

Restructuring the State:

Mainstream Responses to Regional Nationalism

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Abstract: Under what conditions are ‘holding-together’ federations created? And what shapes the development of their territorial structures? This article answers these questions through a comparative-historical analysis of territorial restructuring in Belgium, Spain and the UK. It shows that ‘holding-together’ federations are created during a critical juncture opened by a surge of regional nationalism and that the strategic responses of mainstream parties to this threat are conditioned by their ideology. These constitutional settlements put countries on a path of institutional development that is conditioned by mainstream parties’ ideational adaptation to the political foundations of the federation and by their power in the system of inter-governmental relations. Even when regionalist parties regain control of the agenda, mainstream parties’ ideological adherence to the norms enshrined in the constitutions, coupled with their resilient power in the system of inter-governmental relations, means that institutional change is gradual. These insights bear relevance for institutional theory and for comparative federalism.

Even after decades of decentralization, the break-up of multinational democracies is still on the cards, prompting responses from mainstream parties in central governments. In Scotland, the surge of support for independence during the referendum campaign compelled British mainstream parties to offer greater fiscal and welfare autonomy to the Scottish government. The Spanish central government's refusal to permit the Catalan nationalist government to hold such an exercise has swelled the ranks of independentists, so it may yet be forced to consider forging a new fiscal pact with Catalonia. Meanwhile, the New Flemish Alliance (N-VA) is pursuing its goal of an independent Flanders as a member of the Belgian federal government, by pushing for the decentralization of taxation and welfare powers.

Political decentralization thus continues to possess considerable appeal for accommodating the demands of assertive stateless nations because it can help to 'contain nationalism' (Hechter 2000). Its deployment across multinational democracies like Belgium, Spain and the UK has brought about the restructuring of the state, in which authority has been transferred to the regional level, paving the way for the transformation of unitary states into what Alfred Stepan (1999) has called 'holding-together' federations. At a time when scholars are studying the origins of federal systems (Ziblatt 2006), the relationship between territorial cleavages and federalism (Amoretti and Bermeo 2004), the sources of federal stability (Bednar 2009) or 'authority migration' (Gerber and Kollman 2004), and the processes of constitutional change (Behnke and Benz 2009; Benz and Colino 2011), the study of decentralization in multinational democracies offers a way to investigate two questions: Under what conditions are 'holding-together' federations created? What then shapes the development of their territorial structures?

These kind of questions have motivated interesting recent work that marries historical institutionalism and comparative federalism under the rubric of 'federal dynamics' (Benz and Broschek 2013). This literature has the merit of overcoming the unproductive division

between work that adopts either a long-run structural perspective (Erk 2007; Erk and Koning 2010) or a short-run actor-based perspective (Filipov et al. 2004) to explain institutional change. First, it shows how structural factors, like the relative power of central and state government, influence institutional choice during critical episodes such as state formation processes in Europe (Ziblatt 2006) or economic liberalization in Latin America (Faletti 2010). Second, this literature traces the long-run influence of decisions taken at the founding origins of federations by showing, for example, how the variable adherence to constitutional norms by political actors led to consensus in Germany but conflict in Canada (Broschek 2010) or how the differences in the institutionalization of state governments in the U.S. and India influenced their subsequent ability to incorporate new territories (Tillin 2015). Finally, it identifies inter-dependencies between territorial reforms by demonstrating, for instance, how the ‘layering’ of reforms in Italy aimed to complete the country’s post-war constitution (Baldini and Baldi 2014) or how failed reforms in Northern Ireland produced rapid state change by bringing conflicts closer to the ‘threshold’ of resolution (Todd 2014).

This article builds on these insights to study institutional change in Belgium, Spain and the UK. These countries are selected from a universe of cases comprising multinational democracies in which political leaders “came to the decision that the best way -- indeed the only way -- to hold their countries together in a democracy would be to devolve power constitutionally and turn their threatened polities into federations” (Stepan 1999, 22). This universe also includes Canada, Italy and France among western countries, as well as other multinational federal democracies such as Iraq, Ethiopia, Nigeria, South Africa, India, and Pakistan, in which ethnic and political boundaries coincide.¹

I introduce three selection criteria to specify the ‘scope conditions’ of the investigation and facilitate a ‘structured and focused’ comparison (George and Bennett 2005). First, I examine countries with territorially concentrated national minorities or stateless

nations endowed with enduring regional-national identities.² These identities are incarnated by regionalist parties that articulate demands for territorial autonomy or independence, and whose relevance in the party system is the main driver of institutional change.³ Second, I investigate countries that have experienced a transformation from unitary to devolved, regionalised and federal structures, in which authority has been decentralized on a symmetric or asymmetric basis, in function of the competition between regionalist and mainstream parties.⁴ Finally, I limit the analysis to advanced parliamentary democracies with ‘structured’ party systems and programmatic forms of political competition.

I focus in this article on a sample of three countries: Belgium, Spain and the UK. The category of ‘holding-together’ federations has been overlooked by the recent ‘federal dynamics’ literature. Yet questions of national identity and constitutional reform have been highly salient -- at times even existential -- matters in all three countries. They have dominated governments’ agendas, generated chronic instability and produced a gradual and yet significant transformation in these countries’ territorial structures. This gradual restructuring of the state is all the more puzzling if we consider that Belgium, Spain and the UK feature different social-structural foundations: in the number and size of stateless nations, in their relative economic wealth, in the markers of regional national identities, in the strength of support for independence and in the maturity of their democratic institutions. And yet, they have all followed broadly similar processes of restructuring. How did these different countries all arrive at such an outcome?

To answer this question, I re-examine the voluminous body of existing research on territorial politics in each country and develop an original interpretation of their political development that focuses on the role of two variables -- the *power* of mainstream parties and their *ideas* about the territorial organization of the state -- during three ‘moments’ in the process of territorial restructuring.

I show that ‘holding-together’ federations are created by mainstream parties during a critical juncture, opened by a surge of regional nationalism that disrupts their power in the party system and subverts the existing unitary order. I find that threatened mainstream parties whose ideology enables them to ‘credibly’ endorse decentralization deploy an accommodative strategy and that their mainstream rivals will oppose reform, making decentralization a salient and polarizing issue. ‘Holding-together’ federations are then developed in a gradual fashion by mainstream parties, even in the absence of assertive regional nationalism. I show that initial constitutional settlements put countries on a path that is reproduced by mainstream parties’ ideational and organizational adaptation to the ‘political foundations’ of the federation. Moreover, the decision-rule regulating territorial reform provides mainstream parties with the power to implement their constitutional preferences. Even when regionalist parties regain control of the agenda, mainstream parties’ ideological adherence to the norms enshrined in the constitutions, coupled with their resilient power in the system of inter-governmental relations, entails that institutional change is gradual. These results yield insights that can be generalized for the study of government responses to regional nationalism in other settings, such as Canada, France and Italy.⁵

This article is organised as follows. The next two sections develop an analytical framework that distinguishes between *institutional origin* and *development* and offers a set of propositions about the drivers of territorial reform. The subsequent three sections undertake a comparative-historical analysis of territorial restructuring in Belgium, Spain and the UK. The conclusion discusses the implications of these findings for institutional theory and comparative federalism.

TERRITORIAL RESTRUCTURING

Territorial restructuring consists of the accumulation of territorial reforms that bring about the gradual ‘re-bundling’ of authority to the regional level over the long-run (Ansell 2004).⁶ It encompasses two ‘layers’: (i) an *institutional layer* that defines the jurisdictional allocation of authority; and (ii) an *ideational layer* that incarnates a particular federal ‘vision’ (Nicolaidis and Howse 2001) of the legitimate number and relative authority of constituent units.

Territorial restructuring unfolds over time through the gradual ‘layering’ of territorial reforms onto existing unitary state structures, from its *origins* to its subsequent *development* (Pierson 2004). ‘Layering’ describes the “partial renegotiation of some elements of a given institution, while others remain in place” (Thelen 2003, 225) and occurs when there are both agents of change pursuing innovations and constraints on imposed by the institutional context and the presence of veto points (Mahoney and Thelen 2010, 28-9). This is characteristic of territorial reforms, since a constitution is a ‘sticky’ institution, the continuity of which is protected by the thresholds for ratifying amendments and the status quo bias of veto players.

As the dominant actors in party systems and governments, mainstream parties are the veto players conditioning the timing and magnitude of territorial reform. They prefer to maintain the status quo because of a desire to control the direction of policy-making from the centre and of the natural inertia of the national policy systems that are decentralized. Thus, a stylized feature of territorial restructuring is that mainstream parties decentralize policy and administrative responsibilities before financial authority, as this enables them to maintain oversight over regional governments’ activity (cf. Falletti 2010; Rodrigues-Pose and Gill 2003). It therefore develops sequentially during three ‘moments, each of which corresponds to a distinct developmental trajectory and constitutes the turning points in the periodization strategy used for structuring the comparative-historical analysis (Lieberman 2001).⁷

THE ORIGINS AND DEVELOPMENT OF REGIONAL GOVERNMENT

Institutional origins

The *creation of regional structures* is the ‘critical juncture’ that launches the process of territorial restructuring. The physical existence and constitutional status of regional governments are established; their boundaries are delimited and mapped onto territorial groups; their rule is legitimated by direct elections. But, as these changes represents the decisive abandonment of unitary structures, this moment is politically contentious.

Therefore, it only occurs if mainstream parties are under pressure. The ‘mechanism’ producing institutional change during this moment is the strategic reponse of mainstream parties to a surge of regional nationalism. Mainstream parties experience a disruption to their *power* in the party system due to the rising threat of regionalist parties whose ‘relevance’ in the party system enables them to set the agenda (Toubeau 2011).

The responses of mainstream parties are divided due to differences in their incentive and ability to accommodate regionalist parties. Threatened mainstream parties will deploy an ‘accommodative’ strategy by adopting a pro-decentralist position, to challenge regionalist parties ‘ownership’ of the territorial issue and realise their vote and office-seeking goals (Sorens 2009; Toubeau and Massetti 2013). But, whether they can do this depends on whether their ideology enables them to adopt a ‘credible’ decentralist policy, i.e. one for which there is a tradition of *ideas* favourable to decentralization that renders sincere its effort to contest regionalist parties’ ownership of the issue (Alonso 2012). Historic templates of territorial autonomy are thus the ‘critical antecedent’ that shape the ideas of mainstream parties regarding territorial reform (Slater and Simmons 2010). In contrast, mainstream parties that are either not threatened or cannot adopt a ‘credible’ policy will deploy an ‘adversarial’ strategy (Meguid 2008). The creation of regional structures is thus likely to be a salient and polarizing issue of competition.

Regional structures are created amid a short and concentrated period of activity (Capoccia and Kelemen 2007), by parties that participate in ‘constitutional coalitions’ at the centre, the breadth of which is informed by the formal and informal decision-rules regulating constitutional reform. The expectation is that the range of plausible options available during these negotiations are shaped by mainstream parties territorial policies and that the substance of the option that is eventually chosen reflects the relative *power* actors involved in the bargaining and the compromise between their positions.

Institutional development

‘Holding-together’ federations thereafter embark on a process of institutional development. During the *construction of regional government*, mainstream parties at the centre grant legislative autonomy to regional governments, in areas relating to regional identity and well-being, such culture, education and economic development, and the administrative and financial resources to deliver these policies. Then, during the *deepening of regional authority*, regional governments are furnished with legislative powers in welfare and fiscal matters, both of which affect the redistributive functions of the state.

The drivers of institutional change during these moments are shaped by the new institutional context (Faletti and Lynch 2009). Specifically, the *power* of mainstream parties and their *ideas* about territorial reform are conditioned by two variables introduced during the previous moment: the ‘political foundations’ of the federation and the ‘decision-rule’ regulating territorial reform. The first variable refers to the ‘cultural categories’ (Steensland 2000) in the ideational layer that define the constituent parts of the state, their correspondence to culturally distinct territorial groups, the (a) symmetric allocation of authority and adherence to the federal principle, which recognises the indivisible or shared nature of sovereignty. The second variable refers to the ‘negotiation mode’ (Petersohn et al.

2015), which defines the uni-lateral, bi-lateral or multi-lateral nature of interactions between participants in the process of constitutional change and shapes the power relations between the constituent units and the central government. These two variables give the arrangements established during the creation of regional structures the ‘bite’ (Capoccia 2016) that conditions the long-run development of ‘holding-together’ federations.

The causal mechanisms through which this ‘bite’ is felt are the adjustment of the *power* and *ideas* of mainstream parties to the new institutional arrangements. Path-dependency models in historical institutionalism predict that actors will invest considerable effort to adjust to new institutional environments, generating ‘increasing returns’ for those actors and self-reinforcing effects for those institutions (Pierson 2000, 252). Mainstream parties adjust to regional structures because of their propensity for what Peter Mair (1983) called “adaptation and control.” Accordingly, they adjust their policy position to reflect their acceptance of the political foundations of the federation and adapt their organizational structures in order to compete effectively in regional elections (Deschouwer 2003; Hopkin 2003).⁸ In addition, they use their power in this system of inter-governmental relations to steer institutional change. These two mechanisms underpin a period of ‘institutional reproduction.’ This entails the absence of any attempt at reversing the status quo and the presence of territorial reforms situated on the same developmental trajectory, undertaken without the external forces of regional nationalism responsible for the original creation of ‘holding-together’ federations (Mahoney 2000, 515).

We expect this equilibrium to be disrupted if there is an undoing of the mechanisms that underpin its reproduction (Thelen 1999), i.e, if there is a disruption in the *power* of mainstream parties and in their willingness to adjust their *ideas*. Specifically, we expect a ‘reactive sequence’ (Mahoney 2000, 527) to be unleashed if regionalist parties are able to wrest back control of the agenda. Mainstream parties will respond to this renewed threat, but

only within the boundaries of their ideational commitment to the political foundations of the federations. Moreover, if they retain power in the system of inter-governmental relations, they can ensure that pressures for reform are channelled into a gradual institutional change.

THE CREATION OF REGIONAL STRUCTURES

The regionalist threat: setting the agenda

Under what conditions are 'holding-together' federations created? Regional structures were created during a critical juncture in which regionalist parties exercised the 'relevance' necessary to put territorial reform on the agenda.

During the 1980s, the independentist *Scottish National Party* (SNP) adopted a left-wing agenda and gained support in the Labour party's strongholds (Brand et al. 1994). By 1987, this threat was amplified by the territorial imbalance of support that increased Labour's sensitivity to party competition in Scotland (Johnston et al. 1988). In Belgium, the *Volskunie* (VU), the *Rassemblement Wallon* (RW), and the *Front Démocratique des Francophones* (FDF) emerged across the political spectrum during the 'critical' elections of 1965 and 1968 (Delruelle et al. 1970), threatening all mainstream parties. During the democratic transition in Spain, the regionalist parties of Catalonia and the Basque country appeared on the left and centre. Moreover, the hung parliament resulting from the 1977 founding elections, gave *Convergencia Democratic per Catalunya* (CDC) and the *Partido Nacional Vasco* (PNV) the coalition potential necessary to force the *Unión del Centro Democrático* (UDC) to open up participation in the constituent assembly (Maravall and Santamaria 1986).

The mainstream response: the role of 'credibility'

The mainstream response to this threat differed according to their ideology. Accommodative strategies were deployed by threatened centre-left mainstream parties that could adopt 'credible' pro-decentralist territorial policies.

Opposition Social Democratic parties systematically deployed an accommodative strategy. The British Labour party responded to the SNP's threat in 1988 by re-asserting its commitment to devolution for Scotland and endorsing the establishment of a Scottish Constitutional Convention (SCC). The policy was made 'credible' by the fact that devolution was 'unfinished business' from the 1970s and by Labour's historic role in leading the Scottish National Convention (SNC) in the 1920s (Mitchell 1996). The *Partido Socialista Obrero Espanol* (PSOE)'s territorial policy was to create a symmetric federal constitution that recognised national identities (Blas Guerrero 1978). This policy resonated with its support for a federation of 'Iberian' nationalities and its endorsement of the *Estado Integral* during the Second Republic (1931-39), which included a Catalan statute of autonomy (Carr 1982). The *Parti Socialiste Belge* (PSB)'s response to the RW was to demand the devolution of economic powers to three regions: Flanders, Wallonia and Brussels. This policy was consistent with its earlier backing of a linguistic frontier in the 1920s and with its proposal for federal reform dating to the late 1940s (Falony 2006).

Centrist parties in government also deployed accommodative strategies. When the *Parti Social Chrétien-Christelijke Volkspartij* (PSC-CVP) was threatened by the VU, it abandoned its unitarist stance and adopted a policy of cultural regionalism founded upon the Flemish and Francophone nations. This resonated with the Catholic party's support for the linguistic legislation in the interwar and post-war periods that consolidated two unilingual communities (Gerard 1998). Similarly, the UCD preferred maintaining a unitary state but agreed to federal reform when forced to open up negotiations. This shift was consistent with

its recognition that a symmetrical form of regional decentralisation would be necessary for legitimating the new democratic regime (Hopkin 1999).

In contrast, mainstream parties on the right which championed the state's national identity adopted an 'adversarial' strategy. The British Conservative party opposed Labour's plans for devolution and remained committed to the Union, a stance that harked back to its condemnation of Irish Home Rule in the 19th century as a 'slippery slope' to separatism (Seawright 1999). The conservative *Alianza Popular* (AP) foresaw only a limited degree of power for provinces within a unitary state and opposed the creation of regions and the recognition of nationalities, a stance that resonated with *integrismo*, a brand of nationalism that promoted devotion to the unity and sovereignty of the Spanish nation (Preston 1973). The significance of 'credibility' as a constraint on strategic repositioning was evident in the case of the Belgian *Parti Libéral* (PL). Predominant among the French-speaking bourgeois elite of Brussels, the PL was the long-time guardian of the unitary Belgian state, viewing the French language as the vehicle of state building and national integration (Lorwin 1966). Therefore, in spite of the threat of the FDF, the PL maintained its unitarist position.

Partisan bargaining and institutional outcomes

How did these divergent mainstream responses result in institutional change? The set of territorial arrangements reflected the power of mainstream parties involved in the 'constitutional coalition' and the compromise between their territorial policies.

The blueprint for devolution to Scotland had been developed by the SNC (1989-95), a cross-party forum that included prominent actors from Scottish civil society but was dominated by the Labour party. In 1998, the Labour government passed three bills that 'layered' territorial autonomy onto the existing administrative offices for Scotland, Wales and Northern Ireland, giving them a directly elected parliament and government with legislative

authority. The ‘double asymmetry’ (Tierney 2007) built into the ‘political foundations’ of this settlement between devolved units and between these units and England, which was not given regional structures, reflected differences in the intensity of regional nationalism and the longevity of regional administrative offices. The decision-rule regulating territorial reform was however firmly centralist: the constitution remained a reserved matter and sovereignty was retained in Westminster.

In Belgium, the constitutional reform of 1970 was far more circumscribed. The threshold for amending the constitution required an oversized coalition comprising all three mainstream parties. In 1968-1970, the PSC-CVP and PSB brokered a reform that reflected their respective preferences for establishing two cultural councils and three regional councils as the ‘political foundations’ of Belgium. But while this asymmetry between entities offered a way to reconcile their contrasting federal ‘visions,’ these parties nevertheless differed over the type of competences which each constituent unit should be allocated and over the status of the Brussels region in the federal architecture. Thus, the reform only recognised the legal existence of councils, but did not define their autonomy or provide them with direct legitimacy. Instead, it stipulated a new decision-rule through which this could be achieved in the future. These were introduced by the PL, which supported the reform in exchange for consociational devices that institutionalised linguistic parity (Grootaers 1972).

The crafters of the Spanish constitution followed a similar route but produced a more complete settlement. The distribution of partisan power after the founding elections, combined with a concern for strengthening the legitimacy of Spain’s new democratic constitution (Sole-Tura 1985), pushed the UCD to open up participation in the constituent assembly. However, there was no formal requirement that all participants consent to the final text. The crux of the agreement was thus a compromise between the positions of moderate mainstream and regionalist parties: the PSOE, UCD and CDC. The ‘political foundations’ of

the Spanish 'State of Autonomies' were Autonomous Communities (ACs). A temporal asymmetry in their authority was introduced between the 'historic' regions of Spain- Catalonia, the Basque Country and Galicia- which would be entitled to follow a faster route to autonomy than the non-historic regions. However, this was viewed by mainstream parties as a temporary measure designed to placate nationalist demands. In a similar spirit, recognition was given to Spain's 'nationalities' in the constitution's pre-amble. But this stood alongside commitments to the unity and indivisibility of Spain and the sovereignty of the Spanish people. This centralist flavour was reflected in the decision-rule regulating territorial reform: the territorial delimitation of ACs would be left to municipal councils, while the content of ACs' legislative autonomy would be in their Statutes of Autonomy, which would require ratification by the central government through 'organic' legislation (Aja 1999).

THE CONSTRUCTION OF REGIONAL GOVERNMENT

The ideational adaptation of mainstream parties

The arrangements selected at the origins of 'holding-together' federations set countries on a path upon which regional governments- initially designed to 'contain' nationalism- became actively constructed by the mainstream parties that created them.

The construction of the Spanish State of Autonomies was undertaken by the PSOE and the *Partido Popular* (PP)- the successor party of the AP, which experienced a convergence in their territorial policies. During its time in office (1982-96), the PSOE oversaw the transfer of legislative powers, fiscal and administrative resources to ACs, steering the State of Autonomies towards a uniform system of autonomy coupled with fiscal centralization, in accordance with its preference for symmetric decentralization and inter-territorial solidarity. This policy was congruent with the party's federal organizational structures, which were

gradually reinforced by its victory in successive regional elections and the consequent emergence of regional presidents or 'barons' as power-brokers in the party's congress (Gillespie 1989). The PP came to embrace the 'political foundations' of the State of Autonomies: in a bid to enhance its electability and capture central office, it underwent an ideological renewal in the late 1980s in which it relaxed its conservative and nationalist profile (Montero 1988). The party's organizational structures remained fairly centralized, but the leadership recognized the value of holding regional office and so provided regional branches with the autonomy for competing in regional elections (Fabre 2008).

The transfer of legislative powers to cultural and regional councils in Belgium was undertaken by the three mainstream parties which, during the 1970s, adopted decentralist territorial policies and split their organizational structures along linguistic lines. This split was due to internal differences between the linguistic wings of each party over the 'political foundations' of Belgian federalism (Dewachter 1987). This tied their electoral fate to the regional arena and created incentives for 'outbidding' on the territorial dimension, exacerbating differences between linguistic communities over Belgium's 'political foundations.' The Flemish CVP projected the vision of a 'federalism of union' based on two directly elected entities with economic and cultural competences, in which Brussels would be incorporated into Flemish territory. In contrast, the Francophone PSB proposed that, alongside cultural councils, there should be three directly elected regional councils with powers over economic policy. But the most remarkable adaptation was witnessed by the francophone Liberal Party which abandoned its erstwhile unitarist position and supported decentralization on the basis of three regions, with a fully-fledged Brussels region.

The issue to emerge from the Labour government's devolution settlement was the limitation of the Welsh assembly's autonomy.⁹ This was unsatisfactory to Labour party assembly members who advocated a reform that would enable the assembly to develop

primary legislation. This adjustment in the party's territorial policy was facilitated by the reform of its organization, which adapted to devolved electoral politics and competition with the regionalist party *Plaid Cymru* (PC), by providing its regional branches with control over leadership election, candidate selection and manifesto formulation (Laffin and Shaw 2007, 62-4). This was filip to the autonomist current within the Welsh Labour party and its agenda for reform. This adaptation was mirrored in Scotland, where the party's regional branch was also given greater self-rule. The most notable adaptation was that experienced by the Conservative party, which accepted the reality of devolution, providing at the same time its Scottish and Welsh branches with the space to prepare regional elections (Bratberg 2009, 67-71).

The power of mainstream parties in inter-governmental relations

Mainstream parties' predominance in the system of inter-governmental relations provided them with power to steer institutional change. This was very clear in Wales. Territorial reform was initiated when the Welsh Labour party established the Richard Commission (2002-04) to report on the powers of the Welsh Assembly. The Labour central government then passed the Government of Wales Act (2006), paving the way for an minimal adjustment in the legislative powers of the Welsh Assembly in three phases (Trench 2006). The modesty of this reform was due to resilient centralist instincts among the central branch of the party. The autonomist current within the Welsh branch could thus only endorse gradual change (Wyn Jones and Scully 2011). Moreover, the decision rule and bilateral negotiation mode gave the central government discretion over the content of the reform. Thus, the Welsh Labour party's response to the Commission's recommendation were quickly taken up by the Secretary of State for Wales and the bill was then drafted by the central Wales office (Trench 2008). The central government thus retained control over every phase: from defining the scope of the assembly's 'enhanced' powers to enabling the assembly to organise a referendum.

The Spanish constitution also conferred to the central government a dominant position in the system of inter-governmental relations.¹⁰ When combined with the dominance of the PSOE during the 1980s, these rules provided the central government with substantial discretion. This was evident during three episodes of reform that gradually transferred legislative autonomy to ACs. The *Leyes Orgánica de Transferencias* (LET) ratified by the PSOE in 1982 permitted Valencia and Canary Islands to follow the ‘fast route’ to autonomy, thereby diluting the distinction between historic and non-historic regions (Montilla Martos 1996). This was continued when the PSOE and PP collaborated in forging the *Pactos Autonómicos* (1989-92) that transferred reserved competences to the ten non-historic regions that had followed the ‘slow route’ (Munoz Machado 1992). Lastly, the PP maintained this format of decentralization. In 1997, it harmonized the decentralization of health policy across ACs, the transfer of which had hitherto been fragmented over successive waves.

Constituent entities in Belgium were not involved in the elaboration of the ‘special’ laws that specified the content of their legislative autonomy. Instead, the decision-rule assigned veto power to the two largest mainstream parties in the national government- the CVP and PS- providing each one with a veto over territorial reform. The compromise between their positions was evident in the asymmetric format of the 1980 reform: the PS obtained the decentralization of competences in economic policy to regional councils, while the CVP obtained its long-held demand for a fusion between the Flemish regional and community councils. In the absence of any agreement on the fate of Brussels in the federal architecture, the issue was put ‘on ice’ (Brassine 1980). These two parties also shepherded the two constitutional reforms of 1988-89 and 1992-93. In these transactions, the PS obtained the status of fully-fledged region for Brussels and further economic policy competences for the Walloon region, while the CVP acquired greater autonomy for the Flemish council in health, education and scientific research (Arcq *et al.* 1991).¹¹

THE DEEPENING OF REGIONAL AUTHORITY

Regionalist parties wrest control of the agenda

A 'reactive sequence' was unleashed when regionalist parties wrested control of the agenda and made claims for fiscal autonomy and the recognition of their sovereignty.

The SNP's landmark victories in the Scottish elections of 2007 and 2011 gave it the chance to govern Scotland. The SNP ran both campaigns on a centre-left independentist platform, putting forward pledges to increase public investment in social services and promising a referendum on independence. In 2007, it launched 'The National Conversation' - a public consultation exercise on Scotland's constitution (Harvey and Lynch 2012). But the referendum was only held after 2011, when the SNP secured a parliamentary majority. The SNP capitalised on its landslide victory in the 2015 general election to pressure British mainstream parties to make good on their campaign pledges to devolve powers to Scotland.

In Spain, regionalist parties set the agenda on two occasions. In the mid-1990s, CiU and PNV benefited from a hung national parliament and from their pivotal position to wield coalition relevance. They traded 'policy for authority' (Heller 2002) -- supporting PSOE and PP minority governments in exchange for greater fiscal responsibility to ACs. Then, in the mid-2000s, the Basque and Catalan governments issued plans for reforming their Statutes of Autonomy. The PNV government presented the 'Ibarretxe Plan': a proposal for the 'free association' between the Basque Community and the Spanish state (Keating and Bray 2006). The Catalan tripartite coalition government, which included the left-wing nationalist *Esquerra Republicana de Catalunya* (ERC), elaborated a new Statute of Autonomy that would provide Catalonia with greater legislative competences, fiscal autonomy and the recognition of its status as a nation. When the PSOE minority government came to rely on the ERC's parliamentary support in 2004, it opened a dialogue with the Catalan government.

The *Nieuwe-Vlaamse Alliantie* (N-VA), the right-wing successor party of the VU (Govaert 2002), set the agenda when it established an electoral cartel with the *Christen-Democratisch en Vlaams* (CD&V), the successor party of the CVP, to compete in the Flemish elections of 2004. At the basis of their alliance was the pursuit of a resolution passed by the Flemish parliament in 1999, which called for the complete decentralization of competences in the areas of welfare and taxation and the split of the electoral district of Brussels, which straddled the Flemish and Brussels Region and represented the last impediment to their confederal ‘vision’ of Belgium constituted of two nations (Pagano 2000). These demands were projected when the cartel secured a victory in the federal elections of 2007 and amplified in 2010, when the N-VA emerged as the largest party in the federal parliament.

The mainstream response: ideational and institutional constraints

The scope of institutional change ushered in by mainstream parties during this moment was bound by their ideational commitments to the ‘political foundations’ of the federation, while their pre-dominance in the system of inter-governmental relations.

After its stunning defeat in Scotland, the Labour party sought to counter the erosion of its support by responding to the SNP’s initiatives. But it was committed to keeping the constitution a reserved matter and could therefore not countenance a referendum on independence. Moreover, it espoused principles of inter-territorial equity and was reluctant to endorse any changes to the Scottish government’s funding formula. As an intermediary strategy, the Labour party established the ‘Calman’ commission on Scottish devolution, with support from the Scottish Conservatives and Liberal-Democrat parties. Calman’s recommendations formed the basis of the Scotland Act (2012), which introduced a modest enhancement in the Scottish government’s tax-varying powers. A deeper reform that included powers over income tax and welfare policy was then introduced with the Scotland Act

(2016). The blueprint for this Act were the recommendations of the Smith Commission, set-up by the Conservative government in the aftermath of the independence referendum. In both cases, the bi-lateral decision-rule gave the central government the power to shape the bills and to impose them on the Scottish government. The Sewel Convention gave the Scottish government the power to potentially block the bills through a 'legislative consent motion' (Poirier 2001). But the Scottish government could not ultimately influence the content of the Acts and was thus bound to accept the gradual reforms introduced by the British government.

Spanish mainstream parties' ideology could accommodate nationalist demands for introducing stronger link between central government transfers and ACs' expenditures. For the PP, this accorded with an existing commitment to bring about a more effective territorial financing model.. The PSOE was more ambivalent. The federalist current had developed proposals for enhancing AC's fiscal co-responsibility (Puhle 2001). But, the PSOE was also committed to upholding the principles of solidarity and sufficiency enshrined in the constitution. Moreover, the party's strong electoral ties to the South and its powerful 'barons' perpetuated the fear that fiscal autonomy would exacerbate regional inequality (Orte and Wilson 2009). This reticence was felt especially in 2005, when the Catalan parliament's draft new Statute of Autonomy included a proposal for full taxation autonomy (Colino 2009). The decision-rules for reforming the common financing system (*Ley Organica de Financiacion de las Comunidades Autonomas* (LOFCA)) and the Statutes of Autonomy provided the central parliament with the power to control the magnitude of institutional change: the 'cession' of shared income taxes accorded to the Catalan government was thus only gradually increased over this period to 15 percent in 1993, 30 percent in 1997 and 50 percent in 2005.

In contrast, any accommodation of the symbolic recognition of sovereignty was ruled out by both mainstream parties as inimical to the Spanish federation's 'political foundation.' By 2000, the PP declared the process of decentralization to have been 'completed' and put

forward a vigorous defence of the unity and sovereignty of the Spanish nation (Nunez Seixas 2001). The PSOE's ideology was equally hostile to sovereigntist claims. Thus, in 2005, both parties rejected the 'Ibarrexe Plan' as unconstitutional. The PSOE's representatives in the parliament followed suit, removing any reference to Catalonia's status as a nation in the Catalan Statute of Autonomy. Moreover, the PSOE also encouraged statute reform in other ACs to bring some degree of symmetry to the overall process (Keating and Wilson 2009).

In Belgium, the main source of constraint on the territorial reform envisaged by the CD&V and the N-VA were the Francophone parties in central government, in particular the *Parti Socialiste* (PS). The PS had realized its main ambitions for the regionalization of Belgium in 1995 with the creation of the Brussels region, the direct election of regional councils and the transfer of economic policy competences. It declared thereafter that it was "asking nothing," impeding a potential round of bargaining with Flemish parties over the 'hollowing out' of the central government (Dandoy et al. 2013). Moreover, the PS's electoral implantation in the relative poorer region of Wallonia meant that it strongly opposed fiscal autonomy. Furthermore, it adopted a strongly Belgian identity which reflected the higher sense of belonging to Belgium among Walloons (Billiet et al. 2006). The ambitious demands of the CD&V and N-VA, coupled with the PS's opposition to reform and their mutual veto power over constitutional change was the source of prolonged deadlock from 2007 to 2011. The deadlock was reinforced by the constraints generated by the vertical incongruence the regional and federal coalition governments (Deschouwer 2009). The crisis was finally resolved with the sixth constitutional reform in November 2011. This was, once again, brokered by the CD&V and PS, and ultimately required a change in the posture of the PS and its acceptance to to split the electoral district of Brussels and to gradually decentralize some aspects of welfare and taxation to the regions.

CONCLUSION

This comparative-historical analysis of the origins and development of territorial restructuring in Belgium, Spain and the UK has produced two findings that have important bearing for historical institutionalist theory and comparative federalism.

The first finding is that ‘holding-together’ federations are created during a ‘critical juncture’ as a result of mainstream parties’ strategic responses to a surge of regional nationalism. The analysis of institutional outcomes during this episode lends support to agency-based conceptualizations of critical junctures in which political actors behave strategically and select institutions from a range of options, constrained by the political and historical context (Capoccia and Kelemen 2007). This article found that mainstream parties’ ideology conditioned the ‘credibility’ of their position on decentralization and their choice of strategies, and that the range of institutional ‘options’ from which mainstream parties could select was shaped by the historic templates of territorial autonomy incorporated into their ideological profile. This implies that the ‘antecedent conditions’ are not necessarily of a structural or material kind (Slater and Simmons 2010), but can also operate at the ideational level (Blyth 2002). The mental maps that parties inherit is therefore essential to understanding the range of feasible institutional outcomes.

The substance of these outcomes confirms the expectations of models of critical junctures that posit a significant causal role for ‘agency’ and ‘contingency’ in determining institutional ‘selection’ (Mahoney 2000). Institutional ‘choices’ were determined by the distribution of power between mainstream parties participating in ‘constitutional coalitions’ and by the compromises between their territorial policies. Where ‘contingency’ played an influential role was in the way that election results shaped the relative power of mainstream actors in the coalition. This was evident in the case of Spain, where the UCD accepted a more

ambitious territorial reform due to the parliamentary fragmentation thrown up by the country's founding elections, and in Belgium, where the CVP and PSB were forced to negotiate with each other's contrasting federal 'visions'.

The outcomes produced during critical junctures put 'holding-together' federations onto the path of institutional development. This article offers evidence of endogenous institutional change (Mahoney and Thelen 2010; Streeck and Thelen 2005; Thelen 2003) by showing how territorial reforms occurred following a critical juncture, within certain path-dependent boundaries. The contours of those boundaries were defined by the ideas and power of mainstream parties- by what they considered to be consistent with the constitution and by the discretion they exercised over the implementation of reforms. This suggests that power-based and legitimacy-based explanations of institutional 'reproduction' (Mahoney 2000) are especially germane to the study of institutional change 'holding-together' federations. Change in the distribution of power between regionalist and mainstream forces is the fulcrum underlying institutional change, while contrasting normative conceptions of a federation's 'political foundations' bounds constitutional negotiations between parties and levels of authority. In contrast, institutional change in coming-together federations, such as Switzerland or Germany, is far less frequent- a testament to the stability inducing effects of vertically and horizontally integrated party systems. Moreover, the initiation and substance of reforms are guided predominantly by utilitarian and functional criteria (Broschek 2015).

Moreover, this article shows that the ideas and power of mainstream parties were shaped by the norms and rules institutionalized at the moment of creation, giving foundational decisions the 'bite' to condition long-run institutional development. Mainstream parties invested in the new territorial order, adapting their ideology and organization to the new 'political foundations' of the federation, and exercised primacy in the system of inter-governmental relations. The effects of this legacy are evident in all three countries:

mainstream parties could conceive of enhancing the legislative and fiscal autonomy of regions, but used their veto power to steer reforms in the gradual way. This predominance persisted even during ‘reactive sequence’ when regionalist parties regained control of the agenda. The distinct federal ‘visions’ espoused by nationalist parties and their claims to sovereignty were more difficult to accommodate, however, since they ran counter to the political foundations to which mainstream parties had come to adhere.

These findings highlight the necessity of adopting an actor-centred comparative and historical perspective when studying institutional change in ‘holding-together’ federations. Structural accounts of federalism that study the effect of ethno-linguistic cleavages on processes of (de)centralization (Erk 2007; Erk and Koning 2010) can explain the direction of ‘authority migration’ across countries and policy sectors. But by overlooking the role of political agency in driving institutional change, they cannot explain either the conditions that prompt the initial creation of regional structures or the timing and content of the subsequent reforms that shape their development. Such accounts must be complemented by a focus on the micro-foundations of institutional change, namely, the strategic behavior of parties.

Elements of such a focus have been provided by scholars that examine the motivations underlying party strategizing on single-issues such as decentralization. This article corroborates Alonso’s (2012) insight that the battle for ‘credibility’ changes after the first round of regionalist challenge, by showing that all mainstream parties exhibited some degree of ‘credibility’ when introducing territorial reforms during the process of institutional development. But it also traces the sources of partisan ‘credibility,’ not simply to a pre-disposition towards decentralization, but rather to critical juncture’s ‘antecedent conditions’ and to the ‘political foundations’ that were institutionalized during the creation of regionalized structures. This deeper tracing allows this article, moreover, to explain the substance of institutional change over time. To do so, this articles focused on the politics of

constitutional change during successive episodes of reform, demonstrating the relationship that exists between these episodes and illustrating how the institutions of ‘holding-together’ federations can be at the source of their own transformation. In this way, the article aims in this way to contribute to the burgeoning ‘federal dynamics’ literature by explaining institutional choices at the origins of ‘holding-together’ federations and the long-run influence of these choice on the development of federations.

These insights can be generalized to other federal and regionalized Western states that have undergone a comparable transformation over recent decades. Italy’s experience of managing territorial cleavages in its transition to democracy was similar to Spain’s: a distinction was established between ordinary and special status regions; the autonomy of which was defined in principle in regional statutes of autonomy, but was dependent in practice on central government’s decision to transfer competences. In contrast to Spain, Belgium and the UK, however, the creation of regionalized structures and construction of regional government was immediately impeded by the polarization of the Italian party system and had to wait for thirty years for the convergent ideational and organizational adaption of the largest mainstream parties. It was not until the eruption of the *Lega Nord* in the Italian party system in the early 1990s that territorial reforms began in earnest, resulting in the gradual deepening of regional authority in the constitutional reform of 2001.

The creation provinces in Canada and regions in France arose from completely opposite origins and processes: a coming-together of former colonies into the Canadian confederation and the top-down creation of homogeneous units defined mainly for economic planning purposes. It was in this context that arose modern political nationalism in Quebec and cultural regionalism in Brittany and Corsica: regional elections provided regionalist parties with a platform from which to project demands for independence, autonomy and recognition. But the constraints imposed by the power and ideas of mainstream parties

remained important in defining the scope of institutional change in both contexts. The provincial vision of Canada and veto power of provinces in the process of constitutional reform resulted in little formal changes to the autonomy of Quebec, while the resilient jacobinist vision of the French territory and predominant authority of the French central government enabled to reconfigure the boundaries and powers of regions.

The conclusions also bear relevance for constitutional settlements currently being forged in nascent and potential ‘holding-together’ federations beyond the Western world, such as Sri Lanka, Nepal and Myanmar, that are undergoing critical episodes of change following civil wars and transitions from military rule. Negotiators may wish to consider how their country’s past attempts at grappling with ethnic and territorial diversity offers templates of territorial autonomy that could furnish workable institutional ‘options.’ Given the unprecedented nature of these moments, the climate of debate is likely to be polarized. But the cases of Spain and Belgium, and to a lesser extent the UK, show that these negotiations can be successful, if there is willingness to establish consensus among moderate political forces and forge compromises based on the principle of asymmetry (Horowitz 2000; 2002).

Furthermore, the investments that mainstream political actors make in adapting to new territorial structures is what underpins their ‘lock-in,’ that is, the basis of their reproduction and stability. In particular, the adaptation of erstwhile opponents of decentralization results in the vanishing of any actors that aim to reverse the status quo. The absence of this adaptation, on the other hand, may augur the end of the federation, either by way of re-centralization, or by way of confrontation with regional nationalism, and break-up. A crucial final lesson for crafters of ‘holding-together’ federations elsewhere is thus to recognize that the steady unfolding of decentralization follows a path-dependent trajectory, structured by the kind of norms and rules put into place during the moment of creation, that maintains or relinquishes the authority of the political centre in managing this process.

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NOTES

¹ I use the term ‘holding-together’ federation as a conceptual shorthand, mindful that only Canada, Belgium and India are classified as federations. The other countries are not strictly federations in the classical sense, as they do not all define themselves as federations and lack the basic trappings of a federation, such as the presence of a territorial upper chamber or sovereign constituent entities that must consent to a reform of their authority. However, using Stepan’s term as a short-hand can be justified for a couple of reasons. First, federations can be considered to share a ‘family resemblance’ with no one single attribute common to all empirical types. Canada for instance, is a federation, but lacks a territorial upper chamber. Also, it is common to view sovereignty as ‘shared’ even in the devolved union and regionalized states, such as the UK and Spain, in which parties in regional government can often initiate reforms to their authority, but must negotiate these reforms with other forces in central government. Second, all these countries match Stepan’s definition of a ‘holding-together’ federation insofar as the underlying logic and key characteristic of this type of polity is regional self-rule: a devolution of authority from the central government to the regional government in a manner that accommodates regional nationalist claims.

² This excludes the study of ethnic minority groups that advance primarily linguistic claims, i.e. demands for the recognition and use of their native language in the public sphere, such as the Swedish-speakers in Finland, the Russian-speaking minority in Estonia and Latvia, and the Hungarian minority in Slovakia and Romania.

³ Regionalist parties, also referred to as ethno-regionalist parties (De Winter and Turan 1998), non-state-wide parties (Pallares et al. 1997), or stateless regionalist and nationalist parties (Hepburn 2009), are policy-seeking parties that mobilize electoral support in a geographically delimited area on the basis a territorial group’s distinct identity by demanding territorial autonomy or independence. While there is a clear distinction between these two options, regionalist parties can change positions or remain ambiguous regarding their ultimate political ambition. The relevance of regionalist parties in the party system is the main driver of institutional change, and varies both across countries and within countries over time.

⁴ Mainstream parties are state-wide parties that represent the ideology of the main families (Communist, Social Democratic, Ecological, Liberal, Christian Democratic, Conservative, Radical Right) and seek to gain representation across the country, in all elections at all levels (Hopkin and Van Houten 2009; Swenden and Maddens 2009; Stepan, Linz and Yadav 2011).

⁵ These countries offer a broad range of variation along the main driver and the observed outcome. In France, the representative party of Breton and Corsican nationalism are not relevant in national party competition and France has remained a unitary state. In Italy, the territorial cleavage was largely dormant in the post-war era until the early 1990s, when the surge of the *Lega Nord* (LN) induced a constitutional reform that decentralized authority power to ordinary regions. Canada is unusual in that it was established as a ‘coming-together’ federation in 1847, long before the rise of the *Parti Québécois* (PQ) in the late 1960s. This offered the party with an arena from which to organize two referendums on independence (1980, 1995). While unsuccessful in producing the desired outcome, they enabled the Quebec government to negotiate informal changes in its relation to the federal government.

⁶ This is a more narrow definition of the term than has been used previously by authors such as Keating (1998; 2013) to describe a more comprehensive process encompassing the

establishment of a regional government, as well as a re-scaling of productive systems, public policies, interest group organisation, social group mobilisation, party political strategies and mass attitudes.

⁷ Two caveats must be borne in mind. First, the sequence of ‘moments’ does not necessarily correspond with the number of territorial reforms, i.e. with the discrete attempts of mainstream parties to undertake institutional change, as each ‘moment’ could encompass several reforms. Second, there can be an overlap of ‘moments’ at any given time. For instance, some constituent entities could be dealing with their construction, while others are still being created.

⁸ This programmatic and organisational adjustment is by no means linear or universal across parties, as they are influenced by country-level and party-level factors. Ideology continues to influence party positioning, as mainstream parties may resist accommodation on the cultural dimension. State structures will determine the nature of organisational reform (the presence of shared-rule and self-rule within parties), while party origin, ideology and competitive context will shape the timing and scope of organisational reforms (Detterbeck 2012; Swenden and Maddens 2009).

⁹ It exercised secondary legislative powers only, forcing it to enter negotiations with Westminster on each bill that affected a devolved function. Moreover, to introduce legislative change, the assembly needed to insert its bill in the British government’s crowded agenda

¹⁰ The decision-rule for ratifying Statutes of Autonomy provides the constitutional committee of the central parliament with the right to ratify the final draft by way of organic law, requiring an absolute majority. Moreover, the central parliament also has the right to unilaterally approve organic laws that transfer reserved competences to ACs.

¹¹ This power was not unfettered, as regionalist parties were invited to enter government for the purpose of meeting the qualified majorities: the RW in 1974, the FDF and VU in 1977-78, and the VU in 1992. These parties played a constructive role in advancing proposals for the regionalization process, particular over the pernicious problem of Brussels, but their proposals were ultimately co-opted by mainstream parties.