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Perceptions of Legitimacy in Asymmetric Decentralisation: Evidence from Spain

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Abstract

This article examines the conditions under which asymmetric arrangements granting enhanced powers to minority-nationalist regions sustain or undermine the legitimacy of the territorial decentralisation model among the remaining regions, drawing on evidence from Spain. While fiscal federalism scholarship has largely focused on whether asymmetric arrangements accommodate minority-nationalist regions and reduce secessionist pressures, less attention has been paid to how such arrangements are perceived by regions operating under the common decentralisation framework. Building on theories of concessionary federalism, the article argues that the stability of asymmetric systems depends not only on negotiated concessions between central governments and minority regions, but also on the conditional acceptance of those settlements by other regions. Drawing on elite interviews with senior finance officials in four Spanish autonomous communities—Andalusia, Extremadura, Murcia and the Valencian Community—contextualised with survey data on public attitudes toward Spain’s territorial model, the study tests three hypotheses concerning procedural legitimacy, systemic coherence and fiscal equalisation. The findings show that asymmetry loses acceptance when it is seen as insufficiently transparent, as weakening the broader decentralised system, or as generating persistent distributive grievances. Under such conditions, asymmetry may generate renewed territorial tensions rather than promoting stability. The article highlights the importance of transparent bargaining, robust intergovernmental forums and perceived distributive fairness in sustaining the legitimacy of asymmetric decentralisation.

Keywords: asymmetric decentralisation, fiscal federalism, intergovernmental relations, territorial politics, minority nationalism, Spanish politics

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I Introduction

Asymmetric decentralisation occurs when a central government transfers more spending and/or revenue-raising powers to certain regions or localities than others. It can be designed to increase efficiency by catering to different levels of fiscal and administrative capacity (Allain-Dupré, Chatry, and Moisisio 2020). More often than not, however, it is designed primarily for political reasons, to accommodate historical, cultural, ethnic and linguistic differences (León and Orriols 2016). Much of the existing literature on asymmetric federalism or decentralisation has focused on whether asymmetry has worked specifically to integrate those territories with identity-based grievances and thereby curb secessionist tendencies, reaching mixed conclusions (e.g., Erk and Anderson 2009, Rode et al. 2018, Sorens 2016). What politicians and citizens in ordinary regions with the standard level of competences think about the asymmetric deal afforded to others is under-researched in comparison. This is important as asymmetry, while potentially resolving some existing conflicts, may also create new ones if some regions question the fairness of affording more powers to others.

Rather than focusing on whether differentiated arrangements accommodate minority regions, this article therefore examines their implications from the perspective of regions that operate under the common decentralisation framework, without enhanced powers. We refer to these as ‘standard regions.’ Specifically, this study asks: under what conditions does asymmetry preserve or undermine the legitimacy of the territorial model among standard regions? The analysis focuses primarily on disparities in levels of fiscal autonomy, particularly substate revenue-raising powers. This dimension is often underexplored since decentralisation almost always involves the transfer of greater spending powers than revenue-raising powers to regional and local authorities, who often continue to depend significantly on revenues raised centrally to fund their expenditure. Decisions over whether, or to what extent, to devolve revenue-raising powers have however become increasingly important since scholars such as Rodden (2006) drew attention to how the mismatch between spending and revenue-raising powers risked weakening fiscal discipline and undermining the efficiencies that decentralisation was expected to bring. When territorial conflicts are involved, the challenges in securing the right balance between spending and revenue-raising powers become more complex still. Under what Sharma (2024) calls the ‘Autonomy-Equalization Conundrum’, both an excess or an inadequacy of either fiscal autonomy or equalisation can lead to economic grievances within a federal or decentralised system. When combined with identity-

based grievances in minority-nationality regions, he argues, this can ignite conflict. This, we suggest, has equally important consequences for standard regions that could risk undermining system-wide stability.

This article examines these issues through a case study of Spain, which is particularly well suited to the analysis because its 17 regions, formally known as autonomous communities, can be divided into three analytically distinct types. First, the Basque Country and Navarre are institutionally asymmetric, enjoying far greater fiscal autonomy than the other regions under their own financing arrangements. Second, Catalonia, while part of the common regional financing system, is treated here as asymmetric due to its sustained demands for greater powers, the strength of its regional-nationalist parties and therefore the substantial political leverage they often exercise at the state level, particularly through their role in supporting minority central governments. Third, the remaining regions, including those with regional-nationalist parties and specific cultural identities but without comparable leverage, operate under the common financing system. Most are generally satisfied with their existing level of devolved competences, albeit with some variation. It is this third group that we define as ‘standard regions’ for the purposes of this analysis.

In terms of methodology, the analysis draws on elite interviews with regional finance ministers and secretary-generals to capture the perspectives of standard regions on asymmetries in fiscal powers and situates these findings within survey data on individual preferences regarding Spain’s territorial model. Overall, these sources allow us to argue that the interaction of fiscal powers, political dynamics and intergovernmental arrangements can either reinforce institutional coherence and integration or, under certain conditions, produce distributional grievances and resource competition, with implications for the legitimacy of the territorial model. The article proceeds as follows: Section 2 develops the analytical framework and hypotheses; Section 3 presents the Spanish case; Section 4 analyses the perspectives of standard regions; and Section 5 concludes.

2 Asymmetry and Its Effects: A Framework for Analysis

Existing literature investigating whether federalism can succeed in accommodating minority nationalities in plurinational states has pointed to the paradox whereby federalism has both ‘secession-inducing’ and ‘secession-preventing’ features (Erk and Anderson 2009; see also Rode, Pitlik, and Borrella Mas 2018). While increasing regional decision-making powers may help to

accommodate those regions with identity-based grievances by giving them more autonomy to manage their own affairs, it may also end up cementing divisions and giving minority nationalists the institutional tools and financial strength to attempt secession. In this context, scholars have studied what specific configurations of federalism or decentralisation might be relatively more or less likely to facilitate accommodation and reduce secessionist pressures. Rode, Pitlik and Borrella Mas (2018) suggest, for example, that symmetric models of federalism are less likely to promote secessionism than asymmetric ones since asymmetry tends to increase minority nationalities' political leverage vis-à-vis the central government and encourage central-regional bargaining that can result in a radicalisation of demands. However, some degree of asymmetry is usually unavoidable if decentralisation is to accommodate regions with national minorities.

One of the central arenas in which this tension plays out is fiscal decentralisation, and in particular the balance between spending and revenue-raising powers. As stated in the introduction, this balance is a key component of any federal or decentralised system. Sorens (2016) shows that, in practice, governments seeking to contain secessionist demands are more likely to devolve spending powers than revenue-raising powers. Regional governments gain control over policies important to local identity and welfare such as health, education and culture, but these continue to be funded primarily by centralised revenue-raising. This arrangement facilitates 'fiscal appeasement', allowing central governments to use grants to placate potentially secessionist regions, while also limiting regional access to autonomous revenues that could finance a future secession bid. The result, however, is that federalism risks becoming 'fiscally deleterious' as political considerations take precedence over economic principles (Sorens 2016: 25). Economic advice that spending powers should broadly be matched by revenue-raising powers and hard budget constraints to promote accountability and enhance growth may be ignored as preventing secessionism takes priority.

However, the notion that minority nationalisms can be accommodated without being granted their own revenue-raising powers often does not match the practice. Denying a region autonomous revenue-raising powers can exacerbate rather than reduce secessionist tensions, particularly in countries with fiscal equalisation systems that are perceived as being detrimental to those regions seeking greater autonomy. For example, in Europe, most of the regions seeking greater autonomy and potentially self-determination are among the wealthiest in their respective countries and are

substantial net contributors to regional redistribution systems, increasing the likelihood of economic grievances (Zipfel, Vetter, and Pietzker 2015).

Addressing this conundrum, Sharma (2024) suggests that neither fiscal equalisation nor fiscal autonomy are inherently stabilising or destabilising, but rather stability requires a balanced mix of both that avoids perverse incentives. Acknowledging that even well-designed fiscal rules informed by independent expert recommendations can be undermined by political bargaining and strategic behaviour, he advances the notion of ‘concessionary federalism’. He conceptualises this as a context-specific mix of autonomy and equalisation, defined by independent fiscal institutions and embedded within institutionalised intergovernmental negotiations to generate enforceable reciprocal concessions between national and subnational leaders. Sharma thus moves beyond the question of fiscal autonomy versus equalisation to consider how a balanced combination can be politically negotiated and institutionally embedded to reduce conflict while also enhancing economic accountability.

In this article, we seek to complement and extend Sharma’s framework by introducing how standard regions react to concessionary bargaining with minority-nationalist regions and how these reactions can in turn reshape territorial conflicts. Under Sharma’s framework, ‘majority-nationality regions’ (what we call standard regions) appear as a counterpoint to ‘minority-nationality regions’ to sustain his point that economic grievances only ignite secessionist conflict when combined with identity-based grievances. He attributes the general acceptance of fiscal equalisation among even wealthy majority-nationality regions to their sense of nationality or recognition of the imperative of avoiding secessionist movements. While acknowledging this, we suggest that further examination of the role of majority-nationality or standard regions can introduce additional complexities into Sharma’s game theoretic logic. While they are not secessionist, standard regions are part of the game, and in practice, they are not always so accepting of concessions to minority nationalists. If concessions are perceived as excessive, unfair or unequal, standard regions may cease to accept asymmetries, resist further decentralisation or even support recentralisation. The reactions of standard regions thus play a fundamental role in determining whether ‘concessionary federalism’ can maintain a stable equilibrium.

The core assumption that frames this study is thus that standard regions are not neutral bystanders: they observe, interpret and react to specific political and fiscal arrangements granted to minority-

nationality regions, and these reactions shape their degree of support for the state's territorial model. They are more likely to accept asymmetric arrangements where they feel these are negotiated in a transparent way, within appropriate institutionalised frameworks, with due regard to the implications for other regions. This leads to the first hypothesis:

H1: Acceptance of asymmetric decentralisation among standard regions increases when asymmetry is embedded in transparent and institutionalised bargaining processes and decreases when asymmetry is granted through ad hoc or discretionary concessions.

It is also assumed that standard regions' views on the decentralisation model are not only shaped by its asymmetrical dimension but also other, often symmetrical aspects of the system, which they may feel have both merits and shortcomings. Their reactions to the asymmetrical treatment of certain regions are shaped by how they perceive the interaction between this and other aspects of the decentralisation model. This is because their overriding concern is with the logic, coherence and future trajectory of the decentralisation model as a whole, of which asymmetry is one part. This leads to the second hypothesis:

H2: Acceptance of asymmetric arrangements by standard regions is higher when such arrangements are perceived to be consistent with, and reinforcing of, the strengths of the decentralisation model overall, and lower when they are perceived to undermine it or exacerbate its weaknesses.

Specifically in relation to fiscal autonomy, it is also assumed that attitudes towards asymmetric revenue-raising powers are likely to be influenced by how well any accompanying fiscal equalisation mechanisms are perceived as working. This leads to the third hypothesis:

H3: Acceptance of differential levels of substate fiscal autonomy among standard regions is higher when fiscal equalisation mechanisms are perceived as effective and fair, and lower when they are perceived as insufficient or biased.

The next section examines the key features of Spain's decentralisation model and their implications for the accommodation of the Basque Country and Catalonia, thereby laying the groundwork for our analysis of standard regions.

3 The Case of Spain: Asymmetric Decentralisation and Its Impact on the Basque Country and Catalonia

Under the territorial model established in the 1978 Spanish Constitution, Spain is divided into 17 regions called autonomous communities. Many aspects of the model are broadly symmetrical: each region has its parliament and government, and its own autonomy statute, akin to a regional constitution; and each also has the right to negotiate the transfer of any competences not listed under those deemed the exclusive responsibility of the state in Article 149 of the Spanish Constitution. As a result, all regions have gradually acquired extensive spending competences, most notably in key areas such as health, education and welfare. However, there is also a considerable degree of asymmetry since ‘[...] much of the observed decentralisation was a consequence of political settlements that attempted to accommodate social demands that were spatially asymmetrical’ (Lago-Peñas et al. 2018: 1510).

During Spain’s transition to democracy, asymmetry emerged through two main distinctions. First, Article 2 of the Constitution differentiated between ‘regions’ and ‘nationalities’, implicitly recognising Catalonia, the Basque Country and Galicia, which were also granted a fast track to autonomy under Article 151 on account of the fact that they had previously drafted regional statutes during the Second Republic. Second, the First Additional Disposition distinguished foral from non-foral territories, committing to respect the historical fiscal rights of the Basque and Navarran provinces rooted in their medieval *fueros*. This distinction primarily concerned differences in revenue-raising capacity.

The nature and relative importance of those asymmetries have, however, evolved over time. The distinction between ‘regions’ with a slower route to autonomy and ‘nationalities’ with a faster route is now less meaningful in practice as all regions have ultimately acquired broadly the same substate institutions and spending powers. Indeed, at present, ‘there is no significant variation in expenditure powers across the 17 regions’ (León and Orriols 2016: 851). The minimal differences mainly concern policing—held by Catalonia, the Basque Country, and Navarre—and prison management, which only Catalonia controls.

By contrast, the division between foral and non-foral territories in revenue-raising powers is firmly entrenched. The Basque Country and Navarre have extensive fiscal autonomy granted through their Economic Agreements with the Spanish state—the Basque *Concierto Económico* and Navarran *Convenio Económico*, first approved in 1981 and 1982 respectively. They collect almost

all taxes and have wide legislative autonomy, except over VAT and excise duties circumscribed by EU law. They keep most of the revenues within their regions to fund their extensive policy competences and transfer only a small share to the central government via an annual quota to cover residual centralised competences such as foreign affairs and defence. As a result, the Basque Country and Navarre are the only substate regions in the world where the central government collects only a few minor taxes, such as those on its own employees' salaries (Zubiri 2010).

This is very different to the common financing system applied to Spain's other 15 regions, first established under Organic Law 8/1980 on the Financing of the Autonomous Communities (LOFCA by its Spanish acronym). Unlike the foral system, which is based largely on regional fiscal capacity, the common system is primarily needs-based and aims to ensure comparable levels of public services across regions. Funding is allocated largely through a complex fiscal equalisation mechanism centred on 'adjusted population', which accounts for demographic factors such as the regional population's age structure and geographical factors such as the territory's surface area, dispersion and insularity. Under Articles 156 and 157 of the Constitution, which inform the LOFCA, these regions rely on a combination of centrally raised taxes and taxes partially or fully ceded to them. As a result, they have fewer fiscal competences and are far more dependent on central government transfers than the Basque Country and Navarre. Moreover, funding asymmetries exist not only between the foral and common systems but also among common-system regions themselves, as technical imperfections in the allocation formula mean that some regions fare better than others, with significant implications for regional development and territorial disparities (Aparicio Pérez et al. 2025).

These institutional differences have generated sustained debate over inter-regional solidarity. A central criticism of the foral system—applied to both the Basque Country and Navarre, though focused primarily on the former given its larger share of Spain's GDP and the political leverage of the Basque Nationalist Party (PNV)—is that it results in a comparatively limited contribution to redistribution relative to the common system. While both regions contribute to the Interterritorial Compensation Fund, its role has become secondary over time, as inter-regional redistribution now occurs primarily through the fiscal equalisation mechanisms included within the common regime—most notably the Guarantee Fund for Public Services—from which both foral regions are excluded. In addition, although the quota is often portrayed as redistributive because it is calculated using an imputation index broadly aligned with each region's share of Spain's GDP, which is

higher than their population share, this index applies symmetrically to financial flows in both directions. As a result, the same GDP-based percentage that determines the contribution of the Basque Country and Navarre to non-assumed competences also benefits them through the valuation of assumed competences and offsets for central government revenues and deficits, limiting the net redistributive effect of the quota.

Beyond the difference in fiscal autonomy, asymmetries can also be seen in the different levels of influence that regional governments have over central government decision-making. The two regions which have by far the strongest presence of regional-nationalist parties are the Basque Country and Catalonia. Since the mid 1990s, their support has frequently been necessary to prop up minority Spanish governments led by either the conservative People's Party (PP) or more usually the Spanish Socialist Workers' Party (PSOE) (Field 2016). Spain's model of decentralisation devised during the transition to democracy led to the gradual transformation of Spain's centripetal party system into an increasingly centrifugal one, given the weight that the Basque and Catalan nationalist parties (and to a lesser extent the Canary Coalition) acquired first in their own regions, and thereafter in the Spanish parliament when lending support to minority central governments (Beramendi 2012).

This more informal asymmetry—in relation to the level of influence of different regional governments over the central government rather than their level of devolved competences—is important. In the Basque case, it has often given the PNV the upper hand in negotiations over the Economic Agreement because minority Spanish governments have depended on its support in parliament to govern. Disputes have ranged from the valuation of devolved competences to the methodology for calculating the annual quota, with outcomes typically aligning with the Basque position (Zubiri 2015). The absence of a detailed public breakdown of the figures underpinning these agreements has reinforced perceptions in other regions that political bargaining, rather than purely technical or economic criteria, has played a significant role in shaping their outcomes. Once agreed, the legislation is presented to the Spanish parliament as a single act, which must be accepted or rejected in full, with no opportunity for partial amendment or extended debate. In the Catalan case, political leverage has likewise afforded it greater influence than most regions over the evolution of the common financing system, although this influence remains more limited than that of the Basque Country, given that Catalonia remains formally embedded in a multilateral rather than a bilateral financing arrangement.

The impact of these asymmetries on political accommodation is most clearly visible in the experiences of the Basque Country and Catalonia. Asymmetric decentralisation initially helped to accommodate both regions by providing a fast-track to autonomy and, in the Basque case, extensive fiscal powers. These arrangements encouraged mainstream nationalist parties who governed in their respective regions—the PNV and the Convergence and Union (CiU) alliance in Catalonia—to pursue accommodationist strategies within the framework of the Spanish Constitution. Although the PNV briefly explored more radical proposals under regional president Juan José Ibarretxe in the late 1990s and early 2000s, the powers and resources already enjoyed by the region under its Economic Agreement were one among several factors that helped to bring the PNV back into the fold under new, more moderate leadership from 2012 (Gray 2020). At the time of writing well over a decade later, there has been no significant shift in that position, despite the PNV’s continued aspiration for a more confederal relationship.

In contrast, the absence of an asymmetric fiscal arrangement with Spain granting greater autonomy contributed to mainstream Catalan nationalist parties’ turn towards secession from 2010 onwards (Boylan 2015). As one of Spain’s wealthiest regions, Catalonia would likely retain more resources outside the common financing and redistribution system, particularly if it could negotiate a Basque-style quota arrangement. However, given Catalonia’s economic weight (around 20 percent of Spanish GDP, compared to around 6 percent for the Basque Country), state-wide parties have traditionally opposed removing it from the common financing regime. By the late 1990s, dissatisfaction with Catalonia’s fiscal treatment had become a central source of tension in Spanish-Catalan relations. The revised Catalan autonomy statute approved by the Catalan parliament in 2005 incorporated elements of a Basque-style financing model. However, the amendments required for approval by the Spanish parliament in 2006, followed by further reversals imposed by the Constitutional Court in 2010, ultimately returned Catalonia to the standard parameters of the common financing regime, contributing to the subsequent shift towards a secessionist agenda. While support for independence has declined since its 2017 peak, demands for a distinct financing arrangement have re-emerged as a minority government in Madrid again depends on Catalan parties for support (Lago Peñas 2024).

While asymmetry in competences and resources helps to explain the divergent trajectories of Basque and Catalan nationalism, it is important to remember that it is not a sufficient explanatory factor on its own. Its effects have been mediated by other factors such as differing patterns of intra-

regional party competition generated by Spain's centrifugal party system. In Catalonia, growing competition between CiU (particularly its lead party Democratic Convergence of Catalonia—CDC), the Republican Left of Catalonia (ERC) and the Catalan federation of the PSOE (PSC-PSOE) from the late 1990s produced an outbidding dynamic that progressively radicalised party agendas (Barrio and Rodriguez-Teruel 2016). This fuelled increased demands for a Basque-style fiscal arrangement. In the Basque Country, by contrast, party competition evolved differently, shaped in part by the legacy of political violence, encouraging the PNV to moderate its territorial strategy and distance itself from more radical secessionist forces. In both cases, asymmetric decentralisation thus interacted with distinct competitive dynamics, fostering accommodation in the Basque Country—at least when measured by the willingness of the mainstream nationalist party to work within the constitutional framework—while contributing to escalating demands and conflict in Catalonia.

Overall, the Basque and Catalan cases thus highlight both the integrative potential and the inherent tensions of Spain's asymmetric decentralisation model. Yet these dynamics do not operate in isolation. The asymmetric concessions made to accommodate minority-nationalist regions are embedded within a broader territorial system in which the remaining autonomous communities—which this article terms standard regions—are also key stakeholders. Governed under the common financing system and lacking comparable fiscal or political leverage, these regions are nonetheless affected by asymmetric arrangements through redistribution, intergovernmental bargaining and inter-regional comparisons. Their perceptions of fairness, accountability and balance within the territorial model therefore play a critical role in shaping its overall legitimacy and stability. The next section shifts attention to these standard regions, examining how they interpret and respond to asymmetry and the political dynamics it generates.

4 Asymmetry and Its Effects: Perspectives from Standard Regions

While this article focuses primarily on elite perceptions of fiscal asymmetry in standard regions, it is useful to situate these views within the broader attitudinal context in which they are embedded. This section therefore begins by identifying key shifts in societal attitudes towards decentralisation in Spain from the transition to democracy to the present, showing how these shifts have coincided

with periods of elite debate and negotiation, and providing important context for the elite interview analysis that follows.

4.1 Societal Attitudes

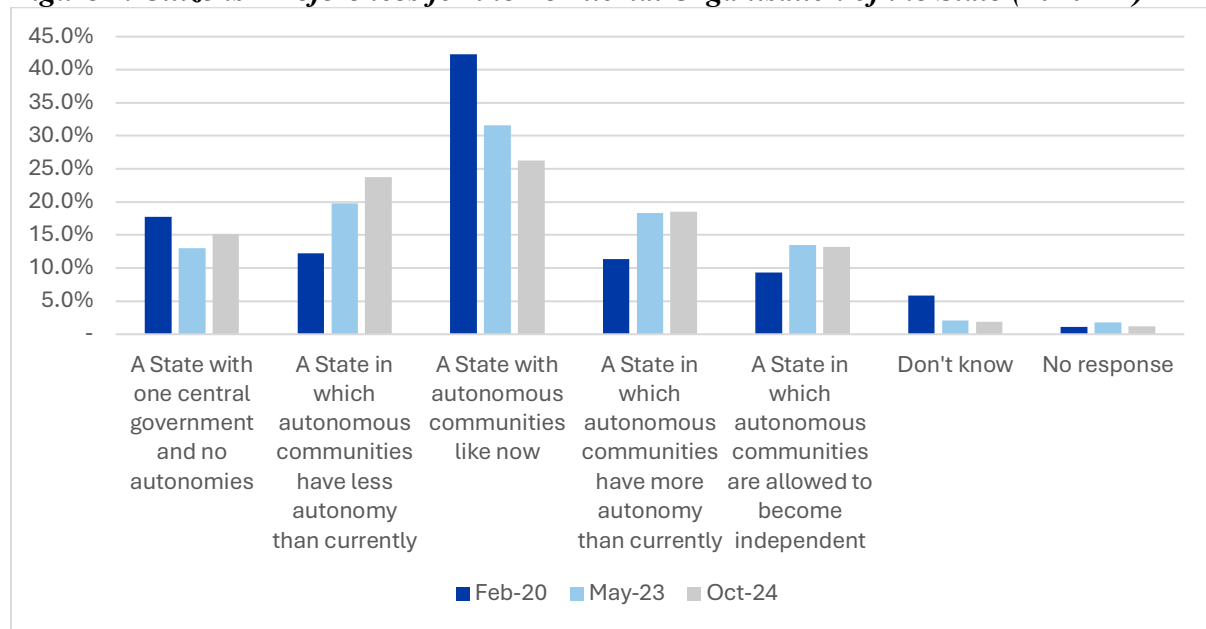
In one of the most comprehensive studies of societal attitudes toward Spain's decentralisation model from the democratic transition to the early 2010s, Liñeira (2014) traces shifts in public opinion across regions and identifies two particularly significant moments of change. The first occurred during the transition to democracy itself. In September 1976, 43 percent of Spaniards favoured a centralised state, but by July 1978, in the lead up to the Constitution's approval, that figure had fallen to under 30 percent. By contrast, support for regional autonomy had reached just under 50 percent, becoming the dominant preference nationwide, while federalism and independence (the other two options presented) attracted significant support only in regions with strong minority nationalist movements (Liñeira 2014: 30–32). These preferences stabilised during the late 1970s and early 1980s, as the decision to extend the State of Autonomies across the country was consolidated through the rapid approval of regional statutes between 1978 and 1983. Notably, some of the largest attitudinal shifts occurred in regions that had previously been most supportive of centralisation. Andalusia stood out as the most striking case, with support for centralisation falling from 58 percent in 1976 to just 15 percent by 1982, illustrating how public attitudes responded to institutional change (Liñeira 2014: 33).

The second major shift identified in Liñeira's analysis emerged in the mid-2000s, around the negotiations over the revised Catalan Statute of Autonomy. Following the 2004 election of a PSOE minority government reliant on regional-nationalist parties' support, debates over territorial reform became highly polarised. The PP opposition strongly resisted the PSOE's statute reforms, particularly in Catalonia, while Catalan parties escalated their demands amid intense centre-periphery conflict. These dynamics were reflected in public opinion. According to data from Spain's Centre for Sociological Research (CIS), support for a fully centralised state rose from just under 10 percent before 2005 to over 20 percent by 2011, marking the first sustained increase in centralist preferences since such surveys began in 1984 (Liñeira 2014: 41). This trend coincided with a decline in support for maintaining the same degree of autonomy—which remained the modal preference overall—or expanding it, prompting the CIS to introduce a new survey category for those favouring 'less autonomy'. The data also shows that attitudes diverged sharply across regions: in 2010, citizens in the Basque Country, Catalonia, and Navarre were simultaneously the

most supportive of decentralisation and the most likely to perceive Spain as insufficiently decentralised, underscoring the growing territorial polarisation of public opinion (Liñeira 2014: 49-50).

Since Liñeira’s study, a third major shift in public opinion can be identified in the aftermath of the Catalan independence crisis, in a context where Catalan nationalist parties have exercised unprecedented political leverage as PSOE-led minority governments since 2018 have become increasingly dependent on their parliamentary support. Three waves of the CIS survey conducted over the period 2020 to 2024 on preferences regarding Spain’s territorial organisation reveal a sharp decline in support for the State of Autonomies in its current form, from 42.3 percent in 2020 to 26.3 percent in 2024 (Figure 1)—the lowest level recorded since the series began in 1984 (CIS 2011). Over the same period, support for a model in which autonomous communities have less autonomy than at present nearly doubled, rising from 12.2 percent to 23.8 percent. Changes in the other response categories further underline growing fragmentation (Figure 1).

Figure 1. Citizens’ Preferences for the Territorial Organisation of the State (2020–24)



Source: Own elaboration based on CIS 2024a

Overall, these trends point to an increasingly polarised and fragmented society, as the option that once clearly dominated—maintaining the State of Autonomies in its existing form—has weakened substantially, with preferences now spread across a wider range of alternatives. Disaggregated by

region, the data show that this fragmentation is not confined to a small number of territories. In every region, support for the current State of Autonomies has declined, and in almost all regions support for reducing regional autonomy has increased, even though the relative weight of the different options continues to vary territorially (CIS 2024b).

These attitudinal trends suggest that societal support for decentralisation is shaped not only by policy outcomes but also by how territorial change is framed and negotiated by political elites. During the transition to democracy, the rapid decline in support for centralisation occurred alongside the broad political acceptance of regional autonomy across the party system and its institutionalisation through the Constitution and the swift approval of autonomy statutes. A similar dynamic can be observed in reverse in the mid-2000s, when a partial backlash against decentralisation emerged during a period of intense political conflict over the revised Catalan statute of autonomy, marked both by bilateral bargaining between the Spanish and Catalan governments and by heightened polarisation between the PSOE and the PP. More recent post-2020 polling data point to a further iteration of this pattern, with declining support for the State of Autonomies coinciding with a period in which minority governments have become increasingly reliant on Catalan nationalist parties and territorial politics has once again become highly polarised, including through the rise of the far-right party Vox.

While public opinion data cannot establish direct causal links, the timing and recurrence of these shifts allow for the inference that elite discourses and negotiation practices shape how decentralisation is interpreted by the wider public. The apparent discomfort expressed by segments of society with reforms perceived as opaque or bilaterally negotiated—particularly in relation to Catalonia’s political leverage—closely mirrors the concerns articulated by regional political elites in the interviews analysed below. This parallel suggests that elite perceptions and narratives are not merely reactive to societal attitudes but can also contribute to shaping them. These patterns therefore justify shifting the analysis from societal attitudes to the perceptions of governing elites in standard regions, whose interpretations of asymmetry play a key role in sustaining or eroding the broader legitimacy of Spain’s territorial model.

4.2 Elite Attitudes

The findings presented below draw upon interviews conducted in four different autonomous communities under the common financing system—Andalusia, Extremadura, Murcia and the

Valencian Community—in September and October 2025. In each case the regional economic and finance ministry was contacted and interviews requested with either the regional finance minister and/or their secretary general(s) (no. 2s). In Extremadura and Murcia, the regional finance ministers were interviewed while in Andalusia and the Valencian Community the interviews were conducted with secretary generals. Each interview was conducted online via Microsoft Teams and lasted approximately one hour. The interviews were semi-structured in nature, using the same questionnaire as a starting point. The interviews explored participants' views on the financing system's symmetric and asymmetric features, what they felt worked well or poorly, the reforms they would like to see and the obstacles they perceived. They also examined participants' perceptions of the central-regional and inter-regional political dynamics that have shaped the system's design and prospects for reform. All interviewees had extensive experience with regional finance negotiations, both in their current roles and in previous positions. An inductive approach was adopted, whereby interview responses were analysed to identify recurring themes, which were then mapped onto the study's hypotheses.

All four regions examined here reflect the broader attitudinal trends identified above (Figures 1 and 2). In each, support for the State of Autonomies in its current form has declined sharply and those favouring a reduction in decentralisation, either through fewer regional powers or a fully centralised state, now clearly outnumber those supporting further decentralisation, whether through additional powers or independence. While this pattern holds across all four regions, there is some variation in its intensity, with preferences for reduced decentralisation particularly pronounced in Murcia.

The selected regions also span a range of regional characteristics, including substantial variation in territorial size, population and share of national economic output (Table 1). Capturing such diversity was the aim when issuing interview requests, although the final composition of cases was inevitably also shaped by which regions agreed to participate. Despite their broadly similar GDP per capita positions, the regions differ markedly in their pre- and post-equalisation outcomes under the common financing system (Table 2). Extremadura emerges with significantly above-average resources per adjusted inhabitant after equalisation, while Andalusia, Murcia and the Valencian Community remain below average. This variation is analytically important, as it allows the analysis to capture perspectives from regions that experience the common financing system in materially different ways.

Table 2. Citizens' Preferences for the Territorial Organisation of the State in Andalusia, Extremadura, Murcia, and the Valencian Community (October 2024)

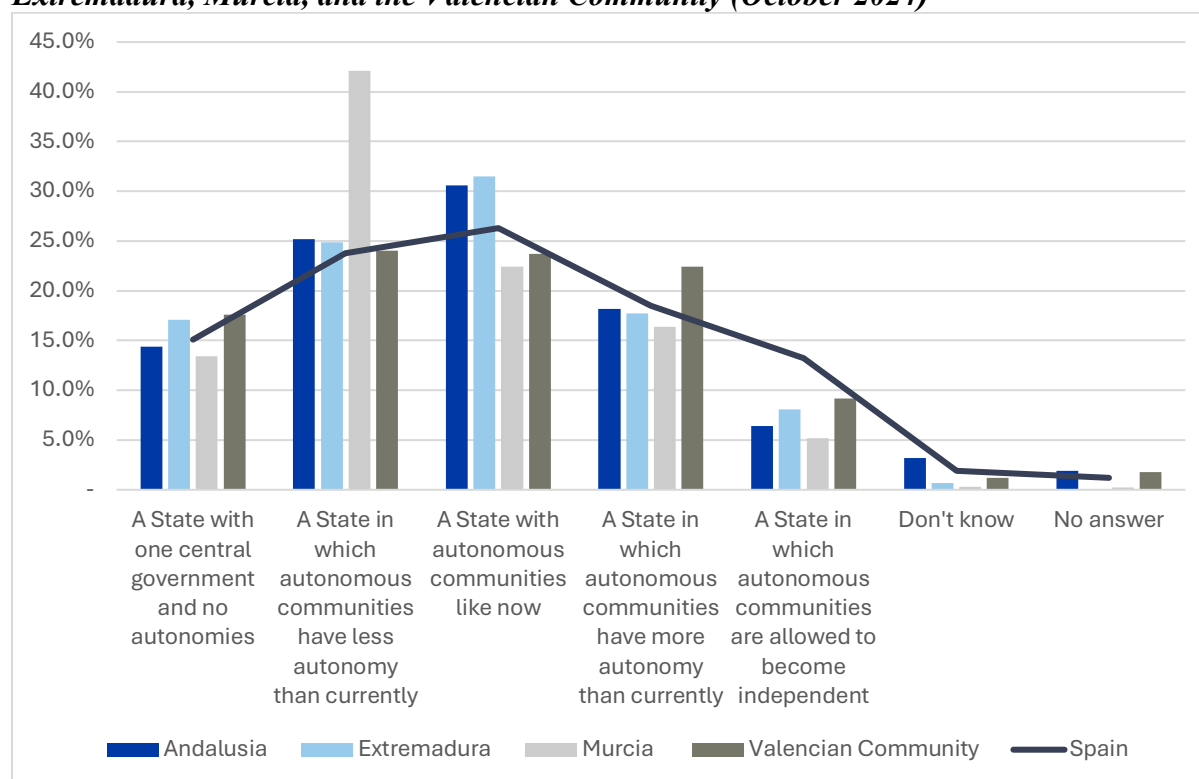


Fig.

Source: Own elaboration based on CIS 2024b

Table 1. Regional Statistics (in brackets: percentage of Spanish total for area, population and GDP; percentage of mean for GDP per capita)

	Andalusia	Extremadura	Murcia	Valencian Community	Spain
Area (sq km)	87,599 (17.3%)	41,634 (8.2%)	11,314 (2.2%)	23,255 (4.6%)	505,990 (100%)
Population (2025)	8,676,713 (17.7%)	1,053,345 (2.1%)	1,586,989 (3.2%)	5,425,182 (11.0%)	49,128,297 (100%)
GDP (thousands of euros) (2024 advance estimate)	212,359,142 (13.3%)	26,583,476 (1.7%)	42,488,024 (6.7%)	148,283,453 (9.3%)	1,594,330,000 (100%)
GDP per capita (euros) (2024 advance estimate)	24,542 (75.2%)	25,224 (77.3%)	26,944 (82.6%)	27,626 (84.7%)	32,633 (mean)

Source: INE—Instituto Nacional de Estadística (National Statistics Office) 1996, 2025a, 2025b, 2025c

Table 2. Effective Financing Level Index Pre- and Post-equalisation, 2022 (Spain = 100*)

	Andalusia	Extremadura	Murcia	Valencian Community	Spain
Tax revenue contribution (pre-equalisation)	72.8	61.0	70.8	85.8	90.4*
Final financing per adjusted inhabitant for homogeneous competences (post-equalisation)	94.6	113.2	90.8	91.8	100

*Spain = 90.4 for tax revenue contributions since the remaining 9.6percent of resources within the system come from various adjustment funds.

Source: De la Fuente 2024: 13

With respect to political representation, interviewees in all cases came from governments led by the PP, reflecting the structural constraint that the PP governed almost all standard regions at the time when the interviews were conducted. To address this limitation, an additional interview was conducted with a senior representative of the PSC-PSOE in Catalonia, selected for his extensive experience in regional financing negotiations both past and present, including as a former Catalan treasury minister. Conducted via written responses to a questionnaire after the other interviews, this served to cross-check claims raised elsewhere and to assess the extent to which they might reflect partisan bias against the PSOE, which governed in Madrid during the 2009 reform and at the time of the interviews. The interviewee confirmed that key criticisms—most notably regarding insufficient central government contributions to the regional funding pool and weaknesses in intergovernmental forums—were widely shared across regions governed by both the PSOE and the PP, reducing the likelihood that they simply reflect partisan bias. While bias toward the Basque and Catalan parties may still be present, this does not undermine the analysis, as the study’s purpose is precisely to capture how standard regions perceive and evaluate asymmetric arrangements.

The following subsections draw on the material from the interviews conducted in Andalusia, Extremadura, Murcia and the Valencian Community to evaluate each of the three hypotheses, showing how standard-region political elites interpret fiscal asymmetry and its implications for the legitimacy of Spain’s decentralisation model.

4.2.1 Hypothesis I: Institutionalized Bargaining versus Discretionary Concessions

All four interviews emphasise that acceptance of fiscal differentiation among standard regions depends fundamentally on how asymmetry is produced. The most consistent grievance concerns bilateral, opaque or discretionary concessions, particularly those arising from ad hoc bargaining when minority Spanish governments depend on parliamentary support from regional-nationalist parties. Interviewees focused their criticisms on two recurring cases: Madrid's bilateral negotiations with Catalonia over demands for a Basque-style fiscal arrangement, and negotiations with the Basque (and Navarran) governments over the financial parameters and technical details of the Economic Agreement.

At the same time, the interviews reveal some variation in how different forms of asymmetry are evaluated, depending on whether they are embedded in established institutional frameworks or produced through discretionary political bargaining. Across all four interviews, the Basque Country and Navarre were treated as procedurally distinct from Catalonia. Interviewees acknowledged that the separate Economic Agreements afforded to the foral territories are rooted in a long-standing, institutionalised framework provided for by the Spanish Constitution. Their grievance, therefore, was not primarily directed at the existence of a separate arrangement itself—which was often accepted, even if reluctantly, as a constitutional given—but at the limited transparency surrounding its evolution. Key concerns centred on the size and calculation of the annual quotas and what interviewees viewed as a gradual erosion of the state's revenue-raising capacity stemming from the extensive transfer of taxation powers to the regional level. Interviewees argued that opaque negotiations over these matters have allowed the Basque and Navarran governments to make a disproportionately small contribution to fiscal equalisation and redistribution, an outcome widely perceived as conflicting with the constitutional principle of equality among Spaniards. In this sense, interviewees feel the legitimacy of the Economic Agreement has been incrementally eroded by the increasing role of discretionary bargaining within an otherwise institutionalised framework.

In contrast, interviewees were unanimous in criticising Catalonia's influence over the financing system as procedurally illegitimate, precisely because it has been exercised outside established multilateral frameworks. All four interviewees pointed to the systematic bypassing of the Fiscal and Financial Policy Council (CPFF)—the designated intergovernmental forum for negotiating regional financing—as emblematic of this problem. They identified the 2009 reform of the

common financing system as an early moment when Catalan influence became particularly visible, given that key demands—such as an increased share of ceded taxes—had already been advanced during negotiations over the 2006 Catalan Statute of Autonomy.

However, some interviewees also drew an important distinction between earlier reform episodes and the current situation. They noted that in 2009 all regions had access to a shared reform proposal, with any subsequent bilateral negotiations with Catalonia taking place within that framework. One interviewee recalled that the central government met with all regions both collectively and individually in late 2009 before final adjustments were made, including the creation of the Competitiveness Fund, which was introduced following bilateral negotiations with Catalonia to compensate wealthier, fast-growing regions whose financing outcomes risked falling below average after fiscal equalisation. Importantly, Catalonia was not the only region able to exercise influence: regions benefiting from above-average funding also successfully defended their positions, both in 2009 and during the ultimately unsuccessful reform talks in 2014.

By contrast, interviewees described a clear shift in recent years. They argued that by 2025 Catalonia's influence had reached an unprecedented level, with negotiations over a potential financing deal specifically for the region conducted outside multilateral channels and without other affected regions having access to proposals or documentation. Interviewees repeatedly described this practice—whereby regions learn of developments retrospectively, often through the media or informal political contacts—as “an anomaly” and “brazen” in comparison to earlier periods. Although no final agreement had been reached at the time of writing, all interviewees cited the 2025 regional debt write-off law—negotiated bilaterally between the Spanish and Catalan governments and subsequently extended to other regions—as a clear illustration of the collapse of multilateralism in regional financing decisions.

Overall, these findings strongly support H1. Acceptance of asymmetric fiscal arrangements among standard regions is highest when differentiation is embedded in transparent, rule-based and institutionalised bargaining processes, and declines sharply when asymmetry is perceived to arise from discretionary concessions driven by parliamentary leverage. Crucially, interviewees' objections are more procedural than categorical: they do not necessarily reject differentiation per se, but the erosion of multilateralism and transparency that they feel transforms asymmetry from a mechanism of accommodation into a source of inter-regional grievance.

4.2.2 Hypothesis 2: Asymmetry and the Strengths and Weaknesses of the Decentralisation Model

To evaluate this hypothesis, it is first necessary to outline how interviewees assess the strengths and weaknesses of Spain's decentralisation model. Across all four interviews, respondents expressed broad support for the model and acknowledged that it grants regions extensive competences. With regard to regional financing, interviewees agreed that the current division between ceded and non-ceded taxes strikes an appropriate balance between regional autonomy and central state capacity. There was broad consensus on which taxes should be collected by the central government and which by the regions, reflecting general satisfaction with the division established under the 2009 LOFCA reform, which increased the share of taxes ceded to the regions. Interviewees also emphasised that while they are exercising their existing fiscal powers, they are not seeking additional ones, underscoring the importance of maintaining strong state-level revenue-raising capacity.

While interviewees converged on these core assessments, they varied in the specific strengths they chose to emphasise. For example, one highlighted the clarity of the system's rules, while another stressed its role in promoting territorial equality, arguing that decentralisation and regional financing have helped address historical neglect and foster development in less advantaged territories in line with constitutional principles.

Although interviewees acknowledged certain strengths in the model, their assessments focused primarily on its weaknesses. All identified the same two core problems that, in their view, have increasingly undermined the system: insufficient financing from the central government and weak intergovernmental coordination and participation. Within the common financing system, dissatisfaction centred on what was seen as an inadequate overall contribution from the central government to the regional funding pool, with current funding levels based on outdated cost estimates for basic service provision. At the same time, while interviewees were generally satisfied with their normative competence in taxation—namely their shares of fully and partially ceded taxes—they consistently expressed frustration at their limited input into central government decisions on tax design and management that directly affect the regions. Two interviewees, for example, pointed to unilateral decisions to vary VAT rates, noting that such changes had been made without regional consultation and that, in one specific instance, the central government had retained the full additional revenue from a rate increase. Although VAT policy is determined by

Spanish law and circumscribed by EU rules, 50 percent of VAT revenues are ceded to the regions, meaning that regional governments are directly affected by both rate changes and decisions over revenue distribution. Beyond tax policy, interviewees also pointed to a broader lack of regional input into related areas of fiscal governance, such as the failure to update budgetary stability legislation in line with recent EU reforms intended to make fiscal rules more countercyclical.

Concerns about insufficient coordination extended beyond the sphere of regional financing. In relation to economic development, some interviewees argued that Spanish government legislative proposals affecting productive sectors are often developed with insufficient prior coordination and should instead be discussed more systematically in sectoral conferences that bring together central and regional authorities. These forums were seen as necessary to ensure decisions reflect a coherent, system-wide strategy rather than short-term political considerations. Interviewees cited several examples of inadequate coordination, including infrastructure policy (ranging from transport to hydrographic infrastructure), the implementation of EU agricultural policy, and industrial policy in regions with differing energy mixes. In regions with below-average funding under the common financing system, limited fiscal capacity further constrains engagement in these policy areas, compounding the effects of weak coordination. Although sectoral conferences formally provide venues for intergovernmental dialogue, some interviewees criticised their limited effectiveness, noting in particular that agendas are often circulated only one or two weeks in advance, leaving insufficient time for evidence-based analysis to inform meaningful discussion.

Against this backdrop, interviewees overwhelmingly concluded that asymmetry in its current form tends to exacerbate existing weaknesses of the decentralisation model rather than reinforce its strengths. Persistent underfunding of regional competences was seen as being aggravated by the reduced contribution of the Basque Country and Navarre to inter-regional redistribution and by their near-complete control over taxation, which interviewees argued hollows out the state's revenue-raising capacity. Catalonia's demand for an equivalent singular financing arrangement—particularly full control over income tax—was therefore viewed as a further threat to both state capacity and equality among Spaniards. Rather than strengthening decentralisation, such developments were widely perceived as undermining the fiscal capacity of the system.

These concerns were compounded by perceptions that existing weaknesses in intergovernmental institutions are intensified when they are bypassed. The CPFF was widely described as an

inadequate forum for coordination, given the central government's 50 percent voting share and its ability to advance proposals with the backing of a single region. Although interviewees differed on whether this voting structure should be reformed, they broadly agreed that the CPFF's shortcomings are magnified when multilateral procedures are circumvented through ad hoc bilateral bargaining, particularly between the Spanish and Catalan governments.

Overall, the interviews support H2 but suggest that it operates primarily in negative terms. While respondents did not identify instances in which asymmetry actively reinforces the strengths of the decentralisation model, they consistently indicated that acceptance declines when asymmetric arrangements are perceived to exacerbate existing weaknesses—most notably underfunding and weak coordination.

4.2.3 Hypothesis 3: Fiscal Equalisation and Acceptance of Asymmetry

Concerns about fiscal equalisation emerged as one of the most salient and consistent themes across all four interviews. Interviewees repeatedly framed their assessments of fiscal asymmetry through comparisons with the foral regions—the Basque Country and Navarre—and with Catalonia. The foral territories were widely portrayed as benefiting from disproportionately high per capita resources that interviewees considered unjustified in scale, while Catalonia was seen as receiving preferential treatment through political bargaining. In this context, interviewees argued that the Economic Agreements of the Basque Country and Navarre should be adapted to reflect the evolution of Spain's equalisation mechanisms, particularly given the centrality of the Guarantee Fund for Basic Public Services, which forms part of the common financing system. Some interviewees suggested that incorporating the foral regions into this fund would be an appropriate means of restoring fairness.

Interviewees also expressed acute concern that Catalonia's demand for full tax collection would further undermine fiscal equalisation and entrench an inequitable two-tier system. They feared that bilateral bargaining would allow Catalonia to minimise its contribution to the state through a Basque-style quota, thereby weakening redistribution and reducing resources available to the common system.

Beyond these comparisons, interviewees devoted considerable attention to resource asymmetries within the common financing system itself. These were primarily attributed to deficiencies in the 'adjusted population' indicator on which funding allocations are based, which interviewees felt

fails to capture regions' real spending needs. Some also criticised the use of discretionary funds—such as the Cooperation and Competitiveness Funds—as “political fixes” that dilute agreed technical criteria and further undermine confidence in the equalisation system.

While dissatisfaction with needs-based allocation was shared across regions, its expression varied. Interviewees from Andalusia, Murcia and Valencia focused particularly on what they described as the systematic underfunding of four regions—their own and Castilla-La Mancha—measured in financing per adjusted capita. They emphasised that this is an objective problem supported by extensive empirical evidence. These interviewees stressed that regional spending priorities are overwhelmingly dominated by the need to finance basic services—health, education and social services—which absorb between 75 and 90 percent of regional budgets. As a result, underfunded regions face especially tight constraints on other policy areas, notably economic development, and are more vulnerable during economic downturns. Some interviewees highlighted their reliance on the Regional Liquidity Fund, originally conceived as a temporary crisis instrument, and warned that the central government's ability to suspend it unilaterally, as it did temporarily in 2025, creates uncertainty and risks service disruption.

By contrast, the interviewee from Extremadura—whose position improves under post-equalisation measures—advanced a different critique. While acknowledging the value of redistribution, they argued that the adjusted population formula gives insufficient weight to surface area, thereby underestimating the real costs faced by large, sparsely populated regions. This interviewee also emphasised that assessments of territorial fairness should consider other factors beyond the financing system itself, including uneven patterns of central government infrastructure investment.

Despite these regional variations, a clear overall pattern emerges. All interviewees expressed dissatisfaction with how needs are calculated and translated into funding under the common financing system, which they see as producing persistent underfunding and ineffective equalisation. Interviewees agreed that resolving these problems would first and foremost require increased contributions from the central government. They also warned that the state's fiscal capacity would be further weakened if Catalonia—given its weight in the Spanish economy—were allowed to exit the system and collect almost all its own taxes.

Overall, the interviews provide strong support for H3. Acceptance of differential levels of fiscal autonomy among standard regions is undermined when fiscal equalisation is perceived as unfair

and ineffective. Interviewees repeatedly described the Basque Country and Navarre as “privileged” and insufficiently solidaristic, arguing that their reduced contributions to the common pool exacerbate existing shortcomings in equalisation. Catalonia’s pursuit of a similar arrangement was widely viewed as risking a breakdown of the system altogether. Under these conditions, fiscal asymmetry is interpreted not as a legitimate form of differentiation, but as a source of distributive injustice that erodes support for the territorial model.

5 Conclusion

The interviews conducted support all three hypotheses. With regard to H1, interviewees drew a distinction between asymmetry embedded in transparent, institutionalised bargaining frameworks and differentiation arising from opaque, discretionary concessions tied to parliamentary leverage, with acceptance declining markedly in the latter case. While Catalonia was viewed as the clearest example of leverage-driven concessions, even the constitutionally grounded Basque and Navarran Economic Agreements were seen as losing legitimacy where subsequent bargaining appeared to stretch them beyond their original institutional foundations and place them in tension with other constitutional principles, particularly equality among Spaniards. With respect to H2, although interviewees acknowledged certain strengths of the model, they focused far more on its weaknesses, most notably chronic underfunding and weak intergovernmental coordination, and saw existing asymmetries as exacerbating rather than mitigating these problems. The division between ceded and non-ceded taxes under the common financing system was identified as a positive feature, yet this balance was viewed as undermined by the near-complete tax autonomy of the Basque Country and Navarre—described as internationally exceptional—and by Catalonia’s pursuit of a comparable arrangement. Finally, in relation to H3, concerns about the fairness and effectiveness of fiscal equalisation emerged as the most salient source of dissatisfaction. Asymmetry was seen to compound shortcomings in needs-based allocation and to generate significant distributional imbalances among regions.

Returning to the central research question—under what conditions does asymmetry sustain or erode the legitimacy of the territorial model among standard regions—these findings indicate that differentiated arrangements lose acceptance when they are viewed as procedurally opaque or as circumventing established institutional channels, when they are seen to weaken the broader decentralised system in which they operate, and when they generate enduring distributive

grievances. Under these conditions, asymmetry is reinterpreted not as a mechanism of accommodation, but as a source of inter-regional competition and contestation.

This article extends Sharma's (2024) framework of concessionary federalism by showing that the stability of territorial accommodation depends not only on bargaining between the central state and minority-nationalist regions, but also on the conditional acceptance of those settlements by standard regions. Sharma argues that aligning revenue, expenditure and equalisation arrangements with the recommendations of independent fiscal institutions is necessary but not sufficient to prevent economic grievances from converging with identity-based claims, since political incumbents may have their own motives to resist or circumvent those recommendations. He therefore advocates a concessionary approach that fosters continuous dialogue and reciprocal compromise between national and subnational leaders. While his focus is primarily on minority-nationalist actors given the risks of secessionism, our findings demonstrate that these negotiated outcomes are not assessed in isolation. They are filtered through the perceptions of standard regions, whose acceptance or not of such asymmetric arrangements depends on whether they are seen as procedurally legitimate, compatible with the broader decentralisation model and conducive to equitable outcomes across territories. Spain's experience of discretionary deals between national and regional leaders, often shaped by the parliamentary leverage of the Basque and Catalan nationalist parties in supporting minority central governments, illustrates how an approach focused primarily on accommodating minority nationalists via concessionary arrangements does not necessarily generate stability. Where such arrangements are rejected by standard regions, they can instead contribute to renewed territorial contestation.

These findings also carry broader implications for countries pursuing asymmetric fiscal decentralisation, even where secessionist pressures are not the primary concern. The English case, for instance, illustrates how asymmetry in devolving powers to regional and local-level institutions such as strategic authorities may be necessary given wide territorial variation in needs and capacities. However, a predominantly deals-based approach and limited transparency, particularly around funding allocations, risks entrenching spatial inequalities and reinforcing power imbalances, with the potential to fuel forms of 'territorially based populism' (Warner et al. 2024). Future research should examine additional cases to complement the Spanish evidence. In Spain, the interviews lend support to all three hypotheses, but H2 and H3 operate largely in negative

terms. Interviewees did not identify instances in which asymmetry reinforced the strengths of the decentralisation model or in which fiscal equalisation was viewed as fair or effective. Instead, asymmetric arrangements were consistently described as weakening the system and exacerbating distributive tensions. This pattern may, however, partly reflect broader dissatisfaction with the financing system as a whole, which may have led respondents to emphasise its shortcomings. Notably, in discussing the Basque and Navarran Economic Agreements, none of the interviewees referred to the accountability-enhancing effects of fiscal autonomy—an argument well established in the fiscal federalism literature (e.g., Rodden 2006) and in studies of Spain (e.g., León and Orriols 2016). Exploring cases where decentralisation is more positively evaluated overall would therefore help to assess whether asymmetry is judged differently when embedded in a system perceived to function more effectively.

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