.16	24.14	23.60				

**NOTE:** \* Homogeneous data on the revenue of Greece and Italy were not available. The same applies to expenditure in Greece, Italy and Portugal. The general level (G) is not included, as the values were always 100%.

**SOURCE:** own elaboration from ICN (1997), and IMF (1992, 1995, and 1996).

**TABLE 2.- Fiscal Decentralisation Indicator: Consolidated Data**

COUNTRY	1989	1990	1991	1992	1993	1994	1995	1989	1990	1991	1992	1993	1994	1995
	A.- Revenue and Grants *							B.- Expenditure and Lending Minus Repayments *						
<b>1.- Supranational Level (C); percentages</b>														
BELGIUM	2.89	2.67	3.07	2.85	2.74	2.58	2.50	2.36	2.24	2.57	2.42	2.34	2.31	2.25
DENMARK	2.01	2.11	2.18	2.04	2.42	2.00		1.95	1.92	1.98	1.84	2.12	1.73	
FRANCE	2.09	2.00	2.15	1.95				1.89	1.79	2.04	1.76			
GERMANY	2.29	2.09	2.62	2.33	2.43	2.64		2.28	2.04	2.55	2.16	2.25	2.49	
HOLLAND	3.50	2.60	2.93	2.85	2.74	2.99		3.35	2.46	2.88	2.72	2.71	2.66	
IRELAND	3.03	2.71	2.69	2.45				2.46	2.13	2.25	1.98			
LUXEMBOURG			2.32	2.56	2.28					1.99	2.22	1.95		
PORTUGAL	0.93													
SPAIN	2.81	2.89	4.54	4.34				2.61	1.75	2.24	2.27			
UNITED KINGDOM	2.24	2.14	1.27	2.07	2.03			1.87	1.73	0.41	1.53	1.41		
<b>2.- Central Level (F); percentages</b>														
AUSTRIA	73.39	73.13	72.75	73.16	73.47	72.49		68.00	68.45	67.84	67.30	67.17	67.54	
BELGIUM	71.84	71.28	70.02	69.94	69.50	69.55	68.42	74.45	73.52	72.11	71.49	70.44	69.44	68.97
DENMARK	67.39	66.82	66.79	66.90	67.10	67.29		44.37	44.81	45.17	45.41	45.89	45.52	
FINLAND	71.04	69.23						54.38	53.59					
FRANCE	85.75	85.84	85.55	85.47				79.93	80.04	79.54	80.21			
GERMANY	62.63	63.52	64.34	64.63	64.19	64.77		58.97	59.15	60.11	58.74	58.31	59.60	
HOLLAND	89.49	90.33	87.95	88.29	88.72	87.46		68.40	69.01	67.31	67.37	66.87	65.68	
IRELAND	87.43	88.36	89.15	89.58				73.91	74.35	73.52	74.12			
LUXEMBOURG			87.24	88.34	88.26					81.67	82.22	82.30		
PORTUGAL	94.05													
SPAIN	83.52	81.52	80.47	81.18				72.78	65.33	64.55	64.24			
SWEDEN	70.28	70.41	68.91	65.96	65.16	65.86		60.49	61.81	61.84	60.56	64.69	66.25	
UNITED KINGDOM	82.06	86.75	89.87	88.84	89.43			68.69	68.83	70.08	68.58	70.77		
HUNGARY	88.54	88.98						76.77	81.71					
POLAND						87.57	87.25						82.92	82.89
SWITZERLAND			53.45	55.78	55.25					50.41	50.69	51.61		
<b>3.- State Level (S); percentages</b>														
AUSTRIA	9.96	10.28	10.41	10.09	10.01	10.12		14.89	14.59	14.80	15.18	15.27	14.92	
BELGIUM	19.04	19.97	20.52	20.70	21.52	21.42	22.02	11.85	13.26	14.39	15.04	15.33	16.09	16.78
GERMANY	21.73	21.05	20.33	20.15	20.31	19.65		21.37	21.23	20.60	20.63	20.99	20.11	
SPAIN	4.19	5.10	4.83	4.65				12.90	19.33	20.30	20.90			
SWITZERLAND			22.62	23.65	23.75					28.13	27.97	28.23		
<b>4.- Local Level (L); percentages</b>														
AUSTRIA	16.65	16.59	16.85	16.75	16.53	17.39		17.12	16.95	17.35	17.52	17.55	17.54	
BELGIUM	6.22	6.08	6.38	6.51	6.24	6.45	7.06	11.34	10.97	10.93	11.04	11.89	12.16	12.00
DENMARK	30.60	31.06	31.03	31.06	30.48	30.72		53.68	53.27	52.85	52.75	51.99	52.74	
FINLAND	28.96	30.77						45.62	46.41					
FRANCE	12.16	12.16	12.30	12.58				18.18	18.17	18.42	18.03			
GERMANY	13.35	13.34	12.71	12.90	13.07	12.94		17.38	17.58	16.74	18.47	18.45	17.80	
HOLLAND	7.00	7.06	9.12	8.86	8.54	9.55		28.25	28.52	29.81	29.91	30.42	31.66	
IRELAND	9.54	8.93	8.16	7.97				23.63	23.52	24.23	23.90			
LUXEMBOURG			10.43	9.10	9.46					16.34	15.56	15.75		
PORTUGAL	5.02													
SPAIN	9.48	10.48	10.16	9.83				11.70	13.59	12.92	12.59			
SWEDEN	29.72	29.59	31.09	34.04	34.84	34.14		39.51	38.19	38.16	39.44	35.31	33.75	
UNITED KINGDOM	15.70	11.11	8.86	9.09	8.54			29.44	29.44	29.51	29.89	27.82		
HUNGARY	11.46	11.02						23.23	18.29					
POLAND						12.43	12.75						17.08	17.11
SWITZERLAND			23.92	20.57	21.01					21.46	21.34	20.16		

**NOTE:** \* Homogeneous data on the revenue of Greece and Italy were not available. The same applies to expenditure in Greece, Italy and Portugal. The general level (G) is not included, as the values were always 100%. **SOURCE:** own elaboration from ICN (1997), and IMF (1992, 1995, and 1996).

**TABLE 3.-** Development of Governmental Territorial Degree and Fiscal Decentralisation Degree: Mean Values, Tendencies, and Qualification

COUNTRY	LEVEL	C		F		S		L		Fiscal Decentralisation	
		%	T <sup>2</sup>  D <sup>3</sup>	%	T <sup>2</sup>  D <sup>3</sup>	%	T <sup>2</sup>  D <sup>3</sup>	%	T <sup>2</sup>  D <sup>3</sup>	DF <sup>4</sup>	T <sup>2</sup>
<b>A.- Consolidated Revenues and Grants</b> <sup>1</sup>											
AUSTRIA, 1994				72.83 = 2		10.47 = 1		16.70 = 2		2 centralised	=
BELGIUM, 1995		2.76 - 1		70.08 - 2		20.74 + 2		6.42 + 1		2 centralised	-
DENMARK, 1994		2.24 - 1		67.49 + 2				30.27 - 3		3 semi -decentralised	-
FINLAND, 1990				69.20 = 2				30.80 = 3		3 semi -decentralised	=
FRANCE, 1992		1.98 + 1		86.50 - 3				11.52 + 1		1 very centralised	-
GERMANY, 1994		2.25 + 1		63.49 + 2		21.02 - 2		13.25 - 1		3 semi -decentralised	-
HOLLAND, 1994		2.71 + 1		89.58 - 3				7.71 + 1		1 very centralised	-
IRELAND, 1992		2.90 - 1		88.55 = 3				8.52 = 1		1 very centralised	=
LUXEMBOURG, 1993		2.41 + 1		89.44 - 3				8.15 + 1		1 very centralised	-
PORTUGAL, 1989		1.00 - 1		94.05 - 3				4.95 + 1		1 very centralised	-
SPAIN, 1992		3.15 + 1		83.64 - 3		3.85 + 1		10.80 - 1		1 very centralised	-
SWEDEN, 1994				67.55 + 2				32.45 - 3		3 semi -decentralised	-
UNITED KINGDOM, 1993		2.06 - 1		84.67 + 3				13.27 - 1		1 very centralised	+
HUNGARY, 1990				88.24 + 3				11.76 - 1		1 very centralised	+
POLAND, 1995				84.52 - 3				15.48 + 2		1 very centralised	-
SWITZERLAND, 1993				54.01 + 1		24.16 - 2		21.83 - 2		4 decentralised	-
<b>B.- Consolidated Expenditure and Lending Minus Repayments</b> <sup>1</sup>											
AUSTRIA, 1994				68.20 = 2		14.81 = 1		16.99 = 2		3 semi -decentralised	=
BELGIUM, 1995		2.36 - 1		71.49 - 2		14.68 + 1		11.48 + 1		2 centralised	-
DENMARK, 1994		1.99 + 1		44.76 + 1				53.24 - 3		5 very decentralised	-
FINLAND, 1990				55.56 - 1				44.44 + 3		4 decentralised	+
FRANCE, 1992		1.69 + 1		81.04 - 3				17.27 + 2		1 very centralised	-
GERMANY, 1994		2.17 + 1		59.29 + 1		21.12 - 2		17.43 = 2		4 decentralised	-
HOLLAND, 1994		2.52 + 1		66.68 - 2				30.80 + 3		3 semi -decentralised	+
IRELAND, 1992		2.14 = 1		73.83 = 2				24.03 = 2		2 centralised	=
LUXEMBOURG, 1993		2.09 + 1		83.60 - 3				14.32 + 1		1 very centralised	-
SPAIN, 1992		2.12 + 1		74.83 - 2		12.36 + 1		11.65 + 1		2 centralised	-
SWEDEN, 1994				61.53 + 2				38.47 - 3		3 semi -decentralised	-
UNITED KINGDOM, 1993		1.53 = 1		70.09 - 2				28.38 + 2		2 centralised	-
HUNGARY, 1990				78.10 + 2				21.90 - 2		2 centralised	+
POLAND, 1995				74.78 + 2				25.22 - 2		2 centralised	+
SWITZERLAND, 1993				49.46 + 1		28.07 = 2		22.48 - 2		5 very decentralised	-

**NOTES:** 1.- Data were not available for Greece and Italy (revenue and expenditure) nor for Portugal (expenditure). 2.- The tendency (T) is considered stable or balanced (=), positive (+), or negative (-). 3.- The development degree (D) for the supranational, state or intermediate, and local levels is qualified with the values 3 (very high, >30%), 2 (high, 15-30%), and 1 (low, <15%); on the other hand, for the central level the same digits are used but with different percent intervals: 3 (very high, >80%), 2 (high, 60-80%), and 1 (low, <60%). 4.- The fiscal decentralisation degree (FD) is qualified with the values 5 (very decentralised, >50%), 4 (decentralised, 40-50%), 3 (semi-decentralised, >30% to <40%), 2 (centralised, 20-30%), and 1 (very centralised, <20%).

**SOURCE:** own elaboration from ICN (1997), and IMF (1992, 1995, and 1996).