THE POLITICAL ARCHITECTURE OF INTERGOVERNMENTAL POLICY COORDINATION IN LIBERAL DEMOCRATIC FEDERATIONS: AUSTRALIA, AUSTRIA, CANADA & SWITZERLAND 1945–2025

PATRICK LÉVON DESJARDINS

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ABSTRACT

This dissertation examines long-term and consistent differences in the dynamics and patterns of intergovernmental policy coordination among four liberal democratic federations (LDFs): Australia, Austria, Canada, and Switzerland. It argues that focusing on the configuration of representation in the central legislature can enhance our understanding of the dynamics of intergovernmental policy coordination. This approach complements existing research that has focused primarily on the preferences and constraints of political elites (Riker 1964; Simeon 1971; Elazar 1987) or on linguistic, national, and territorial divides (Erk 2008; Greer et al. 2023).

The dissertation develops a novel explanatory framework centred on the inherent tensions all LDFs face between ensuring regional equality and individual equality. Terming the unique way each country institutionalizes this tension the "federal equity bargain," the dissertation applies this framework to examine patterns of intergovernmental coordination in three policy sectors: vertical fiscal equalization, higher education, and domestic economic union.

The broader aim is to comparatively assess these patterns in terms of their ability to facilitate egalitarian federalism—defined as maintaining cross-regional policy cohesion and individual fairness alongside high degrees of regional autonomy and difference. The dissertation concludes that LDFs combining countervailing intergovernmental dynamics—such as universalism with self-rule, or territorialism with shared-rule—better capture the contradictory tensions between the equality of individuals and the equality of regions at the heart of liberal democratic federalism, and thus more effectively approximate egalitarian federalism.

Dedication

Dédicace

Nvart Azirian (1910–2007)
Fernand Desjardins (1929–2007)
Arda Yeghiayan (1937–2024)
Claude Desjardins (1957–2005)

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Patrick (Lévon/Լեւոն) Desjardins

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LIST OF ABBREVIATIONS

AAQ	*Agence suisse d'accréditation et d'assurance qualité*
AIETC	*Accord intercantonal sur l'élimination des entraves techniques au commerce* (Switzerland)
AIRC	Australian Industrial Relations Commission
AIT	Agreement on Internal Trade (Canada)
AL	*Alternative Liste* (Switzerland-Zürich)
ALP	Australian Labor Party
AOST	*Association des offices suisse du travail*
APRA	Australian Prudential Regulation Authority
ARC	Australian Research Council
ASIC	Australian Securities and Investment Commission
AWS	*Österreich Wirtschaftsservice Gesellschaft* (Austria)
BCI	*Bureau de coopération interuniversitaire* (Canada-Québec)
B-VG	*Bundes-Verfassungsgesetz/*Federal Constitutional Law (Austria)
CAUT	Canadian Association of University Teachers
CCF	Co-operative Commonwealth Federation (Canada)
CETA	Comprehensive Economic Trade Agreement (Canada & the EU)
CFFR	Council on Federal Financial Relations (Australia)
CFTA	Canadian Free Trade Agreement
CGC	Commonwealth Grants Commission (Australia)
CICIC	Canadian Information Centre for International Credentials
CIHR	Canadian Institute of Health Research
CSHE	*Conférence suisse des hautes écoles*
CMEC	Council of Ministers of Education Canada
COAG	Council of Australian Governments
COMECON	Council for Mutual Economic Assistance (East Bloc)
CRUS	*Conférence des recteurs des hautes écoles suisses*
CUSFTA	Canada-United States Free Trade Agreement
DFAT	Department of Foreign Affairs and Trade (Australia)
EEC	European Economic Community
EHEA	European Higher Education Area
ENR	Effective Number of Regions
ERC	European Research Council
ESDC	Employment and Social Development Canada
ESMA	European Securities and Market Authority
FCL	Fiscal Constitutional Law (Austria)
FFG	Österreichische Forschungsförderungsgesellschaft (Austria)
FFRA	Federal Financial Relations Act (Australia)
FINMA	Financial Market Supervisory Authority (Switzerland)
FMA	*Österreichische Finanzmarktaufsichtsbehörde/*Financial Market Authority (Austria)
FMESR	Federal Ministry of Education, Science & Research (Austria)
FRQ	Fonds de Recherche du Québec

FWC	Fair Work Commission (Australia)
FWF	Fonds zur Förderung der wissenschaftlichen Forschung (Austria)
GATT	General Agreement on Tariffs and Trade
GÖD	*Gewerkschaft öffentlicher Dienst* (Austria)
GST	Goods and Services Tax (Australia, Canada)
HGVC	Heavy Goods Vehicle Charge (Switzerland)
IAPR	Institutional Accountability Plan and Report (British Columbia)
IAFFR	Intergovernmental Agreement on Federal Financial Relations (Australia)
IGA	Intergovernmental Agreement
ISC	Interstate Commission (Australia)
ISED	Innovation, Science and Development Canada
ISTA	Institute of Science and Technology Austria
ITMM	Infrastructure and Transport Ministers Meeting (Australia)
LDF	Liberal Democratic Federation
LEHE	*Loi fédérale sur l'encouragement des hautes écoles et la coordination dans le domaine suisse des hautes écoles* (Switzerland)
LFCCR	*Loi fédérale sur les cartels et autres restrictions à la concurrence* (Switzerland)
LMI	*Loi fédérale sur le marché intérieur* (Switzerland)
LPQ	Liberal Party of Québec (Canada-Québec)
LRUP	La Raza Unida Party (United States)
MCG	*Movement citoyen genevois* (Switzerland)
MEBEKO	*Medizinalberufekommission*/Medical Professions Commission (Switzerland)
MRFF	Medical Research Future Fund (Australia)
NAFTA	North American Free Trade Agreement (Canada-USA-Mexico)
NDP	New Democratic Party (Canada)
NEP	National Energy Policy (Canada)
NHMRC	National Health and Medical Research Council (Australia)
NSERC	Natural Sciences and Engineering Research Council (Canada)
NTC	National Transport Commission (Australia)
NQF	National Qualification Framework (Austria)
OCGS	Ontario Council on Graduate Studies
OECD	Organisation for Economic Cooperation and Development
OeaD	*Agentur für Bildung und Internationalisierung* (Austria)
ÖVP	Austrian People's Party
OSFI	Office of the Superintendent of Financial Institutions (Canada)
OUCQA	Ontario Universities Council on Quality Assurance
PEQAB	Postsecondary Education Quality Assessment Board (Ontario)
RIPA	Federal Act on the Promotion of Research and Innovation (Switzerland)
RIS	Regional Innovation System (Switzerland)
SECO	State Secretariat for Economic Affairs (Switzerland)
SERI	State Secretariat for Education Research and Innovation (Switzerland)
SMA	Strategic Mandate Agreement (Ontario)
SNSF	Swiss National Science Foundation
SPC	Special Premiers Conference (Australia)
SPÖ	Social Democratic Party of Austria

SSHRC	Social Sciences and Humanities Research Council (Canada)
SUFA	Social Union Framework Agreement (Canada)
TEQSA	Tertiary Education Quality and Standards Agency (Australia)
TFEU	Treaty on the Functioning of the European Union
UAS	University of Applied Sciences (Switzerland)
USI	*Università della Svizzera italiana* (Switzerland)
WTO	World Trade Organization

PART 1:

THE CONFIGURATION OF REPRESENTATION IN LIBERAL DEMOCRATIC FEDERATIONS

Chapter 1:
Introduction

One of the most distinctive features of federal states is their extensive reliance on intergovernmental coordination in policymaking. In studying these arrangements, two related questions have broadly oriented scholars within the field of comparative federalism. First, will these intergovernmental arrangements hinder or enhance policy coordination within the federation? Second, what are the forces enabling and/or constraining these arrangements, and what are their consequences? While these questions are not new (Banting 1987, Boychuk 1998, Obinger, Leibfried & Castles ed 2005; Greer & Elliott ed 2019), this dissertation aims to further refine our understanding of longstanding questions in the study of intergovernmental coordination dynamics in liberal democratic federations.

Indeed, scholars and casual observers alike continue to puzzle over why some federations appear to be more or less "(de)centralized" than others; why some federations are more, or less, "cooperative" than others, and why others may be more, or less, discordant or "acrimonious" than others? Traditionally, answers to these questions have emphasized the role of jurisdictional allocation (Torlakson 2020; Wallner 2014), multinationalism and ethnolinguistic pluralism (Béland & Lecours 2008; Erk 2008), party systems and executive-legislative relations (Riker 1964; Filipov et al. 2004; Bolleyer 2009). Given the variety of federal countries, however, these approaches, while improving our understanding, have not exhausted the possible explanations for the patterns of federal dynamics in liberal democratic federations (LDFs). The questions raised above thus remain open in many respects despite the important advances these works represent in the field of comparative federalism. To this end, what kinds of additional considerations can help further complete and fill out our understanding of federal dynamics in LDFs?

In seeking to complement, rather than displace, existing work in the field then, this dissertation argues that the dynamics of intergovernmental coordination and policy coherence in LDFs also reflect a foundational "federal equity bargain"—the constitutionalized trade-off between the equality of individuals and the equality of regions in LDFs, embedded as it is in the central, and hence shared, legislatures of LDFs. Indeed, as this dissertation aims to show, LDFs can vary considerably their configuration of representation within their central legislatures: regional representation in federal legislatures can be more or less equal, same with the apportionment of individual representation across regions, as some regions may have more representatives per capita than others.

Insofar as each LDF internalizes these arrangements in their own way, this dissertation emphasizes the fundamentally incongruent nature of this tension: it is not fundamentally possible to reconcile the equality of individuals with the equality of regions in LDFs. This is because, in practice, populations and jurisdictional boundaries can never be evenly distributed within LDFs. Moreover, even if individuals and jurisdictional boundaries could be evenly distributed across LDFs, LDFs often foster disagreement between individuals and different regions just as much as they can encourage consensus, thus encouraging the need to continually revisit the prevailing politics and policy arrangements in LDFs.

In writing about this tension in the context of the relationship between federalism and the welfare state, Keith Banting thus clearly captures the political and policy dilemma at stake when he writes:

> Thus the concept of a federal welfare state is defined by two powerful logics in tension with each other. Stripped to its core, the logic of social

> citizenship holds that a sick baby should be entitled to public healthcare on the same terms and conditions wherever he or she lives in the country. Stripped to its core, the logic of federalism holds that the public health benefits to which a sick baby is entitled also depend significantly on the region in which he or she resides. Hence the question: Which logic dominates in federal welfare states? Has a broad balance between the two emerged? Or does one logic trump the other, rendering the basic idea of a federal welfare state a contradiction in terms? (Banting 2006, 47.)

Indeed, the tension identified by Banting emphasizes not just a normative dilemma embedded in federal welfare states and LDFs, but a structural feature of their organization as well. In this sense, LDFs must simultaneously commit to individual equality, and the many different forms this assumes in the context liberal democracies, in addition to the equality of regions in terms of their right to adopt differentiated policies within liberal democratic federalism. By focusing on how these tensions are institutionalized in the configuration of representation within the central legislatures of LDFs, this dissertation maintains that the configuration of representation works alongside other key factors, like the jurisdictional allocation of competencies and the presence of multinationalism and ethnolinguistic pluralism in shaping the dynamics of intergovernmental coordination in LDFs, thus helping to explain long-term shifts in policy areas over time, in the absence of fundamental underlying changes in the jurisdictional allocation of powers or other long-entrenched variables.

In aiming to account for all these different variables and possible configurations of representation fit together then, this dissertation thus additionally develops the concept of *egalitarian federalism*. To this end, an ideal typical definition of egalitarian federalism[1] may be

[1] To the best of my knowledge, this dissertation is one of the first sustained studies explicitly exploring the concept of egalitarian federalism. The term also appears as the title of the chapter in a volume edited by François Boucher and Alain Noël *Fiscal Federalism in Multinational States: Autonomy, Equality, Diversity* (2021). The chapter by Helder De Schutter titled "Egalitarian Federalism" explores the concept in manner that differs significantly from the one proposed here, focusing on the normative and philosophical aspects of egalitarian federalism, and concerned with the ideal allocation of jurisdictional responsibilities in federations. By contrast, the sense in which the concept is developed and explored here owes much more to the comparative politics tradition, particularly the concept

defined as a variety of federalism where: 1) every individual has access to the same share of legislative political representation, unconditioned by region of residence; 2) every individual has equal access to high quality public programs and services across the federation, unconditioned by their regional residency status; 3) every region has an equal political status and share of representation at the legislative centre; 4) every region has the political autonomy and capacity necessary to be able to pursue meaningfully different policies in matters of substantive interest; 5) the central government endeavours to ensure the integrity of these conditions through policies that aim to recalibrate any imbalances that may emerge. Finally, egalitarian federalism also adapts to changing circumstances by continually encouraging the brokering of new political coalitions committed to the maintenance and improvement of egalitarian federal conditions.

Egalitarian federalism aims to add to our existing typologies of federalism, which include, but are not limited to, concepts like *asymmetrical federalism, collaborative federalism, competitive federalism*, *cooperative federalism, executive federalism*. Like these latter concepts, *egalitarian federalism* also refers to a model of intergovernmental coordination. What sets egalitarian federalism apart as a concept from the prior examples, however, is its focus not just on the mode of coordination between governments (executive, cooperative, competitive, etc.) but additionally the kind of coordination that is fostered between individuals from different regions within the federation. In this way, egalitarian federalism serves three key purposes in this dissertation: First, it provides a normative reference point for evaluating the dynamics of intergovernmental coordination in LDFs; second, it contextualizes what is at stake in the irreconcilable tension between individual and regional equality in LDFs; third, it allows for cross-national comparison

egalitarian capitalism in the work of Katheleen Thelen *Varieties of Liberalization and the New Politics of Social Solidarity* (2014). Vague pangs of the concept of egalitarian federalism are also to be found in the work of Arend Lijphart on majoritarian and consensus democracy (2012) and in Gosta Esping-Andersen’s work on the general types of policy coordination in welfare states (1990).

of the evolution of the relationship between "federal equity bargains," intergovernmental policy coordination, and overall sectoral policy coherence, over time. Finally, while it is obvious that no federation conforms perfectly to this definition, it can nevertheless be said that all federations fall somewhere between these poles, to varying degrees and in varying combinations, thus helping to determine, as Banting above notes, if one kind of logic trumps the other, or is there a broad balance in place?

By emphasizing the irreconcilable tension at the heart of the federal equity bargain between the equality of individuals and the equality of regions in this way, the aim is to point to the constructive and generative nature of this tension. From these constructive tensions then, LDFs may develop distinct policy patterns that reflect a federation's particular federal equity bargain. As a result, understanding these different configurations can help us explain why some LDFs develop more universally oriented policy programs, while others may favour more territorially specific arrangements; why some LDFs tend to favour greater competition and self-rule as a means of intergovernmental coordination, while others may tend to favour greater collaboration and shared-rule.

To this end, this dissertation has both empirical and theoretical ambitions. Empirically, this dissertation contributes to comparative scholarship on federalism by examining long-term patterns of change and continuity in intergovernmental coordination among four of the oldest parliamentary liberal democratic federations (LDFs): Australia, Austria, Canada, and Switzerland[2], in three

[2] For some (Badie & Birnbaum 1983), Switzerland represents a distinct hybrid regime, neither presidential nor parliamentary. As will be discussed in further detail below; however, this dissertation ultimately considers Switzerland a parliamentary variety of federalism, given its executive, the Federal Council, is not directly elected but is rather chosen by the Federal Assembly (central legislature) on a proportional basis, reflecting the results of the most recent general election. In much more genuine presidential federations, like the United States, Brazil, Mexico and Argentina, voters are given a ballot choice for the presidency. Likewise, the latter three systems can be considered executive presidencies, in contrast to Austria's much more ceremonial Federal President (*Bundespräsident*), which, despite being elected in a general election, has constitutional responsibilities that resemble much more so the responsibilities of Australian or Canadian Governors General.

policy fields: vertical fiscal equalization, higher education, and domestic economic union, from the beginning of the post-war period to the present. The purpose of this comparison is thus to explain why certain variations in intergovernmental policy coordination exist among LDFs with relatively similar characteristics; how these different configurations relate to one another; and how particular policy sectors are structured and have evolved over time in the LDFs under study.

By presenting some new data and arguments rooted in the application of an original, comparatively oriented conceptual framework, the dissertation thus aims to contribute more specifically to questions regarding both the relationship between federalism and democracy (Benhke, Bröschek, Sonnicksen ed. 2019; Benz & Sonnicksen ed. 2021; Gibson ed. 2004; Gibson 2012; Lipjphart 2012); and to work focused on the relationship between federalism and the welfare state (Banting 1987; Greer, Béland, Lecours & Dubbin 2023; Huber & Stephens 2001; Greer & Elliott ed. 2019; Obinger, Leibfried & Castles ed. 2005). Likewise, by bringing these two literatures into more systematic dialogue with each other, the framework developed in this dissertation also helps us get a better sense of the relationship between different representation configurations and the patterns of intergovernmental policy coordination in LDFs.

Theoretically, the dissertation seeks to contribute to debates over "how federalism matters" (Erk 2006) in general, and the nature of federal dynamics in particular, by examining how different configurations of the "federal equity bargain" impact the achievement of egalitarian federalism. The aim here is not to displace existing core explanations of intergovernmental dynamics in LDFs, like, for instance, approaches centred on jurisdictional allocation (Thorlakson 2020), multinationalism and ethno-linguistic diversity (Béland & Lecours 2008), political parties, and executive-legislative relations (Bolleyer 2009). Rather, this dissertation aims to show how a focus on the configuration of representation can work alongside these variables, to help explain long-term change despite relatively static underlying forms of constitutional allocation. Thus, to cite one example that will later be explored in further detail in chapter 5, even though higher education in Australia is generally understood to fall under the jurisdiction of the states, the central government has increasingly taken over a greater share of the financing and oversight of higher education in Australia.

Such cases will be studied in further detail later in this dissertation. To this end, the remainder of this chapter will further elaborate the themes discussed above, while outlining the overall approach to the study developed here. Section 1.1 further outlines different approaches to the study of federal dynamics; section 1.2 outlines the core theoretical contributions of this dissertation: the federal equity bargain and egalitarian federalism, respectively. Section 1.3 outlines the operationalization of this framework, in addition to the key causal mechanisms of the approach. Section 1.4 outlines the case study selection. Finally, section 1.5 presents the limitations of this study.

1.1 Defining federalism and explaining outcomes in federations: situating the theoretical argument of this dissertation.

1.1.1 The definitional bases of federalism and federation

Before reviewing the literature on federal dynamics, however, some definitional precision is in order so as not to give the reader the impression that the concepts *federal, federalism, federation, federal arrangements*, *federal principle*, and other similar formulations are entirely synonymous. While there is no doubt some overlap between the concepts, as Alan Fenna and Johanna Schnabel note, there has been a lack of definitional clarity in the study of "federalism"

(Fenna & Schnabel 2023). Indeed, federalism, under its various guises, has been used to refer to features of institutional design, such as bicameralism or intergovernmental relations, on the one hand, to more societally rooted aspects of a polity, such as the coexistence of multiple nations or linguistic communities within a single state (ibid.). Fenna and Schnabel thus settle on a definition of federalism as the existence of two constitutionally guaranteed orders of government, with neither subordinate to the other, with each order exercising meaningful powers via a direct relationship with the electorates for which they are responsible for (Fenna & Schnabel 2024; Wheare 1946 1–3).

Yet such a definition is not without controversy among scholars of federalism. Another group of scholars maintains that the latter definition more accurately describes a state form, namely a federation in the model described by the Australian political scientist and constitutionalist K.C. Wheare[3] (Hueglin & Mueller 2025). Hueglin & Miller, in contrast to Fenna and Schnabel's emphasis on entrenched autonomy as a necessary component of federalism, instead argue that shared-rule, a commitment to a degree of co-determination laws and rules between regional and central governments, is an equally necessary component of federalism (Hueglin & Mueller 2025).

Hueglin and Mueller's definition parallels somewhat the assumptions of Daniel Elazar's (1987) definition of federalism as a kind of "covenant," and William Riker's (1964) definition of federalism as a special kind of "bargain" between political elites. For this latter tradition, it may be possible for a polity to be federal in spirit or practice, without necessarily being federal in structure (Elazar 1987, 4). For Riker, this *spirit*, or bargain, to use his terminology, is ultimately to be upheld, with some qualifications, by the political parties overseeing the constitutional bargain

[3] In Wheare's classic work *Federal Government* (1946), he defines "the federal principle" as "…the method of dividing powers so that the general and regional governments are each, within a sphere, co-ordinate and independent" (Wheare 1946, 10).

(Riker 1964, 101). For Elazar, federal arrangements are ultimately maintained by a certain kind of shared-rule among the partners to the federal agreement, one based on the mutual recognition of all the partners (Elazar 1987, 5).

It is beyond the scope of this dissertation to conclusively resolve these debates.[4] Nevertheless, given how hard it can sometimes be to pin down the specifics of federalism, it is easy to understand why some scholars in the field note a lack of definitional precision or clarity. For the purposes of this dissertation, however, intended as it is to undertake a repeatable and operationalizable comparative-empirical analysis, a synthesis of both definitions is possible. Thus, this dissertation proposes to study federations at one and the same time, namely states that conform to the minimal formal federal criteria set out by Fenna and Schnabel above, in addition to their day-to-day practice of federalism, that is, the maintenance of the federal bargain or covenant in the form of shared policymaking between constituent governments of the federation.

1.1.2 Interwar debates on federal dynamics

Beyond the definitional question, a further paradigmatic puzzle in the field of comparative federalism scholarship has been the question of fixed effects. In noticing that federal arrangements so frequently aim to combine irreconcilable commitments, often similar to the ones described by Banting above, many social scientists have expressed skepticism regarding the ability of federations to adequately achieve any of these stated objectives, suggesting that federal structures

[4] Indeed, a kind of test case for one's definition of federalism is the Spanish case. While Spain is today a multinational, plurilingual and regionally diverse country with devolved political powers, its arrangements do not always fit the definition of a federation, despite increasingly adopting the practices of federalism. For a sustained engagement with these kinds of distinctions between federation and federalism, see: Gagnon, Keil & Mueller ed. *Understanding Federalism and Federation* (2015).

and systems impose certain kinds of fixed effects on policy responses and coordination, particularly when compared to their unitary counterparts. The implication is, thus, that it is far more difficult to successfully develop substantive and large policy responses in federal settings.[5]

To cite a particularly illustrative historical example of this debate: As far back as the 1930s, economists and political scientists, from such diametrically opposed political perspectives as Friedrich Hayek and Harold Laski, each reached similar conclusions about the variable effects of federal institutions on policy making, despite attaching different normative values to these imputed policy outcomes. For Hayek, federal arrangements were positively understood to constrict a federal state's overall policy capacity, since neither the central nor regional governments would individually have access to the full array of policy levers available to unitary states; individuals would thus have to make up for this lack of state capacity through their own ingenuity (Hayek 1948, 268).

Concurring with Hayek on the basic structure of federal arrangements and their policy consequences, Laski's Fabian socialist sympathies nevertheless led him to characterize federalism as "obsolete," unable to adequately address the difficulties resulting from the Great Depression of the 1930s.[6] These scholars effectively agreed that federal structures constrained not only the ability of states to coordinate policy sectors, that, in the event a relevant policy was implemented, it would be more likely for it to be of lesser impact or consequence than had such policies taken place in a unitary setting.

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[5] A classic account of this dilemma is to be found in Scharpf (1988) "The Joint-Decision Trap. Lessons From German Federalism and European Integration," *Public Administration* Vol. 66 No. 3: 239–278.

[6] Indeed, this basic Fabian suspicion of federalism has long found resonance in the Fabian adjacent social-democratic parties of Canada and Australia, the CCF-NDP and the Austrian Labor Party, respectively, which have, to varying degrees, shown ambivalence about their countries' federal arrangements. Notable examples of this ambivalence are the NDP's call to abolish the Senate in Canada. In Australia similar ambivalence is represented by the Labor Party's formal pledge to abolish federalism, abandoned only during the 1970s (Galligan 1991). Laski's own position on the question can be found in his essay *The Obsolescence of Federalism*.

Indeed, the parameters identified by Laski and Hayek weren't simply the result of abstract reflection. The federal dynamics they identified during the depression period were real. Thus, by the late 1930s, federal countries like Canada struck commissions to determine how to better prepare and stabilize and insulate a federal political economy from major economic crises. The *Royal Commission on Dominion-Provincial Relations*, popularly known as the Rowell-Sirois Commission after the chairs of the commission, thus recommended greater transfer of fiscal authority to the federal government in response to the following terms of reference; "That it is expedient to provide for a re-examination of the economic and financial basis of Confederation and of the distribution of legislative powers in the light of the economic and social developments of the last seventy years" (Government of Canada 1940).

By the post-war period, similar questions about the policy effects of federalism on the overall political structure and generosity of welfare state policies have suggested that, contra both Hayek and Laski, and as evidenced by the impetus of the Rowell-Sirois commission, federalism doesn't inherently imply a more constrained, less comprehensive, or less generous welfare state, when contrasted to unitary countries (Banting 1987; Obinger, Leibfried & Castles ed 2005; Greer & Elliott ed 2019; Greer, Béland, Lecours & Dubin 2023). Scholars like Lijphart (2012), moreover, have identified that the presence of federalism may even help a country achieve a "kinder, gentler" democracy.

At the same time, given there are approximately just some 25 countries which can be considered formally federal today, depending on the criteria (Watts 2008, Hueglin & Fenna 2015), it is extremely challenging to generate a large *N* statistical sample that would conclusively identify the variable effects of federal countries, particularly in relation to their unitary counterparts. What these debates establish, however, is that while federal structures clearly matter, what is less specifically clear is the relationship between different varieties of federal structures and their specific outcomes and effects. To this end, the following section outlines some prevailing approaches to answering this question.

1.1.3 Contemporary frameworks explaining federal dynamics

The debate on federalism and fixed effects has not occurred in a vacuum, taking place alongside broader debates in the field of comparative politics. Nevertheless, the heterogenous focus of the field, combined with a tendency to focus, at times, on very nationally specific questions, has meant the field hasn't always been at the forefront of generating generalizable comparative theory (Erk 2006, 115). The field of comparative federalism has gone to important lengths to address this gap in the field, and since Erk's writing a number of overview texts and edited volumes on comparative federalism have appeared (Burgess 2006; Watts 2007; White, Simeon, Vipond & Wallner ed. 2008; Turgeon, Papillon, Wallner & White ed. 2014; Fenna & Hueglin 2015; Griffiths, Chattopadhyay, Light & Stieren ed. 2020).

These works have largely aimed to consolidate the key assumptions, insights and frameworks informing comparative research in the field. In this way, by presenting a more systematic overview of comparative federalism, these works help address an important absence, also noted by Erk, namely the need for establishing a common framework for dialogue across the field (Erk 2006, 116). According to Erk, a shared and integrated theoretical context can help further develop theoretical reflection in the field (ibid.). To this end, the following sections briefly examine some of the most prevalent comparative approaches in the field, outlining some common assumptions which tie them together.

a. *Jurisdictional Allocation*

To this end, perhaps the classic explanation of federal dynamics is the jurisdictional allocation. In its most rudimentary form, the jurisdictional allocation account understands federal dynamics as a function of the distribution of legislative and administrative competencies within the federation. Thus, the extent to which federal dynamics tend toward either "centralization" or "decentralization" is understood as a reflection of the competencies allocated to each level of government in the constitution. The more politically strategic these competencies are, particularly in matters of raising revenues and spending, the more federal dynamics will be oriented around that pole of government. Thus, a federation which allocates greater revenue and spending powers to the central government would be more likely to be oriented around the central government. Likewise, if a significant degree of revenue and spending power are allocated to regional governments, the federation is anticipated to exhibit a more regionalized political dynamic.

Of course, this paradigm need not only be applied to questions of revenue and spending and can be used to study several policy sectors in federations. A significant study in this regard is Wallner's (2014) study on public schooling systems across Canada. Wallner observes that Canada is the only OECD federation without a federal ministry of education. The puzzle she thus seeks to solve is how, despite not having a federal ministry of education, has Canada nevertheless been able to develop a broadly similar public school system and framework across Canada's regionally and linguistically differentiated provinces?

Studying Canada, Wallner's study demonstrates that when the core responsibility for public education falls to the regional level, and where the justification for direct central government in the sector is only very narrowly prescribed[7], regional governments can create a shared comprehensive and harmonized policy framework through policy learning and policy diffusion (Wallner 2014, 10). In this way, Canada's distinct public school system, which features a comparative lack of direct federal involvement, is explained by the interaction between the constitutional allocation of responsibilities and the desire for policy-makers in regional jurisdictions to learn from each other in order to better enhance and maximize their jurisdiction's policy autonomy within the sector (Wallner 2014, 23).

Studying a similar theme, Boychuck (1998) looks at the development of provincial social assistance regimes in Canada. What Boychuk shows, in contrast to Wallner, is that provinces have each developed distinct social assistance regimes, often with the help of federal government involvement (Boychuck 1998, 91–93). In the sector of social assistance, Boychuck finds that federal legislation combines with pre-existing provincial social assistance schemes in ways which frequently reinforce, rather than overcome, differences in social assistance policies between provinces.

Another similarly oriented study in this regard is Harrison's (1996) work on federalism and Canadian environment policy. Harrison argues that Canadian governments jealously guard their formal jurisdiction over environmental during periods of heightened political salience (Harrison 1996, 162). By contrast, when the sector no longer features as prominently in the political focus of the public, governments find ways to beggar-thy-neighbour and to "pass the buck," or cost, of environmental regulation on to governments, which are less likely to give up their jurisdiction over the sector. Given that natural resource extraction, and the revenues they generate, largely fall under provincial jurisdiction, it is often incumbent on provinces to develop

[7] Section 93 of the *Constitution Act, 1867,* allows the federal government to intervene in the sector if denominational education rights are not being respected by the province.

regulations. Yet, since provinces seek to reinforce their jurisdiction, they often create regulations favouring industries in their region, thus making a coordinated pan-Canadian environmental policy difficult to achieve, even creating conditions for an "environmental race to the bottom."

While these examples are certainly not exhaustive, they nevertheless serve as important examples that help us understand the different directions in which jurisdictional allocation can have an impact on the overall policy coherence within the federation in each policy sector, depending on the distribution of competencies within the federation. In Wallner's example of education, where the jurisdictional allocation is slightly less ambiguous, it suggests that greater policy convergence and universality may be easier to achieve. By contrast, in Boychuk's and Harrison's examples, the much overlapping and ambiguous constitutional responsibility for social assistance and the environment, respectively, suggests that such ambiguity may be a factor in reinforcing territorialized policy differences between regions in Canada.

b. Party Systems and Executive-Legislative Relations

In contrast to accounts of federal dynamics, which focus on the structure of jurisdictional allocation in shaping federal dynamics, party system and executive-legislative relations approaches focus on those institutional features, which are more directly linked to the composition and maintenance of political power within the federal system in order to explain federal dynamics. The canonical account in this regard is perhaps the work of Riker (1964), who, in his classic comparative introduction to federalism, emphasized the role of political parties in shaping federal dynamics. For Riker, centralized political parties were ultimately necessary to maintain the unity of the federation, and to provide checks on the exercise of executive authority (Riker 1964, 100). Inversely, Riker, citing the Canadian example, also argues that a weakly integrated party system could have a regionalizing effect on federal dynamics (Riker 1964, 118).

In continuity with the jurisdictional allocation approach, Thorlakson (2020) clarifies the background conditions leading to a more integrated or regionally independent party system by locating these dynamics in both the relative degree of fiscal centralization and the degree of regional policy autonomy allocated by the constitution (Thorlakson 2020, 20). Undertaking a comparative study of seven countries (Austria, Australia, Canada, Germany, Spain, Switzerland & the United States), Thorlakson argues it is these interlocking structures which ultimately shape the dynamics of vertical party integration and voter behaviour in federations. What sets Thorlakson's approach apart from the previous ones discussed here is the focus on political parties in mediating independent or integrated jurisdictional and policy spheres, and the role of voter behaviour in reinforcing these relationships.

Political parties nevertheless exercise power in LDFs via their ability to control legislative and executive institutions. To this end, not all LDFs feature the same structure of legislative-executive relations. Some parliamentary federations like Australia and Canada feature a fusion of executive and legislative authority, whereas in presidential federations like the United States, there is a clearer separation between these two political roles. These relationships thus suggest a concentration of power in the parliamentary setting, but a greater degree of power sharing in the presidential setting.

To this end, Bolleyer (2009) focuses on the structure of these relationships to explain federal dynamics in Canada, Switzerland, and the United States, arguing that federal dynamics are driven by the executive-legislative relations of regional governments in the federation (Bolloyer 2009, 204). According to Bolleyer, centralization in LDFs is rooted in the inability of lower-level governments to coordinate with each other so as to prevent central government overreach (Bolleyer 2009, 3). Likewise, then, coordination between regional governments becomes necessary to limit central government influence, and this dynamic is shaped, according to Bolloyer, by executive-legislative relations.

In settings where power concentration prevails, like in Canada, federal dynamics become characterized by ad hoc, short-term imperatives, and interactions between governments are weakly institutionalized. The aim is thus to maintain and preserve governmental authority, thus encouraging a federal dynamic that favours regional governments. In settings with voluntary power sharing, like in Switzerland, intergovernmental coordination becomes highly institutionalized, leading to a balance between regional and central governments. Finally, in the United States, where power sharing is more compulsory, according the Bolleyer, intergovernmental coordination is more top-down, creating a dynamic which favours the central government.

What we learn from these examples is that mediating institutions play an important role in translating an initial configuration into a concrete federal dynamic. Political parties and intergovernmental coordination can thus play an important role in either countering or reinforcing centralization, notwithstanding the particularities of the policy sector. It is in this respect that these latter approaches differ somewhat from a stricter jurisdictional allocation perspective approaches briefly explored above, in that the jurisdictional allocation within the policy sector is not what ultimately determines federal dynamics.

c. *Multinationalism, ethnolinguistic pluralism, and asymmetry*

If the latter two approaches emphasize the role of institutional structure on federal dynamics, multinational and ethnolinguistic approaches emphasize the role of pointed social cleavages, primarily national and linguistic differences, in shaping federal dynamics. These cleavages, in turn, are understood to shape federal dynamics, frequently in the form of the adoption of asymmetrical institutional arrangements. On this view then, federations and decentralized unitary states, which are demographically or sociologically multinational or multilingual, are anticipated to be more decentralized in their federal dynamics, while mononational and monolingual countries are anticipated to be more "centralized" in their federal dynamics.

This view is most associated with Erk (2008), who develops what he terms the "congruency thesis." On this view, federal institutions are understood to adapt to the underlying social cleavages of the federation, such that federalism eventually comes to accommodate these differences. As Erk notes, "When an ethnolinguistic structure does not match a political one, the political structure gradually changes in the direction of congruence; not automatically, but through the influence of public policy concerns pursued by political actors" (Erk 2008, 9–10).

Erk compares five federations in this regard (Austria, Belgium, Canada, Germany, and Switzerland), across two policy sectors (education and media), to show that, over time, federal political arrangements have come to accommodate ethnolinguistic differences (or commonalities) within these sectors. Multilingual federations thus exhibit greater decentralization and asymmetry, while monolingual federations exhibit a more centralizing federal dynamic, according to Erk. Similar arguments are made by Béland and Lecours (2008) and McEwen (2006; McEwen & Moreno ed. 2009), examining the relationship between the development of minority nationalism and the welfare state more broadly.

By contrast, Keil (2016) takes up Bosnia and Herzegovina as a case study of multinational federalism. Where Erk implicitly assumes the trajectory toward long-term congruence is largely voluntary among the cases studied, Keil emphasizes the largely externally imposed nature of the federal arrangements embedded in the Dayton Accords in Bosnia and Herzegovina. As a result of the involuntary character of these arrangements and the conflict leading up to the Dayton accords.

The consolidation of a genuinely liberal democratic federalism continues to remain a work in progress, as many Bosniaks and Serbs continue to remain distrustful of the arrangement. Keil's work thus suggests an appropriate degree of consent is thus necessary for multinational federal arrangements to become successful.

Given the strong emphasis on pluralism and accommodation then, this approach has often also featured a strong political theory component associated with it as well, focused on identifying and recovering the normative justifications for multinationalism, pluralism and asymmetry within liberal political philosophy. This approach is perhaps most strongly associated with political theorists, like Charles Taylor (1993), James Tully (1995), and Will Kymlicka (1995). Stradling the line between normative and empirical work within this tradition is the work of Alain G. Gagnon (Gagnon & Tully ed. 2001; Gagnon ed. 2006; Gagnon & Iacovino 2007; Gagnon & Seymour 2012; Gagnon 2014; Gagnon & Poirier ed. 2020) and Ferran Requejo (2005; Requejo & Sanjaume-Calvet ed. 2023).

What emerges from the study of this orientation within comparative federalism is that, while liberalism, multinationalism, and linguistic pluralism can be compatible within a broader federal state, federal dynamics under these circumstances become characterized by the degree to which minority and majority national or ethnolinguistic groups are willing to recognize or accommodate each other's differences. Under such circumstances there, it can be challenging to identify mutually satisfying conceptions of fairness within the federation, thus invoking the need for political theory to identify these conditions within a context of national pluralism. Empirically, without appropriate institutional arrangements which facilitate dialogue and consensus building; however, the competition and conflict between federated national groups within such circumstances can become destabilizing.

d. Variable-Based Approaches

Given the intriguing combination of similarities and differences present among federations, and the, at times, counterintuitive outcomes federations with similarly situated socio-demographic and jurisdictional characteristics can produce, many scholars have thus attempted to isolate and identify the influence exercised by specific institutional variables on federal dynamics. Following in the footsteps of Laski and Hayek, and the themes they explored regarding the relationship between federalism and social policy during the depression period, scholarship within this orientation seeks to determine the effect of federalism on the development of social policies and the welfare state. In contrast to jurisdictional allocation approaches, however, variables-based approaches tend to emphasize the structure and organization of institutions, rather than just the jurisdictional allocation, in shaping federal dynamics, particularly in contrast to unitary states.

To this end, a key concern for this approach is the timing and comprehensiveness of the development of social policy and the welfare state within federations. Immergut (1990) focuses on the role of veto points within legislative institutions to help explain why health insurance in some countries is more comprehensive than in others. In her comparison of Switzerland, France, and Sweden, it is Switzerland's distinct federal system and referenda that create more opportunities for the medical profession to extract concessions from the government, thus securing greater autonomy over practices like setting fees (Immergut 1990, 405). By contrast in unitary Sweden, where majoritarian parliamentarism offers fewer veto points, doctors secured less autonomy over fee practices. Finally in France, which is unitary but with strong regions, the move from the parliamentarism of Fourth Republic to a more presidential Fifth Republic overcame some of the embedded veto points, leading to a middle ground between the Swiss and Swedish examples. Overall, Immergut's assessment suggests federations, and more regionalized unitary states, impede the development of more comprehensive welfare state reforms because embedded in the policy process are more occasions and sites to contest decisions.

Huber and Stephens (2001) take up a similar approach, albeit applied to a larger number of country cases and to the welfare state more broadly. While sharing Immergut's emphasis on the effects of veto points, Huber and Stephens nevertheless additionally emphasize the role of cross-class coalitions in developing and maintaining support for the welfare state (Huber and Stephens 2001, 313). Ultimately, they find that, across the OECD, the welfare state is generally less comprehensive and generous in federal countries than it is in unitary states, and for similar reasons as indicated by Immergut: According to Huber and Stephens, the concentration of political power facilitates the development of a more comprehensive welfare state, while the power dispersal inherent in the multiple veto points embedded in federal states provides more opportunities to dilute comprehensive welfare state reforms.

Despite these findings, which strongly contrast federal and unitary states, there are nevertheless important variations among federal countries. Still very much within a variables-based framework focused on the role of veto points, Stepan proposes the distinction between "centralized" and "decentralized" federations be avoided in favour of a distinction between "demos-enabling" and "demos-constraining" federations (Stepan 2004a, 30). According to Stepan, federations vary according to the degree to which regions are overrepresented in the upper house of the legislature, the policy scope of the upper house, the degree to which policy making is allocated to regional governments, and the degree to which the party system is national (Stepan 2004a, 53). Federations which are less restrictive in the latter variable are examples deemed "demos-enabling," while federations which are more restrictive in this sense are considered "demos-constraining." Within this framework, Stepan finds that the United States, given the degree of small state overrepresentation in the US Senate, in addition to the chamber's wide policy scope, is particularly "demos-constraining." Federal institutional arrangements are thus understood to have a more or less distorting influence on the policy preferences of individuals, favouring the imperatives of governments instead.

Ultimately then, variables-based explanations emphasize the importance of the structure of the state, particularly the structure of representational institutions, in shaping federal dynamics. The attractiveness of this approach inheres in the implicit positive value it accords to institutional design in shaping policy dynamics and outcomes, suggesting that more desirable policy outcomes can be achieved through heightened awareness of the structuring effects of institutions. Nevertheless, institutional reform is not always so easy to achieve, with institutional variables often much easier to dissect in theory, rather than take apart, and reconstruct in practice.

e. *Configurational Approaches*

While variables-based approaches tend to emphasize the structural specificity of federal countries in relation to non-federal countries, there is nevertheless a tendency to reduce the quasi entirety of both the empirical complexity of federalism, in addition to its normative and democratic appeal, to individual veto points along the policy process. Configurational approaches aim to address this shortcoming by emphasizing the embedded reality of the specificities of individual federal countries, anchoring these arrangements within broader historical, social, and political legacies. Configurational approaches emphasize the importance of examining variables in their distinctive arrangements, and as a result, they advocate for the study of federal arrangements as unique cases.

While configurational approaches are more broadly associated with the methodological scholarship work of Charles Ragin (Ragin and Rhioux ed. 2009), within the field of comparative federalism, however, the approach is perhaps most associated with the work of Scott L. Greer and colleagues (Greer and Elliott ed. 2019; Greer, Béland, Lecours, and Dubin 2023). For Greer et al., configurational analysis starts from an in-depth understanding of the cases to be studied (Greer, Béland, Lecours, and Dubin 2023, 22), identifying the importance of case-specific variables in terms of their centrality to the case in question (ibid.). Thus, while it is possible to undertake a competent variables-based regression without any substantive knowledge of the case in question, a configurational approach is skeptical of this strategy.

This is because configurational approaches identify some variables as more important to some cases, rather than others. Unlike in pure variable analysis then, a configurational approach doesn't assume an average effect across all cases for a particular variable. At the same time, however, configurational analysis doesn't deny the possibility of developing a common benchmark to facilitate comparison across federations. Greer et al., in particular, develop an approach which emphasizes the link between territory and identity in federations, emphasizing the influence of this kind of interaction on federal dynamics, particularly when federations feature multiple territorially concentrated national groups (Greer, Béland, Lecours, and Dubin 2023, 23).

While in this respect, Greer et al.'s configurational approach resembles somewhat Erk's congruency thesis discussed earlier, Greer et al. additionally emphasize the role that policy legacies and institutions can play in influencing federal dynamics. Finally, Greer et al. find that formal political institutions and political parties have a less discernable influence on federal dynamics than the previously mentioned variables (Greer, Béland, Lecours, and Dubin 2023, 24).

In contrast to the other approaches discussed above then, what sets Greer et al.'s configuration approach apart is its emphasis on the importance of sustained interaction between territory and identity on federal dynamics. What we thus learn is that these sustained interactions can, over time, subtly reshape the dynamics of the federation. At the same time, the approach isn't static, recognizing that as some relationships within the federation shift, this recasts the relations between governments in the federation, a dynamic increasingly observed, for instance, between Québec, Alberta, and the federal government in Canada (Greer, Béland, Lecours, and Dubin 2023, 56). In this way, however, variable effects within Greer et al.'s configuration approach are understood within the specific context in which they emerge and are not always generalizable.

1.1.4 The Gap addressed by this dissertation

In their own way, each of these approaches illuminates important areas for understanding the complexity and variations of federal dynamics among LDFs, highlighting crucial considerations for understanding federal systems while developing mechanisms for their study. From this discussion we learn that a straightforward fixed effects model may be insufficient for the study of comparative federalism. While some assumptions regarding variable effects are necessary, as evidenced by the discussion of configurational approaches, the generalizability of a specifically federal effect should be treated with some caution. Within federations, we also learn that the structure of jurisdictional allocation, and the presence (or absence) of multiple national or linguistic communities within the federation can have a significant impact on federal dynamics. Likewise, mediating factors like party systems, executive-legislative relations, and policy feedback can also modify the effect of these elements on federal dynamics.

Nevertheless, some important features of federations and their role in shaping federal dynamics have received less sustained attention within the comparative literature. In particular, the role of configuration of representation within LDFs has been less studied as a structuring influence in shaping federal dynamics. While there have been studies focused on the role of bicameralism (Swenden 2004) and the relationship between inter/intrastate federalism (Smiley and Watts 1985), these works focus on the degree to which bicameralism acts as a site for regional adjustment in the federation, and not primarily focused on the potential structuring influence that the configuration of representation within the central legislatures of LDFs may have on federal dynamics.

While understudied, the impetus for this kind of research isn't entirely absent within the literature either. For instance, in a chapter within a broader volume on the prospects of Canadian federalism, Broschek (2020) studies how centre-periphery conflicts emerging from the structure of representation at the legislative centre shaped the course of federal dynamics in Canada. Likewise, an edited volume David Olson and C. E. S. Franks (1993) explores representation and policy formation thematically in the United States and Canada but doesn't test theories across case studies.

Indeed, this dissertation contends that greater attention to the relationship between the configuration of representation at the centre and federal dynamics can help further refine and fill out our understanding of federal dynamics in LDFs. To focus on representation, however, is not to suggest that the other elements explored here are in any way less important factors in shaping federal dynamics. Rather, what this dissertation proposes is that a focus on representation can complement those other factors, providing greater insight into federal dynamics, and potentially helping us to better understand some more curious examples.

For instance, as will be explored in case study chapters later, while Canada and Australia share almost identical legislative-executive relations, they differ in their federal dynamics, with post-war policies in Australia effectively demonstrating greater degrees of cross-jurisdictional applicability than in Canada, which remains more territorialized. Likewise, Australia has exhibited significant jurisdictional drift over the post-war period, particularly in the realm of higher education, where the regional governments have increasingly ceded policy priority to the central government.

Once again, this is not to say that the configuration of representation is more important than the other factors identified. Rather, it is to point out that there are potentially instances in which brining the configuration of representation into the picture can help improve our understanding of federal dynamics in LDFs. To this end, this dissertation aims to fill this gap by developing and testing a framework for explaining federal dynamics and intergovernmental coordination in LDFs. The following section outlines the parameters and assumptions of the framework.

1.2 The federal equity bargain and egalitarian federalism: key tensions at the heart of liberal democratic federalism

The explanatory framework developed in this dissertation starts from a simple premise: in LDFs there is an inherent tension between the equality of individuals, on the one hand, and the equality of the constituent governments of the federation, on the other. No two federations are alike in how this tension is reconciled. Each federation nevertheless institutionalizes this tension, and, in so doing, creates imbalances across the federation, as individuals in some regions will be overrepresented relative to others, and some regions will be apportioned a greater share of legislative representation than others. It is this trade-off, or *incongruency*, between individual equality and regional equality that is institutionalized in the constitutional rules which apportion representation in the central legislature that this dissertation refers to as the *federal equity bargain*.

Chapter 2 will explore these arrangements empirically in much greater detail. For our present purposes, however, it suffices to note the theoretical and normative elements this concept aims to highlight.

To this end, the notion of a "bargain" within comparative scholarship is not new. Already during the 1960s, Riker emphasized the importance of the *federal bargain* as an agreement between regionally based political elites seeking to expand and protect their political power in shaping the political dynamics of the federation (Riker 1964, 12). Likewise, Elazar refers to the covenantal character of federalism, emphasizing the importance of consent and legitimacy in federal arrangements (Elazar 1987, 2–4). Stepan additionally shares with Riker and Elazar the importance of an initial federal bargain or covenant, identifying two broad types of federal bargain: "coming together" federalism and "holding together" federalism (Stepan 2004a, 33). Finally, the related concept of a social contract at the heart of the legitimacy of political and social arrangements also has a long pedigree in a variety of political traditions; for the liberal tradition, the social contract explains the bargain between subjects and sovereigns, and the future evolution of the state; for the Marxian tradition, it is the bargain between labour and capital that shapes the future evolution of society; or, in civic republican traditions, the bargain between individual and collective that shapes the future of the political community.

What the concept of the federal equity bargain developed in this dissertation draws our attention to and adds to these latter definitions is the messy compromise and trade-offs between territory/region and individuals that shape the subsequent character of federal dynamics within post-war LDFs. Indeed, as already noted by Banting above, LDFs during the post-war period are characterized by two powerful logics: the logic of social solidarity and social citizenship, and the logic of territorial autonomy. The way this bargain is captured is in the trade-off between the representation of regions and the representation of individuals in the central legislature of the federation. To this end, this dissertation maintains that the central legislatures of LDFs represent a unique institutional configuration: unlike their unitary counterparts at the regional level or in unitary states, these legislatures are constitutionally required to have seats allocated simultaneously on an individual per capita basis and on a regional, constituent unit basis.

While such representational arrangements will be further explored in chapter 2, for our present introductory purposes, a simple illustrative example will suffice: in Canada, section 51(A) of the *Constitution Act, 1867* stipulates that no province shall have fewer seats in the House of Commons than it does senators. In practice, this effectively means that smaller provinces have many more seats per capita spread across the upper and lower houses of Canada's Parliament than more populous provinces do. At the same time, however, section 48 of the *Constitution Act, 1867* also stipulates that a quorum of no less than twenty members of Parliament is necessary for the House of Commons to exercise its powers. This effectively ensures that smaller provinces do not have, by themselves, a large enough share of representation to constitute a quorum in the House of Commons, thus institutionalizing the tension between the equality of regions and the equality of individuals at the legislative centre of LDFs.

Yet, in contrast to Stepan (2004a) and his emphasis on either the "demos constraining" or "demos enabling" aspects of the central legislatures of federations, the framework developed in this dissertation emphasizes the twin commitments of LDFs toward the equality of regions, and the equality of individuals. What this framework focuses on instead is how the relative configuration of representation tilts the balance more so toward the equality of individuals or the equality of regions. Indeed, the framework developed in this dissertation contends that there is a relationship between the federal equity bargain and the broader federal dynamics of the LDF.

To this end, the concept of egalitarian federalism aims to assess and benchmark the relative balance of the quality of individuals and the equality of regions. The basic elements of egalitarian federalism were outlined above, but for convenience will be repeated here: Egalitarian federalism is a dynamic where: 1) every individual has access to the same share of legislative political representation, unconditioned by region of residence; 2) every individual has equal access to high quality public programs and services across the federation, unconditioned by their regional residency status; 3) every region has an equal political status and share of representation at the legislative centre; 4) every region has the political autonomy and capacity necessary to be able to pursue meaningfully different policies in matters of substantive interest; 5) the central government endeavours to ensure the integrity of these conditions through policies that aim to recalibrate any imbalances that may emerge. Finally, egalitarian federalism also adapts to changing circumstances by continually encouraging the brokering of new political coalitions committed to the maintenance and improvement of egalitarian federal conditions.

It should be noted that the above definition is an ideal type. In practice, of course, there are no federations which ultimately adhere perfectly to this definition. Indeed, some regions are inevitably more overrepresented than others; some individuals resident of certain regions are more overrepresented than others; policy capacity frequently differs across regions; etc. What the definition nevertheless provides is a benchmark for beginning to determine the relative balance between these poles for an individual LDF. In this way, it is not unlike existing typologies in the field (cooperative federalism, asymmetrical federalism, competitive federalism etc.) which this concept aims to complement.

Like those other concepts, egalitarian federalism also focuses on dynamics between governments, but it adds to this focus an emphasis on the modality of policy access for individuals across regions as well. Thus, egalitarian federalism is concerned with understanding how policy sectors are organized and coordinated across regional jurisdictions, and the way in which individuals access those services. For instance, is access to services restricted according to the region of residence? Another consideration is the extent to which essential policies differ between regions. For instance, are legislated minimum wages the same across jurisdictions? Do tuition fees at universities vary across jurisdictions, and are they differentiated based on region of residence? While these questions will be explored in greater detail later in this chapter, they do provide a quick example of some of the considerations egalitarian federalism is focused on. This focus complements the more typical focus on interactions and coordination between governments as well.

Like many of the frameworks and concepts explored previously, however, the one developed in this dissertation also aims to predict and explain varieties of government interaction and coordination. To this end, egalitarian federalism accounts for and explains patterns of intergovernmental coordination in relation to the federal equity bargain of the LDF in question. Once again complementing other approaches in the field, egalitarian federalism also aims to offer a way to link patterns of intergovernmental coordination to the configuration and structure of representation in the central legislature of LDFs. The next section will elaborate in greater detail the causal mechanics and operationalization of this framework, but it suffices briefly note a couple of features of the framework before moving on.

Proceeding deductively, the framework developed in this dissertation assumes two axes, both focused on the central legislatures of LDFs. One axis is focused on regional representation, and the other, on the number representative per capita for each region. In LDF central legislatures, where the share of equally represented regions is higher, the framework developed here assumes policy universalism will generally be more prevalent; where the share of regional representation is more unequal or concentrated, the framework anticipates policy territorialism will be more prevalent. On the per capita axis, the framework assumes that LDFs where per capita representation is more proportional, varieties of institutionalized shared-rule will be more prevalent. By contrast, where malapportionment is greater, the framework anticipates greater prevalence of self-rule.

Finally, then, egalitarian federalism aims to assess the relative balance between these poles. Indeed, in an ideal egalitarian federation, one of these poles wouldn't dominate the other, and a constructive tension between forms of self-rule and shared-rule on the one hand, and between policy territorialism, and policy universalism, on the other, would prevail. Nevertheless, because all these elements are in tension with each other (individual equality vs. regional equality; shared-rule vs. self-rule; policy universalism vs. policy territorialism), the framework developed here also recognizes the importance of varied political coalitions acting to further maintain or reinforce egalitarian federalism. Section 1.3 below, thus outlines how all these different parts of the framework fit together and will be operationalized.

1.3 the Study of Federal Equity Bargains: A Framework for Analysis

Having outlined how the theoretical framework developed in this dissertation builds on and aims to complement prior work in the field, this section further outlines how the theoretical premises and assumptions developed above will be adapted for empirical analysis. To this end, the operationalization of the framework begins with the identification of the constitutional rules of regional apportionment in the central legislatures of LDFs. Chapter 2 goes into greater detail regarding these rules. For our present purposes, however, it suffices to emphasize that these rules create representational incongruencies between both regions and individuals within the LDF: some regions may be guaranteed a greater or lesser share of the seats in the legislatures, while in other instances the rules imply individuals in some regions will be better represented than in other regions. Given these incongruencies, LDFs can vary in terms of the overall degree of the incongruencies that become embedded.

1.3.1 The Importance of Regional Variations in Shaping Federal Dynamics

To this end, Watts (2008, 73) identifies a large range among federations in the share of the whole occupied by the largest constituent units. Among OECD federations, Belgium is at the higher end, with Flanders accounting for about 59% of the overall share of the population, whereas the United States is at the lower end, with California accounting for roughly 12% of the population. While these numbers are focused on population share and not legislative share, the consideration is not irrelevant from the perspective of egalitarian federalism; constituent units should have the capacity to pursue meaningfully differentiated policies in areas of substantive interest.

While outside the scope of this dissertation, it is once we look beyond OECD countries that this consideration becomes more evident (Ibid). For instance, in federations like Ethiopia, where Oromia accounts for roughly 35% of the population, and in Nigeria, where Lagos accounts for between 6 and 7% of the population, these imbalances may play a role in the federal dynamics of each country. This is because, if some regions have little share of the whole, they may not have enough capacity to pursue autonomous policies; if too large, however, it could create an opposite dynamic, leading to a sense that one region may hold a veto over the whole country. Thus, Watts writes, “Many federations are marked by enormous variations. . .this means that within a federation there may be a wide difference among constituent units in terms of their capacity to perform functions and in their influence on federal policy making. Particularly significant in this latter respect are federations where one or two constituents may constitute a majority. . .” (Watts 2008, 72–74).

1.3.2 Four configurations of the federal equity bargain

While Watts does not explicitly frame these dynamics in terms of the distribution of legislative representation, the basic elements of his assessment nevertheless still apply. Moreover, focusing on these variables as embedded within the central legislatures of LDFs helps better standardize the criteria across cases, while also identifying a clear institutional link that mediates the relationship between political representation and policy making. To this end, the aim of proposing an additional conceptual framework that builds on the frameworks already mentioned is to try to further specify and provide insight into how the configuration of representation in the central legislatures of LDFs may be shaping federal dynamics and intergovernmental coordination.

When it comes to the apportionment of representation then, the central legislatures of LDFs exhibit variation across two crosscutting poles: the degree of overall regional equality in the central legislature, and the apportionment of representatives across constituent units. To this end, the first pole refers to the effective share of the legislature’s seats allocated to individual constituent units; do all units have roughly the same number of seats, or are some disproportionately larger than others? The second pole refers to seat allocation per capita for each constituent unit in the central legislature; do residents of some units have proportionally more representatives than others?

As discussed throughout this introduction, scholarship in the field has long indicated different potential relationships between legislative apportionment and federal dynamics (Gibson ed. 2004). This dissertation adds to these frameworks by emphasizing the potential role played by incongruencies within the federal equity bargain in shaping the overall federal dynamics of the LDF. With that basic assumption in mind, the dissertation proposes the following four ideal types of representational configurations of the federal equity bargain, and their corresponding propositions regarding their effect on the overall political dynamic of a federation in Table 1.1 below. Figure 1.1 offers a simplified visual representation of the relationship between the configurations and their anticipated political dynamic.

Table 1.1: The four poles of the federal equity bargain

Configuration 1: *Proposition:*	The central legislature features constituent units with a *relatively equal* number of seats, and seat allocation for citizens is *relatively proportional*. In these instances, the federal political dynamic will be characterized by a greater prevalence of *policy universalism* and *shared-rule*.
Configuration 2: *Proposition:*	The central legislature features constituent units with a *relatively equal* number of seats, but seat allocation for citizens is relatively *malapportioned*. In these instances, the federal political dynamic will be characterized by a greater prevalence of *policy universalism* and *self-rule*.
Configuration 3: *Proposition:*	The central legislature features constituent units with a *relatively unequal* number of seats, and seat allocation for citizens is *relatively proportional*. In these instances, the federal political dynamic will be characterized by a greater prevalence of *policy territorialism* and *shared-rule.*

Configuration 4:	The central legislature features constituent units with a *relatively unequal* number of seats, and seat allocation for citizens is *relatively malapportioned.*
Proposition:	In these instances, the federal political dynamic will be characterized by a greater prevalence of *policy territorialism* and *self-rule.*

In essence, what Table 1.1 and Figure 1.1 (further below) set out are the ideal typical relationships between the configuration of the federal equity bargain (i.e., the combination of constituent units and individual representation), and the anticipated general political architecture of intergovernmental coordination. But why should these different configurations of representation be anticipated to produce these patterns of intergovernmental coordination? To this end, it is useful to refer to the basic dynamics identified by Watts (2008).

The assumptions of this model are based on two intersecting structural relationships in the central legislature: one related to the relative share of each region's seats in the central legislature, and a second related to everyone's access to representation in the central legislature (i.e., the number of legislative seats per capita). In the first instance, the assumption is that more equal units will tend to reinforce the position of the central government, as a minority of constituent units would not be able to control a majority (Watts 2008. 74). When representation is more equally distributed, therefore, the need to create broad regional coalitions is therefore greater to pass legislation, thus suggesting that regions will have a greater influence over legislation at the federal level, thus enhancing the political legitimacy of this order of government.

By contrast, a more unequal or concentrated distribution of representation is assumed to foster a dynamic more favourable to the territorial units. This is because, as some of the larger units begin to credibly approximate the size and capacity of the central government, the latter can challenge the central government. Watts thus suggests that overwhelmingly large constituent units may be able to, in the most extreme cases, challenge the integrity of the federation itself. Indeed, Watts indicates the latter dynamic may have played a role in the disintegration of federations like the Federation of the West Indes (1958–1962), where Jamaica exercised an important influence over the whole, accounting for more than half the population of the federation (ibid.). Among existing federations, notable examples of high degrees regional concentration identified by Watts include Canada (Ontario and Québec), Australia (New South Wales and Victoria), Argentina (Buenos Aires and Cordoba), the United Arab Emirates (Abu Dhabi and Dubai), and Ethiopia (Oromia and Amhara). In this way, Watts suggests concentration of representation among a minority of regions may have a territorializing and ultimately destabilizing effect on federal dynamics.

At the other end of the spectrum are thus federations like the United States and Germany, where regional representation tends to be less concentrated, and constituent units tend to be more equally proportioned. Thus, for example, unlike in Canada, for instance, where Ontario and its symbols are so frequently a stand-in for what is popularly understood as Canadian, it is much harder to suggest a single state can approximate the entirety of the United States. Likewise, when one adds together the total seats apportioned to the four largest states (California, Texas, Florida, and New York) across Congress (the House of Representatives and the Senate), the total seats apportioned to the four largest states amount to just over 25% of the total seats as of 2025. Therefore, not only are these four states very different from one another, but the four combined do not come close to matching the size and influence of the central government, let alone on an individual basis. By contrast, Ontario alone accounts for roughly 40% of all representation in the Canadian Parliament (House of Commons and Senate).

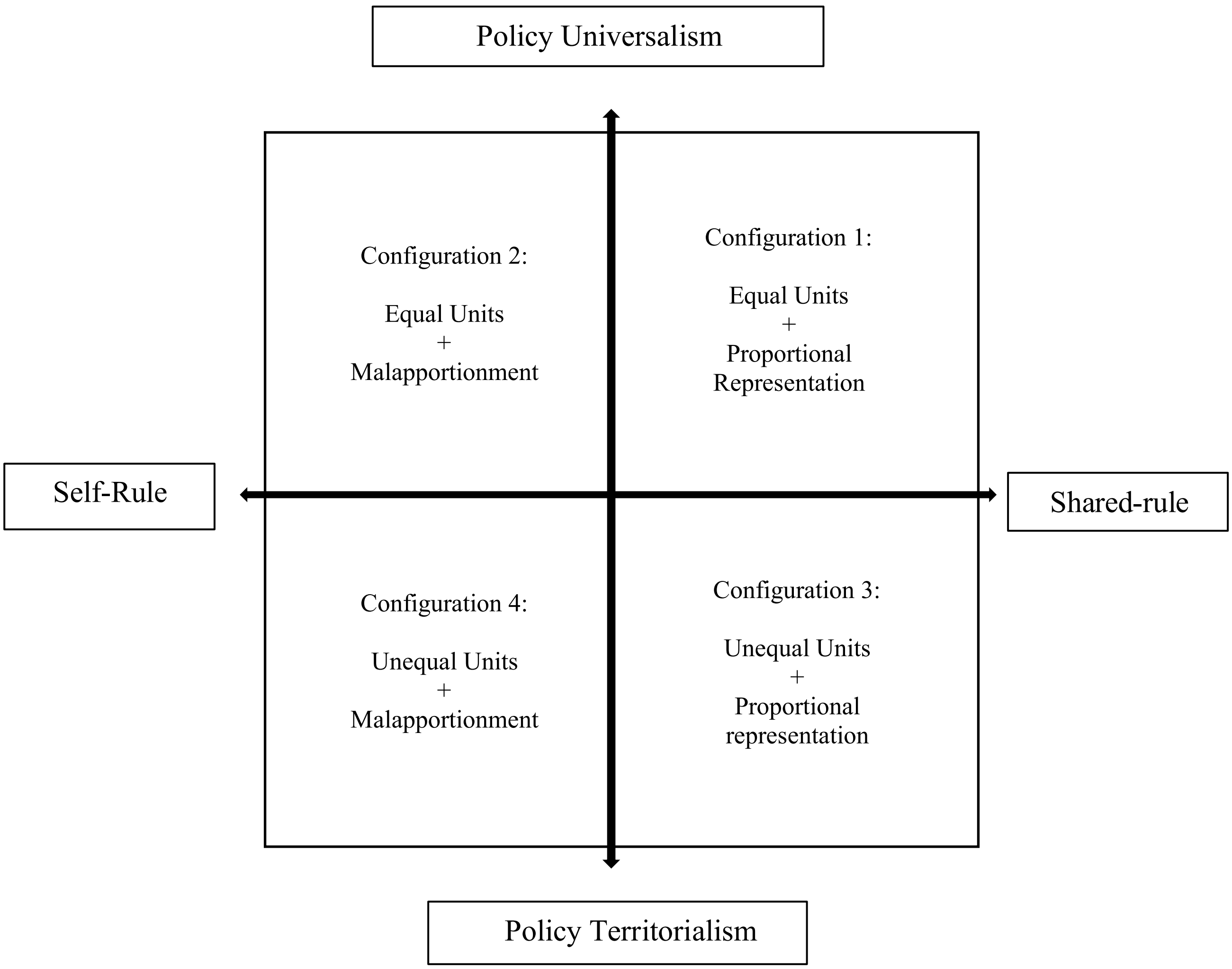
In this way, then, the framework developed here assumes some somewhat counter-intuitive institutional effects: concentration of regional representation encourages greater policy territorialism, while more diffuse regional representation encourages greater policy universalism. Indeed, the relative size of Ontario within Canada appears to be quite unique among LDFs. Casting aside the possible exception of Belgian federalism due to its combination of only three territorial divisions combined with three ethnolinguistic federated communities, Ontario is one of the largest subunits among established LDFs (Watts 2008, 73). Yet, while Belgium does practise a distinct, almost non-conventional style of federalism, combining representation on both a territorial and linguistic community basis, its model nevertheless tends to confirm the rule: the Flemish community accounts for almost 60% of the whole, suggesting the general validity of Watts' premises that overly large or concentrated representation reinforces a strongly territorialist, rather than universalist political dynamic, as forming governments at the federal level in Belgium has generally been a drawn-out and arduous process.

The second structural dynamic is related to the legislative apportionment across the regions. Here the assumption is that more equal apportionment of seats per capita across regions will better foster cross-regional solidarity and a politics of shared-rule, while more unequal apportionment of seats per capita across regions will tend to discourage a spirit of sharing and will instead tend to favour forms of intergovernmental coordination that encourage either unilateralism or self-rule. This dynamic is explained by the nature of the stake individuals residing in different regions have in the political centre: when equal, there is a basic sense of fairness; when unequal, it can create resentment and make the creation of new political coalitions more politically fraught and thus challenging.

Indeed, excessive malapportionment violates one of the core tenets of liberal democratic theory that all constituents should have an equal say in the making of laws. When legislative apportionment begins to deviate too far from these assumptions, it can undermine the sense of solidarity and fairness across the polity, making the coordination of large-scale policies more challenging. Moreover, while LDFs must also additionally consider the importance of equally representing all regions as well, the way in which this tension is resolved can lead to certain political dynamics. Thus, in countries like Canada, where there have been relatively large degrees of legislative malapportionment (which will also be further explored in chapter 2), systematically underrepresented provinces like Alberta have been very politically vocal in expressing this frustration. Indeed, the latter has manifested in numerous ways, including, but not limited to, the establishment of regionally based protest parties (Social Credit, the Reform Party), pointed criticisms of Canada's equalization policy (Greer, Béland, Lecours Dubin 2023, 55–56), and to the unravelling of large-scale cross-jurisdictional programs like the National Energy Program (Fossum 1997). On the other side, Gibson, Calvo and Falleti (2004) found that a more equal apportionment can also lead to a more equal distribution of spending allocation (Gibson ed. 2004, 189). A similar situation was also the case in Federation of the West Indes, where despite accounting for more than 50% of the population, roughly 38% of the seats in the central legislature were apportioned to Jamaica.

In this sense, this framework serves to elucidate two basic poles of coordination within LDFs, between governments, and between individuals. Figure 1.1 below formalizes the broad ways in which these different poles may align with each other, again, based on the relative configuration of representation in the central legislature. But what do these elements mean when they are combined with each other? Having thus described some of the key mechanics of these relationships and variables, some further specification regarding the definition of these poles is merited.

Figure1.1: Political architecture of federal equity bargain and overall political dynamic



1.3.3 Representation and patterns of intergovernmental coordination

The configurations outlined in section 1.3.2 above should be understood as ideal types to help facilitate analysis, rather than as strict deterministic laws. As an interpretive and analytical tool, they aim to identify and predict certain kinds of federal dynamics and intergovernmental policy coordination in relation to broad configurations of representation. Thus, policy universalism vs. territorialism refers to the overall *scope* of policies: do policies apply equally across the federation or are they contained within specific territories or jurisdictions (in the case of the central government). Likewise, the distinction between self-rule and shared-rule here refers to the *means* according to which policies are developed and implemented. Self-rule, in this sense, refers to policies developed and adopted by individual governments on an individual basis, only limited by the political consequences of these policies or political pushback from other governments in the federation.[8] Shared-rule, by contrast, refers to a means of coordinating policy whereby the consent of at least one other government, regional or central, is explicitly required. In practice, this is usually accompanied by legally binding intergovernmental agreements (IGAs) reached between governments, in addition to a political character. To this end, Tables 1.2 and 1.3 below outline some of the characteristics of each pole of coordination.

Table 1.2 Examples of policy scope in LDFs

	Policy Universalism	*Policy Territorialism*
Rights Regime	Homogeneity	Differentiation
Rights Transportability	Portable	Anchored
Management of group identities	Individualizing	Communitarianizing

[8] See the *Reference Re: Canada Assistance Plan (B.C.)*, SCR 1991 525 for a Canadian Supreme Court ruling to this effect. In this ruling the Supreme Court of Canada determined that intergovernmental agreements outlining programing spending allocation are not legally binding agreements or commitments.

Table 1.3 Examples of policy means in LDFs

	Self-Rule	*Shared-Rule*
Intergovernmental Interaction	Competitive	Cooperative
Policy Initiative	Unilateralist	Concertation
Intergovernmental Agreements	Political	Legal

The relationship between self-rule and shared-rule has been a source of polemic in the field (see Fenna and Schnabel above, and the response by Hueglin and Mueller). By relying on these terms, the aim is not to settle the latter debate, but to refer to generally proximate patterns of intergovernmental coordination in LDFs. Generally speaking, then, shared-rule is distinguished from self-rule in that share-rule envisions a form of policy making whereby the consent of at least one other government is required to enact policy. Without this consent, it is not possible to enact or implement policy. Conceptions of shared-rule differ on the degree of formality and specifically legislative coordination necessary, but in the main, what is at the core is the need for explicit consent from two or more orders of government subject to the policy (Hueglin & Mueller 2025). Self-rule, by contrast, does not envision such a necessity. Governments may act in areas of their competency with or without the consent of other potentially affected orders of government. Thus, the primary constraint on self-rule as a means of intergovernmental coordination is the potential political pushback, either directly through over criticism, or indirectly, via competing policies in overlapping or concurrent sectors.

To this end, while all federations will inevitably exhibit elements of these types of policy coordination, no federation will perfectly conform to any of them. Nevertheless, some federations tend more toward one orientation than the other. Likewise, it is equally anticipated that, based on their respective federal equity bargains, federations will tend to more closely approximate one of the other poles of coordination indicated. Finally, these lists are not exhaustive; further study may yield discovery of previously unidentified specifics. To this end, these modes of combination are understood to be able to be combined with each other in both broad and specific ways. At the broadest level then, are the combinations outlined in Figure 1.1 above: policy universalism + self-rule; policy universalism + shared-rule; policy territorialism + self-rule; policy territorialism + shared-rule.

Yet, these polarities can also be combined in more specific ways according to the modalities outlined in tables 1.2 and 1.3. While chapters 4, 5, and 6 will further explore these dynamics via sector-specific case studies, Table 1.4 below offers a preview of what these different combinations look like in practice, focusing on the question of basic labour rights across the federation, in the form of minimum wage laws.

Table 1.4 Specific combinations of coordination based on federal equity bargain

Coordination modality	*Policy example*
Homogenizing-unilateralist (Universalism + Self-Rule)	Australian Fair Work Commission
Homogenizing-concertation (Universalism + Shared-Rule)	Austrian Social Partnership model
Differentiation-unilateralist (Territorialism + Self-Rule)	Canadian jurisdiction specific minimum wage laws and minimum employment standards
Differentiation-concertation (Territorialism + Shared-Rule)	Swiss dualism: some (though still a minority) cantons have minimum wage laws, though there is none at the federal level. National wage standards are largely determined by sector-specific wage bargaining and agreements.

Thus, while chapter 6 will explore these sectors in greater detail, for our introductory purposes, it suffices to indicate what these different models look like in practice. To this end, the

Australian Fair Work Commission (FWC) can be broadly understood as an example of policy universalism + self-rule: the commission is an arbitration system that was set up by the Commonwealth Government for the purposes of normalizing wages and labour standards across Australia, as conditions historically varied considerably based on region. While wage awards aim to be nationally effective, only three out of six states have chosen to refer their state level industrial relations boards to the FWC: Victoria, Queensland and South Australia, while New South Wales, Western Australia and Tasmania have abstained (Parliament of Australia 2024). Thus, the latter policy is an example of intergovernmental coordination that aims to achieve universalizing scope, via means of self-rule.

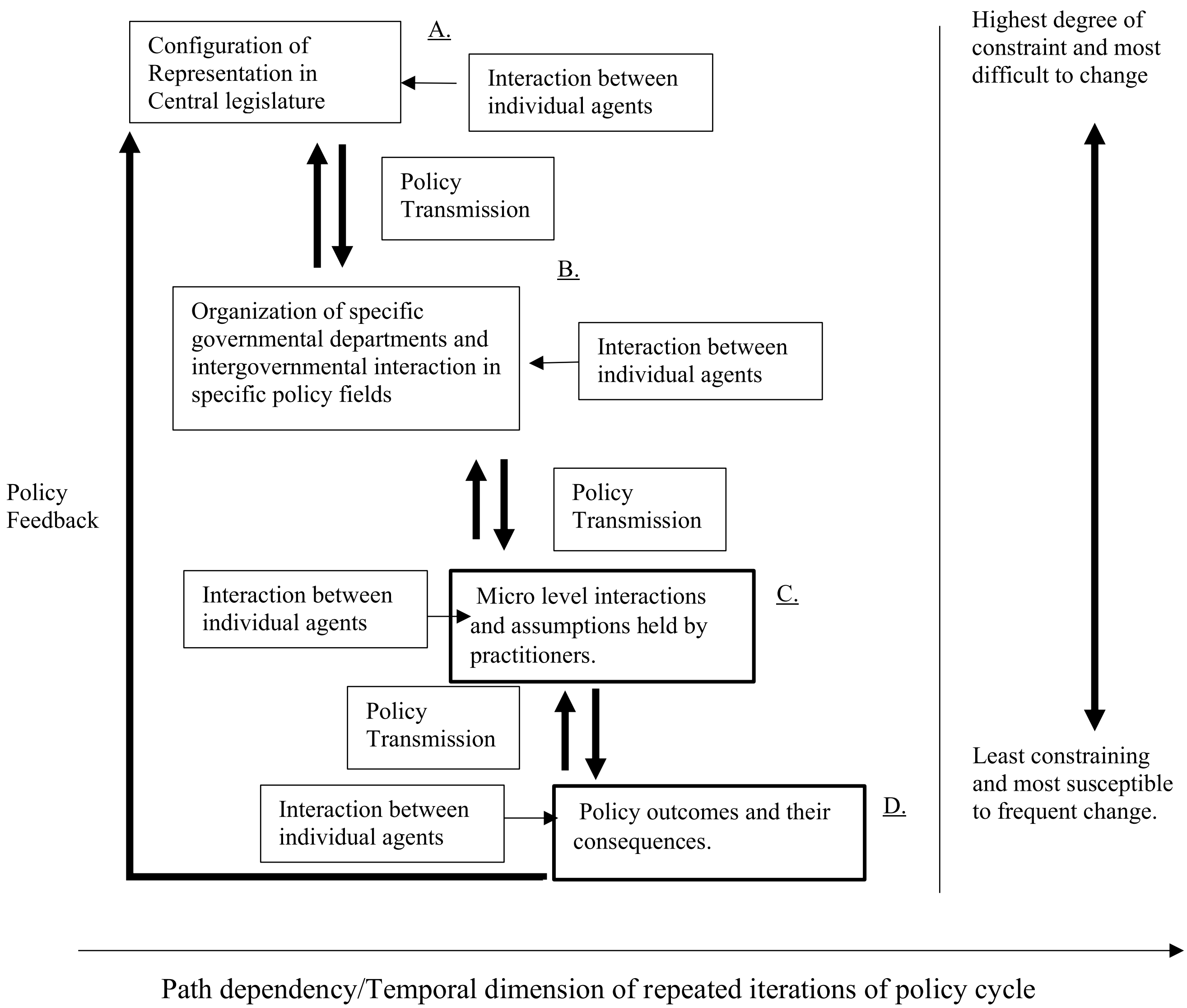
By contrast, the Austrian social partnership model is a much broader, even amorphous paradigm within Austrian society. In short, the social partnership is the concertation of interests between capital, labour and the state, with the aim of determining sector-specific wage levels. Thus, there are no *Land* level minimum wages in Austria, and one must refer to the codified sector-specific agreements in order to identify labour standards for the sector. In this way, the Austrian example broadly approximates the policy universalism + shared-rule model.

Canada represents almost the inverse of the Austrian model, where minimum wages and minimum employment standards are legislated (with the exception of standards set through collective bargaining) by each jurisdiction. Minimum wages and employment standards related to the number of statutory days off, vacation and leave, and termination can all vary by province. The Canadian example thus approximates the policy territorialism + self-rule model. Finally, the Swiss example, where some cantons legislate a minimum wage, while minimum standards and wages are more broadly set through concertation, resembles something of a midpoint between Austria and Canada, thus broadly approximating the policy territorialism + shared-rule model.

1.3.4 The role of institutional change and constraints

Finally, while this framework outlines the general relationship between the different configurations of representation and their anticipated effects, by themselves they remain somewhat static and do not sufficiently speak to the overall pattern, evolution, and consequences of political interaction over time. To this end, neo-institutional scholarship has emphasized the importance of policy feedback and the independent influence of institutional structure on policy outcomes, especially over time (Skocpol, Evans & Rueshchemeyer ed. 1985; Hall 1986; March & Olsen 1989; Steinmo, Thelen & Longstreth ed 1992; Pierson 2000; Mahoney 2001; Mahoney & Rueshchemeyer ed. 2003; Mahoney & Thelen ed. 2010, 2015; Lecours ed. 2005). Combining various elements of the neo-institutional literature then, Figure 1.2 below thus elaborates a model of institutional constraint and change.

Figure 1.2: General pattern of political interaction and policy transmission in liberal democracies



Here, the structure of the core constitutionally entrenched institutions, like the rules of seat allocation in the central legislatures of LDFs, is deemed most constraining and least susceptible to change over time. At the least constraining end are the consequences and outcomes of various policies, which are more fluid and subject to more frequent bouts of change. In turn, these policy outcomes, often all in various states of flux, feedback into the system of political representation, either via general elections, or other forms of influence on policymakers, such as, for example, turnover in the civil service. To this end, while individual policy changes may appear abrupt when viewed in isolation, when placed within a longer-term context, their development and consequences appear much more gradual and evolutionary. A longer time horizon, moreover, also allows for getting a better sense of the more fundamental or entrenched and reoccurring political dynamics within a particular liberal democratic federation.

In general, then, the framework developed here places strong emphasis on the configuration of the federal equity bargain as institutionalized within the central legislature of LDFs as both a hard constraint and enabling factor for the overall long-term pattern of the political architecture of intergovernmental coordination. It also emphasizes the importance of iterative policy evolution over time, to account for the ways in which federal equity bargains can nevertheless allow for and tolerate a wide range of practices and exceptions within their parameters. Despite this, it is anticipated that, especially when LDFs are placed in comparison with each other, distinct variations in each federation's political and policy dynamics will become apparent.

In this way, the fundamental configuration of federal institutions does matter for the overall quality liberal democratic federalism, notwithstanding the specific societal makeup of a particular federation. In the examples briefly discussed above, drawn from communist and post-communist federations in Eastern Europe, developing multilingual and multiethnic/national federations in West Africa, and industrialized OECD multilingual and multiethnic/national in Western Europe, structural and institutional features of federalism play a role in the political dynamic of federalism across very different socio-cultural spaces. To this end, this dissertation aims to systemically assess the ability of the framework developed above, to study and explain the political dynamics of LDFs in a much more sustained manner.

1.3.5 Linking the configuration of representation to dynamics of intergovernmental coordination: the role of causal mechanisms

Institutional constraints, while crucial in shaping the overall parameters and boundaries of change over time, are not by themselves sufficient for indicating the specific mechanisms shaping change at a given time. In this regard, this dissertation also aims to contribute to existing scholarship in the field of comparative federalism on mechanism-based explanations (Paquet & Broschek 2017). In essence, mechanisms represent the "pathway or process by which an effect is produced" (Gerring, 2008, 163), enabling researchers to connect "theories with empirical observations and to make inferences about how certain inputs are causally translated into outcomes" (Paquet & Broschek, 2017, 298).

In this respect mechanismic explanations are situated within the broader theoretical framework developed by researchers and aim to help show the causal transmission pathways embedded in complex social and political configurations (ibid.). To this end, this dissertation thus also shares Paquet and Broschek's view that while mechanisms help identify causal pathways, they are not by themselves deterministic (Paquet & Broschek 2017, 300). It is thus also possible to identify and elaborate the workings of a single causal mechanism within a given context, while still acknowledging that many other causal mechanisms may still be at work. Indeed, the presence of multiple mechanisms working concurrently doesn't invalidate an analysis which focuses on identifying and elaborating the contours of a single potentially operative mechanism. Indeed, the focus on even a single mechanism can still help advance our understanding of some of the ways in which causal forces are transmitted within certain defined situations and relationships (ibid.). On this view then, causal mechanisms help generate falsifiable hypotheses about one of, though not the only, modalities by causal forces are transmitted and can shape outcomes (ibid.).

To this end, this dissertation thus also aims to contribute to our understanding of the relationship between the structure of legislative representation and intergovernmental policy coordination in LDFs via the specification of a particular causal mechanism linking the configuration of representation in the central legislature to one of the four ideal-typical varieties of intergovernmental coordination described above in Table 1.1. In so doing, this dissertation does not suggest that the mechanism here described is the only possible mechanism at work, but rather that something approximating the mechanism can be understood to have an impact on, and partially explain, some of the key factors at work in shaping the relationship between regional representation in central legislatures and the dynamics of intergovernmental coordination in LDFs.

Building on the work of Riker (1962), and Gibson and Calvo (2000), this dissertation identifies one of the mechanisms linking the transmission of the configuration of representation to outcomes in patterns of intergovernmental coordination, in terms of *high and low maintenance regional coalitions*. To this end, this dissertation shares Riker's assumption that governing and political coalitions aim to be as large as necessary to win, but not larger (Riker 1962, 32–34). Likewise, from Gibson and Calvo, this dissertation adapts the assumptions built into their concept of high and low maintenance constituencies (Gibson and Calvo 2000, 34) where some regional constituencies and coalitions are understood to require the brokering of broader and more disparate regional interests than others. When these two mechanisms are combined in terms of *high and low maintenance regional coalitions*, it helps us get a better sense of how different configurations of representation are linked to the different varieties of policy scope indicated in table 1.2 above.

Thus, in *high maintenance regional coalitions,* there is a tendency to govern by bringing together broader, often more contradictory configurations of regional interests. These kinds of coalitions aim to identify broad common denominators, but owing to their heterogeneity, these coalitions can also be very volatile. Real world examples of governing coalitions in this regard are exemplified by the Progressive Conservative coalition in Canada, which made of often contradictory elements of western Canadian regionalism and Québec nationalism, with Ontario often brokering between the two. This coalition eventually fragmented under the strain of Meech Lake and Charlottetown constitutional negotiations in the late 1980s and early 1990s, leading to the implosion of the Progressive Conservative Party. Other examples of *high maintenance coalitions* are the Austrian grand coalition model, where the ÖVP and SPÖ governed together, only to have the grand coalition come under increasing strain and fragmentation by the 21st century, as the strain of brokering across so many different regional and social cleavages may have proven unsustainable for a period.

By contrast, regional political coalitions, which require the bridging of less dissimilar interests, are understood here as *low maintenance regional coalitions*. Low maintenance regional coalitions can often reach the minimum governing threshold on the basis of a much more narrowly focused regional coalition, but this often comes at the expense of a broader political legitimacy. A strong example in this regard is the regional coalition represented by the Liberal Party of Canada. To this end, the core anchor of the Liberal coalition is primarily centred in the contiguous "bilingual belt" stretching from eastern Ontario, through southern Québec and into northern New Brunswick, and is reinforced by voters in major urban centres, like Toronto and Montréal. Indeed, throughout its post-war history, the Liberal Party has often struggled to develop a broad and sustainable base of support in Western Canada, relying instead on its core support in Ontario and

Québec, where, by the 21st century, roughly 55% of seats in the House of Commons are concentrated. By contrast, the competing regionalized voting bloc, typically aligned with the Conservative Party, is centred in the Canadian prairies, extending into the British Columbia interior, and accounts for roughly 25% of seats in the House of Commons.

Such dynamics inevitably suggest the presence of a highly regionalized political dynamic, with the potential for many regions to become excluded from the governing coalition.[9] Other less pointed examples of low maintenance regional coalitions are the Australian Labor Party, which, other than an exceptional stretch under the leadership of Prime Ministers Bob Hawke and Paul Keating during the 1980s and 1990s, tend to have their support concentrated in urban centres at the expense of many rural regions in states like Queensland, which tend to be overrepresented in Australia's parliament. This structural feature of Australia's federal equity bargain has thus led the Labor Party to, at times, question the wisdom of the existing federal arrangements in the Australian context (Starr 1977).

In this respect *high* and *low* maintenance regional coalitions are understood as one of, though not necessarily the only, mechanisms which can help show how the configuration of regional representation is transmitted into intergovernmental policy dynamics. Building on the work and insights of Riker and Gibson & Calvo then, high *and low maintenance regional coalitions* aim to show how the configuration of representation can create structural incentives to appeal to more (or less) concentrated pockets of potential electoral support with the aim of achieving a minimum necessary regional governing coalition. In turn, this mechanism aims to help clarify some of the dynamics of intergovernmental coordination in LDFs related to the tendency

[9] Incidentally, there may be a relationship between the regionally concentrated electoral support of the Liberal Party, and the aim of creating "national' policies that extend beyond central Canada, in an attempt to broaden geographic support for the party.

toward either policy universalism or territorialism, on the one hand, and shared-rule or self-rule on the other.

Finally, in terms of egalitarian federalism, a key hypothesis of this approach is that regional coalitions, which are either too high, or too low, maintenance will generally be less pronounced in the development of egalitarian federalism. This is because if regional coalitions are too high maintenance, then the coalition becomes too disparate, and the common ground tying them together is too thin and brittle. By contrast, regional coalitions that are too low maintenance, while potentially easier to sustain as an ingroup, also exclude larger parts of the federation, thus also hampering their potential to develop sustainable egalitarian federal arrangements. Thus, LDFs, which strike a constructive balance between high and low maintenance, are projected to fare best in approximating egalitarian federalism. In this way, regional coalitions should be low maintenance and exclusive enough that the societal demands of particular regions are not diluted, but also high maintenance enough that no regions become content and take their position at the centre of the governing coalition for granted.

1.4 Case selection and research design

1.4.1 The overall scope of federal countries

Having set out a framework and variable hypotheses, the cases to which the latter will be applied remain to be outlined. To this end, comparative scholarship, particularly in the field of comparative federalism, is bedevilled by a small number of federal cases for comparison, thus making large 'N' studies of federations challenging. Watts (2008) lists just five "mature" federations whose constitutions date to before the Second World War:[10] The United States (1789), Switzerland (1848/2000), Canada (1867/1982), Australia (1901/1986), and Austria (1920/1955) (Watts 2008, 29–35). To round out the category, Watts additionally identifies Germany (1949) and India (1950) as "mature" federations, albeit with a post-war origin. In addition to these often-considered canonical examples of federal countries, other important federal countries include Brazil (1889/1988), Mexico (1824/1917), and Argentina (1853/1994) as prominent examples of presidential federations in Latin America[11] and Belgium (1970/1993) in Western Europe.

Once we leave the purview of the Americas and Europe; however, the picture for federation and federalism becomes much more complicated. The present status and future viability of Russia as a federation have been questioned, despite the country formally calling itself a federation (Filippov, Ordeshook & Shvetsova 2004, 301-2). Other relatively large countries of uncertain federal future include Ethiopia, Iraq, Sudan, Nigeria, and Venezuela. In West Asia, the United Arab Emirates, while composed of seven constituent emirates, is not a federation in the sense outlined in this dissertation owing to its lack of an elected central legislature (Watts 2008, 55–56).

To this end, if we were to add the Latin American federations of Brazil, Mexico, and Argentina to the seven "mature" federations identified by Watts, there is an immediate distinction to be made between presidential federations, on the one hand, and parliamentary federations, on the other. The presidential federations include the United States, Brazil, Mexico, and Argentina; the parliamentary federations include India, Germany, Canada, Australia, and Austria.

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[10] Federations for which two years are indicated refer to the year when a major change to the constitution was made effective.

[11] Some scholars like Watts (2008) only consider the post-authoritarian eras in Brazil and Argentina as truly federal periods. I've included the years of each of these countries' first autonomous constitutions, in addition to their most recent constitution, rather than, as Watts does, the year of their most recent constitution. Likewise, when considering "mature" federations, Watts appears to ignore Austria's authoritarian lapse into Nazism, preferring to emphasize Austria's pre-WWII constitutional origins. Much can be said about this decision, but it remains beyond the scope of this dissertation. For the sake of consistency, I have here chosen to include the year of the most recent constitution for "mature" federations as well, where applicable.

Switzerland, for some (Kriesi 1998, Badie & Birnbaum 1983), is an anomalous country straddling the line between presidentialism and parliamentarism.

On the one hand, Switzerland's semi collective head of state, the Federal Council, is chosen by the Swiss upper and lower house, the Council of States and the National Council, respectively. On the other, however, members of the Federal Council are forbidden from simultaneously being members of one of the chambers of the Swiss Parliament, and removal by recall or parliamentary vote is not possible (Haller 2016, 140). Given that referendums calling for the popular election of federal councillors have been defeated on numerous occasions, however (Haller 2016, 139), and that this lack of a popular election for federal councillors confers greater political legitimacy to the parliament, Switzerland will be classed among the parliamentary federations for the purposes of this study, as it is not clearly a directly elected executive presidential system in the way that the US, Brazil, Mexico and Argentina are. Likewise, while Austria elects its president through a general election (unlike in Germany, where the president is chosen by the legislature), the Austrian and German presidents are largely figureheads.

If we were to further limit ourselves to those federations with a pre-WWII constitutional origin (the USA, Switzerland, Canada, Australia, and Austria), four of the five such federations lean parliamentary in the sense described above. Moreover, of these four, two pairs most closely resemble each other in cultural, geographic and population matters: Canada and Australia, on the one hand, and Switzerland and Austria, on the other. The United States, in this respect, figures as a bit of the odd one out. While arguably being the template for modern federalism and federations (Wheare 1946, Stepan 2004a), it nevertheless remains quite distinct from the other four countries, owing to its international status as a superpower rather than a middle power; its immense population size in contrast to the more modest size of the other four; and finally its congressionalpresidential political institutions are distinct from the other four largely majoritarian-parliamentary federations. In this way then, the American example stands out among the most mature examples of liberal democratic federalism.

Finally, a few words should be said about the EU. The EU has frequently been considered a federal type of entity owing to the density, frequency, and institutional structure of interactions among member states (Menon & Schain ed. 2006; Watts 2008; Fenna & Hueglin 2015). Moreover, in many ways, the EU also adheres to Fenna and Schnabel's definition of a federation, as discussed above. This despite the EU formally being an international organization governed by an international treaty. Nevertheless, some aspects of the EU do set it apart in important ways from more typical LDFs, particularly in that the EU is an international organization, and not in itself a sovereign country. As such the conditions for withdrawal from the EU are somewhat different from those of secession within LDFs, given that in the EU, the member states are already internationally recognized as sovereign states.[12]

1.4.2. Country and policy sector selection

By putting aside the United States then, this thus leaves us with four parliamentary LDFs with a pre-war constitutional origin: Australia, Austria, Canada, and Switzerland. While seemingly unwieldy at first sight, the crosscutting features of each of these federations make for a compelling comparative study. Like Canada, Switzerland is a relatively decentralized multilingual and multinational federation. Australia shares with Canada a political tradition and governmental form,

[12] While this can't be explored in full detail within the criteria of this dissertation, the relevant comparisons would be between Article 50 of the Treaty of the European Union, and, for the Canadian case, see the *Secession Reference* case at the Supreme Court of Canada, and the subsequent federal *Clarity Act*, which sets conditions under which negotiations leading to secession may be undertaken.

much like Austria and Switzerland share many Germanic political traditions. Austria and Switzerland, like Canada, share a border with a culturally similar and much larger and more influential country—Germany and the United States, respectively. Likewise, Canada's economic reliance on the United States runs somewhat parallel to Austria's and Switzerland's economic reliance on Germany.

These four countries are also sufficiently distinct from one another, such that identifying and controlling for specific configurations and their long-term consequences are also possible. Thus, while Canada and Australia share very parallel British histories with a shared legacy of settler colonialism, the presence of the francophone fact in Canada has often been cited as a reason for the seemingly more "decentralized" character of Canadian federalism in contrast to the Australian example (Erk 2008; Greer, Béland, Lecours, Dubin 2023). Likewise, a similar argument has been made about Austria in relation to Switzerland; Austria is a "federation without federalism" (Erk 2004).

These similarities and differences thus provide a fruitful testing ground for the framework and hypotheses outlined above. Indeed, from the perspective of egalitarian federalism defined earlier, the framework developed in this dissertation broadly anticipates that LDFs with a higher degree of regional equality will tend toward policy universalism, while a lower degree of regional equality will tend toward policy territorialism. Likewise, a higher degree of equal seat apportionment between regions is generally anticipated to correspond with the greater prevalence of shared-rule. By contrast a higher degree of malapportionment in seat allocation between regions is anticipated to correspond more so with the greater prevalence of self-rule.

To this end, by focusing on these four LDFs, with their unique variations of overlapping and diverging characteristics, the aim is to identify the extent to which the hypotheses developed in this chapter may be broadly confirmed. Thus, a further concern in developing this framework is also to get a better understanding of long-term patterns of continuity and change in LDFs, and of convergence and divergence in the patterns and dynamics of intergovernmental coordination among LDFs. To this end, one of the more distinctive areas in which these kinds of concerns become particularly visible is indeed the domain of intergovernmental coordination. Highly visible intergovernmental coordination is effectively one of the most obvious features of federal states and a fruitful basis for comparison (Burgess 2006; Watts 2008 117—124; Hueglin & Fenna 2015, 238–274).

Several important older and recent studies have nevertheless been undertaken in this field (Simeon 1973; Mallory 1976; Pollard 1986; Simeon ed. 1985; Erk 2008; Bolleyer 2009; McEwen & Moreno ed. 2009; Wallner 2014; Parker 2015; Bröschek & Goff ed. 2020; Schnabel 2020), with each focusing on slightly different aspects of intergovernmental coordination. Simeon (1973) focuses on the process of intergovernmental coordination in setting pension policies. Mallory (1976) focuses on how the constitutional distribution of competencies shapes intergovernmental conflict; Pollard focuses on the role of bureaucratic and institutional intermediaries in shaping intergovernmental coordination; Erk (2008), as mentioned above, focuses on the role of underlying societal cleavages in shaping intergovernmental priorities; Bolleyer (2009) emphasizes the importance of executive-legislative relations at the regional level in shaping the forums of intergovernmental cooperation; Wallner (2014) identifies how policy diffusion can take place in federations without direct central government coordination. This dissertation builds on the work of these scholars by additionally focusing on the relationship between the configuration of representation within the central legislature and the overall political architecture of intergovernmental coordination in the federation. To this end, Table 1.5 below outlines some of the key similarities and differences among the case countries across a number of key variables.

Table 1.5: Comparison of key similarities and differences for case countries

		Australia	Austria	Canada	Switzerland
Institutional characteristics					
	Type of federation	Dual	Administrative	Dual	Dual
	Degree of executive autonomy from the legislature	Low	Low-Medium	Low	Medium-High
	Strength of Bicameralism in central legislature	High	Weak	Weak	Medium
	Upper House	Elected	Appointed (Regional Gov).	Appointed (Central Gov).	Elected
	Regional representation in the upper house	Equal	Weighted	Weighted	Equal
	Structure of Regional Legislatures	Bicameral	Unicameral	Unicameral	Unicameral
Societal Characteristics					
	Official language diversity	Low	Low-Medium	Medium	Medium-High
	Minority Nationalism	Low	Low	High	Medium
	Geographic Scale	Large	Small	Large	Small

	Population Size	Medium	Small	Medium	Small
Jurisdictional allocation					
	Fiscal Equalization	Central/Vertical	Central/Vertical	Central/Vertical	Central/Vertical + Regional/ Horizontal
	Higher Education	Regional	Central	Regional	Dual (Federal + Cantonal universities)
	Domestic Economic Union	Shared	Shared	Shared	Shared

In terms of the policy sectors chosen for comparison, these case studies are selected based on two core considerations. First, an attempt has been made to select a variety of policy sectors that are typically more or less associated with one or the other level of government. Second, an attempt has also been made to pick sectors which are also of importance for the study of egalitarian federalism, as defined earlier. Thus, in this respect, vertical fiscal equalization is typically a central government responsibility; higher education is typically a regional government responsibility; and coordination of the domestic economic union is typically a shared responsibility. These fields are also important for the study of egalitarian federalism. As defined earlier in this chapter, fiscal equalization is a key program for ensuring fairness and equality across federations. Access to higher education is also seen as a key indicator for leading a fulfilled and enriched life. Lastly, the domestic economic union speaks to how individuals in LDFs can expect to pursue economic opportunities across the country. In order to assess the relationship between the configuration of representation and the political architecture of intergovernmental coordination in each case, the framework, mechanisms and assumptions outlined earlier in this chapter and in Tables 1.1, 1.2, 1.3, and 1.4 and Figures 1.1 and 1.2 will generally guide the case studies, though more policy sector-specific criteria will also be outlined at the beginning of each case study chapter.

1.4.3. Overall approach and chapter outline

The study will thus be organized in the following way: chapter 2 will focus on the constitutional rules for seat allocation in each of the case study countries. The aim is to identify how representation is organized in each of the LDFs under study, and to thus identify the basic constitutional rules framing the trade-off between individual and regional equality in the central legislatures of Australia, Austria, Canada, and Switzerland. Following chapter 2, chapter 3 will present original data which measures the long-term configuration of representation in each of the four countries, placing each configuration within one of the four patterns outlined in Figure 1.1. The methodology that will be used to make this assessment will be further elaborated in chapter 3, but for now it suffices to note that Laakso and Taagepera (1979) "effective number of parties" methodology will be adapted to identify the effective number of constituent units represented.

Chapters 4, 5, and 6 will each focus on an individual policy sector-specific case study. Chapter 4 will focus on fiscal equalization, chapter 5 on higher education, and chapter 6 on the establishment of an internal market. Again, each case study chapter will provide further context and details regarding how each sector is being approached. Finally, chapter 7 will bring the study to a conclusion, summarizing the findings and pointing to future areas for study.

1.5 Limitations of study

1.5.1: Scope of study

This dissertation aims to construct a conceptual framework adequate for cross-national application, with the aim of identifying conditions under which egalitarian federalism, as defined earlier in this chapter, may be approximated. As part of this assessment, this dissertation additionally contributes comparative case studies of four long established LDFs across three policy sectors. It emphasizes the relationship between the structure of legislative apportionment and patterns of intergovernmental coordination, focusing on the contradictory tensions at the heart of the federal equity bargain. It introduces some novel concepts and revises some existing framework in attempt to make raise some new questions in the field of the comparative politics of federalism that have not been raised before, or in ways that haven't been previously considered, by contextualizing the importance of the configuration of individual and regional representation in explaining, "how federations hold together." In so doing, it aims to make theoretical contributions to the scholarship on comparative federalism, and to contribute to the nascent "configurational" approach (Greer, Béland, Lecours & Dubin 2023) within the subfield, while also remaining faithful to an older tradition focused on the "effects" of federal structures on politics and policy (Gibson ed. 2004).

However, several limitations additionally characterize this study. For one, this dissertation does not sufficiently go into detail regarding the political origins of the federal equity bargain of each country studied here. The task far exceeds the scope of this dissertation and would require a separate study to treat the subject with the required attention. A second key limitation concerns the threshold points of the federal equity bargain. Indeed, the framework developed here does not identify an absolute margin at which one of the variables inherently incites a certain dynamic. As subsequent chapters will show, it is only when the variables are mapped out longitudinally in a cross-country way that the existence of distinct federal equity configurations and their effects become visible. Additionally, this dissertation doesn't purport to describe and explain every fine-grained technical detail of the policy sectors studied for each country. To do so would indeed be an immense task. Rather, the aim here is to have captured each policy sector with sufficient attention to detail, such that the overall parameters of the political architecture of intergovernmental coordination are correctly identified and captured.

A further limitation of this study is its focus on the post-war period. There are several reasons for this. First, it is generally recognized that the post-war period ushered in a unique commitment toward egalitarianism and mass democracy that has been somewhat unique in contrast to previous epochs. Decolonization, the expansion of civic rights to previously excluded groups, the shortening of travel times, and large increases in health and life expectancy; in short, these advances took place alongside major changes in the architecture of global governance. As OECD members then, each of these four countries faces common pressures that they would not have collectively encountered during the pre-war era. Finally, then, this study is far from an exhaustive overview of all federal types. A similar study focusing on presidential federations or emerging federations may very well produce different results.

It should also be noted that, in many of the case study chapters, the four countries are ordered on a combination of numerical and qualitative assessments. In the case of qualitative assessments, the ordering of the countries is based on relative rather than absolute thresholds. Thus, distinctions like "high" or "low" should be understood in relation to the country cases, not in any absolute sense. In cases where an additional qualifier is added, such as "medium-high," the assessment is based on the recognition that, given the evidence assessed, the qualifier was necessary to more accurately represent the relationship in consideration of the evidence presented.

1.5.2. Relationship to other explanatory factors

Finally, a closing note before concluding this chapter. The framework developed in this dissertation, while extensive in development and application, is not exhaustive in its explanatory capacity. It builds on and complements the work of scholars described throughout this chapter. In this respect then, the federal equity bargain and the configuration of representation may not necessarily represent the most important, let alone the only explanatory factor across federations. Thus, consociational nationalism may be far more critical factor in Belgium. The American presence during post WWII may be most crucial in Germany. The late and highly unequal capitalist development of Latin American federations is also an inescapable factor in Brazil, Mexico, and Argentina.

Nevertheless, the purpose of this dissertation is to show how the configuration of representation can frequently work alongside those factors, by exacerbating or mitigating them, and ultimately reorienting them in different ways. In this respect then, the framework developed in this dissertation is intended to work alongside numerous such explanations in effort to account for political dynamics in LDFs that are nor necessarily fully explained by these other frameworks.

Considered from this perspective then, the federal equity bargain framework developed in this dissertation is most useful for explaining long-term variations in intergovernmental policy coordination among otherwise similarly configured LDFs; for understanding shifts in the organization of certain policy sectors over the long-term in LDFs; and for assessing the general progression toward (or away from) egalitarian federalism among the countries studied. By contrast, the framework does not aim to explain abrupt or sudden paradigm shifts in policy making; nor does it aim to explain certain highly specific policies related to the distinct cultural or historical legacies of certain federations. The aim, in this respect, is rather to attempt to explore and elucidate why intergovernmental coordination may take on the political dynamics it does, rather than explain the ultimate origin of the substantive content of the policy itself. Indeed, this latter task would require a far more country specific and historically attuned approach, less focused on developing generalizable hypotheses as this dissertation aims to.

Chapter 2:
Seat allocation Criteria in Australia, Austria, Canada and Switzerland

Chapter 1 outlined the theoretical framework and premises on which this dissertation is based. It elaborated on the concept of the federal equity bargain, with the aim of capturing the nature of the trade-off liberal democratic federations (LDFs) must make between the equality of constituent units, on the one hand, and the equality of individuals, on the other. Chapter 1 further highlighted the importance of the central legislature of LDFs as the key institution that formalizes the federal equity bargain. To this end, this chapter identifies seat allocation criteria in the central legislatures of this dissertation's four case study countries: Australia, Austria, Canada, and Switzerland. Though often assumed that representation on a constituent unit basis is reserved for the upper chamber of central legislatures in LDFs (Smiley & Watts 1985; Swenden 2004), numerous constitutional clauses exist in each of these case study countries, which effectively "smuggle" representation on a constituent unit basis into the lower houses of their central legislatures. And conversely; though individual representation is primarily thought to be captured by the lower house, the federations under review make various concessions to proportionality within their upper houses as well.

The aim of this chapter is thus to outline these basic constitutional rules that reflect the federal equity bargain in each of these countries, demonstrating that federations can significantly vary in their seat allocation criteria. In this way, the chapter identifies and establishes important differences in the configuration of both constituent units and individual representation in central legislatures. It is these configurations of representation that this dissertation hypothesizes to be shaping the political architecture of intergovernmental coordination in LDFs. Chapter 3 will subsequently go into further detail regarding the long-term empirical evolution of these configurations among the four case study countries. Part 2 of this dissertation will then test this hypothesis across three identical policy sectors for each country. For our present purposes, however, chapter 2 will be organized as follows: it begins with a brief overview of the conceptual relationship between legislative representation and interest aggregation in liberal democracies and LDFs. This is then followed by the core of the chapter, an overview of the seat allocation criteria in Australia, Austria, Canada, and Switzerland. The concluding section of the chapter tabulates the findings.

2.1 Legislative representation and liberal democratic federalism

The question of representation has been at the core of reflection about politics since at least the period of the ancient Greeks. Its emblematic formulation of the modern era, however, is most often associated with the work of Hobbes, for whom representation was synonymous with sovereignty (Pitkin 1975). More recently still, the American federal example wrestled with the problem of how to configure a specifically federal type of sovereignty. In contrast to Hobbes, who understood sovereignty and representation in a specifically unitary and absolutist manner, when seeking to adopt a constitution in the immediate post-revolutionary period, the Americans considered the merits of two competing proposals that aimed to reconcile parallel varieties of local and general authority within a single legislature.

During the constitutional convention at Philadelphia in 1787, the representational configuration of the federal legislature would thus become an important flashpoint, influencing the eventual institutional form of the United States. The Virginia plan, named so after delegates from the state, most notably James Madison, proposed a bicameral legislature apportioned according to the relative population of each state. This proposal was understood as favouring the position of larger, more populous states. By contrast, the New Jersey delegation proposed a considerably different option to the Virginia plan, one that instead sought greater protection of the interests of less populous states via a unicameral legislature that allocated an equal number of seats to each state. In the end, however, a compromise was struck. In what would be later known as the "Connecticut compromise," delegates from the state instead adopted a bicameral legislature where seat allocation to the lower house would be based on the size of a state's population, while all states would be allocated equal representation in the upper house. The "Connecticut compromise," an emblematic federal equity bargain, to this day still forms the basis of the current American Congress (Smiley & Watts 1985, 52–53).

Such tensions are at the core of the federal equity bargain and remain a key element of the distinctiveness of liberal democratic federalism. While these tensions exist across all LDFs, the American example represents an influential—albeit particular—configuration of the federal equity bargain. To this end, Stepan (2005) emphasizes the importance of looking beyond the American model of federalism and what Stepan considers its "demos-constraining" upper chamber (Stepan 2004 46–47). Looking beyond the American example can thus help offer a more robust understanding of the strengths and limitations of different configurations of the federal equity bargain in their specific historical and social settings.

As Stepan notes then, the influence of the American model has led to a particularly "demos-constraining" understanding of the role of upper chambers in the central legislatures of LDFs. Representation in the upper houses of federal legislatures has thus earned a reputation as one of the core political safeguards for the representation of regional rights at the political centre of LDFs. Smiley & Watts have termed this view as *intrastate federalism*: the mechanisms and arrangements through which the interests of the regional governments are channelled through and protected by the institutions and operations of the central government (Smiley & Watts 1985, 4).

While this is an analytically useful ideal-type distinction, in fact, in all LDFs, *intrastate* considerations also prevail in the lower house of the central legislature. In this way, then, the distinction between the upper and lower houses can become blurred in some LDFs. Thus, in parliamentary federations such as Australia, the upper house has played a key role as both a source for cabinet recruitment, but also in the maintenance of government confidence (Swenden 2004). Likewise, in other federations, such as Canada, the lower house has been a source of political tension given its composition criteria tend to favour the smaller, slower growing provinces in the easternmost Maritime and Atlantic regions of Canada, at the expense of the faster-growing regions in the west of the country (Gagnon & Poirer ed. 2020, 71). In this way, then, *intrastate* representation isn't just a matter of regional place holding at the centre; it is about political power and the ability to broadly shape the coordination of policy within a liberal democratic federation (ibid.).

Despite this, regional representation at the centre is not the only factor that shapes political power and policy coordination in LDFs. Equally important is how this regional representation has been apportioned across the entirety of the population. As a general principle, liberal democracies strive for one person, one vote (Snyder & Samuels 2004, p. 131). However, a competing commitment to regional equality in liberal democratic federations can result in unequal voting power, with some regions having more representatives per capita than others. With this in mind, the above discussion thus brings us to identify the seat allocation criteria in each of the countries under study.

2.2. Formal seat allocation criteria in Australia, Austria, Canada, and Switzerland

As indicated in the brief discussion above, the overall configuration of representation at the legislative centre of LDFs is a key manifestation of the federal equity bargain in such countries. In what follows, the seat allocation criteria of the four countries under study in this dissertation: Australia, Austria, Canada, and Switzerland, are described. Tables indicating the most recent seat and population distribution data across each country's respective subunits are also provided.

2.2.1 Australia

a. Lower House

The lower house of the Australian Parliament is called the House of Representatives. It has doubled from 75 seats at its inception in 1901 to 150 seats today. Section 24 of the Australian Constitution outlines some of the basic criteria for representational allocation in the House of Representatives. The number of seats in the lower house is to be "as nearly as practicable" twice that of the Senate. Nevertheless, the six original states (New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania) are guaranteed a minimum of five seats in the lower chamber. The seats are ultimately allocated on a regional basis, however, as each state comprises a single electorate (Saunders 2011, 118). Section 24 outlines a basic seat allocation quotient to this effect, and which is now overseen and administered by the Australian Electoral Commission under the authority of the Commonwealth Electoral Act. To this end, section 48 of the Commonwealth Electoral Act (Determination of the number of members of the House of

Representatives to be chosen in States and Territories) further specifies the criteria for subunit seat allocation in the House of Representatives.

According to this section, the per state seat quota in the House of Representatives is determined using the latest official published statistics "on the day after the one-year anniversary of the first meeting of the House of Representatives." Given the constitutional priority accorded to the Senate over the House of Representatives in the Australian Constitution, Senate seat allocation is the basis for determining the House of Representatives seat allocation quota. The first step for determining the apportionment quota for House of Representatives thus requires dividing the population of the country by twice the number of senators for the states. There are twelve senators allocated to six states, making for a total of 72 senators. The House of Representatives seat quota is thus determined by dividing the population of Australia by twice the number of senators, i.e., by dividing the population of Australia by 144. This method is valid for determining the number of seats for each state. The two territories (the Australian Capital Territory and the Northern Territory) do not factor into this calculus. Representation for the Australian territories is outlined in the Electoral Act and is based on the quota derived from the state population numbers. Moreover, there is no constitutionally guaranteed representation for the territories, which is ultimately a matter of statute law.

Important concessions to intrastate federal representation additionally stand out. Most importantly, is section 29 of the Australian Constitution, which stipulates that electoral boundaries "shall not be formed out of parts of different states." Section 26 additionally outlines the minimum number of seats to be allocated to each state in the House of Representatives, notwithstanding the results of the quota process and state population. In this way, numerous concessions to intrastate representation are made in Australia's lower house. As Table 2.1 below shows, the result of this combination of rules is that smaller states like Tasmania are considerably better represented than large states like New South Wales.

a. Upper House

Seat allocation in the Australian Senate is outlined in sections 7–23 of the Australian Constitution. Section 7 provides that the Senate will be composed of senators for each state, and there will be a minimum of 6 senators for each of the original six states. Additionally, section 40 of the Commonwealth Electoral Act outlines the rules for Senate seat allocation for Australia's two principal territories, the Australian Capital Territory and the Northern Territory. Under section 40(2), if representation of each territory in the House of Representatives increases above a threshold of 6, the number of senators for each territory will diminish by one. State senators are elected for 6-year terms, territory senators for 3. New states do not have an automatic constitutional right to the same number of senators as the original states.

In addition to these latter considerations, and in contrast to the House of Representatives, under section 12 of the Australian Constitution, State Governors, rather than the Commonwealth Governor General, issue writs for Senate elections (Saunders 2011, 119). While Senate elections have tended to be aligned with the Commonwealth's electoral schedule, effective administration of elections to the Senate is in the hands of the individual states. This was meant to further safeguard federal qualities within the Australian Parliament (Ibid).

Finally, it should be noted that the configuration of Australian representation is very much anchored by the Senate (Swenden 2004). The size of the House of Representatives is constitutionally mandated to be no more than twice that of the Senate. While early on in Australia's federal history, the Senate was expanded to allow for an enlarged House of Representatives, some Australian constitutional experts believe that expansion in the size of the Commonwealth

Parliament can longer be justified, baring a significant growth in population. Thus, the size of the Australian Parliament seems to be effectively capped at 150 seats in the House of Representatives and 75 in the Senate, for the foreseeable future (Saunders 2011, 118).

Table 2.1: Seat and population distribution in Australia June 30, 2024, est.

Country	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Australia	27,122,411	150	76	226	120,010.67

Region	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
New South Wales	8,469,600	46	12	58	146,027.59
Victoria	6,959,200	38	12	50	139,184.00
Queensland	5,560,500	30	12	42	132,392.86
Western Australia	2,951,600	16	12	28	105,414.29
South Australia	1,873,800	10	12	22	85,172.73
Tasmania	575,700	5	12	17	33,864.71
Australian Capital Territory	472,800	3	2	5	94,560.00
Northern Territory	254,300	2	2	4	63,575.00

Estimates based on the Australian Bureau of Statistics, Australian Bureau of Statistics (June 2024), national, state and territory population, ABS website, accessed 17 November 2024.

2.2.2 Austria

a. Lower House

According to the Austrian constitution, the centre of state authority is located in the federal parliament and its two chambers: the National Council (Nationalrat, Lower House) and the Federal Council (Bundesrat, Upper House) (Stelzer 2011, 18). Since 1970, there have been 183 seats for allocation in the Nationalrat. From 1945 to 1970, the lower house held 160 seats for allocation. Section 26 of the Austrian Constitution outlines the rules for seat allocation. The rules regulating Nationalrat elections are further specified in the 1992 federal law on parliamentary elections. Under the Austrian constitution, it is stipulated that members will be elected on the basis of the "principles of proportional representation" (Austrian Constitution). Nevertheless, an important modicum of plurality voting remains, as representatives are still to be elected within constituencies (Stelzer 2011, 66). Under section 26.2, the constitution prioritizes the position of the Austrian *Länder*[13] by ensuring that, "The federal territory will be divided into self-contained constituencies whose boundaries may not overlap the provincial boundaries" (Austrian Constitution).

Seat allocation is based on the population of each *Land* according to the most recent census (Muller 2009) but Austria's commitment to proportionality somewhat complicates districting by halving multilevel districts. Thus, under Austria's proportional system, while a number of seats are allocated in advance to Austria's *Länder* on the basis of population, those elected will represent localities of varying scales. *Land* seat allocations are ultimately published in the national gazette in advance of the upcoming election. Thus, while a strong commitment to proportional

[13] In this dissertation, I have aimed to use the word *Land* when referring to a single Austrian region. *Länder*, by contrast, is employed as a plural form when referring to an agglomeration of more than one *Land*.

representation exists, it is also counter-veiled by an overlapping and equally important commitment to representation based on the constituency.

b. Upper House

Seat allocation in Austria's upper house, the Federal Council (*Bundesrat*), depends on the result of the last census and by means of an ordinance of the Federal President published in the government bulletin (Steltzer 2011, 75). The state with the largest population receives twelve seats, and the least populous receives three. Each *Land* Parliament determines who will stand as a representative in the Federal Council. These decisions are generally based on the principle of proportional representation, as it relates to the relative share of a given party's seats in the respective *Land*'s Parliament.

The Federal Council, in contrast to the National Council (*Nationalrat*), is specifically tasked with representing the interests of the *Länder* in the Austrian Parliament. In practice, however, members of the Federal Council often form caucuses with members of the National Council (Stelzer 2011, 75), thus lending Austria's bicameral national legislature a quasi-unicameral character. As a result, the largest *Land* effectively enjoys a greater share of representation in the national parliament; yet, as we will see shortly, the distribution of representation among the *Länder* remains relatively equally distributed, despite the Austrian Constitution's stated commitment to proportional representation. Table 2.2 below outlines the results of this process.

Table 2.2: Seat and population distribution in Austria

Country	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Austria	9,158,750	183	60	243	37,690.33
Region	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Wien (Vienna)	2,005,760	33	10	43	46,645.59
Niederösterreich (Lower Austria)	1,723,723	37	12	49	35,178.02
Oberösterreich (Upper Austria)	1,530,349	32	10	42	36,436.89
Steiermark (Styria)	1,269,801	27	9	36	35,272.25
Tirol (Tyrol)	775,970	16	5	21	36,950.95
Salzburg	571,479	11	4	15	38,098.60
Kärnten (Carinthia)	569,744	12	4	16	35,609.00
Vorarlberg	409,973	8	3	11	37,270.27
Burgenland	301,951	7	3	10	30,195.10

Estimate based on Statistik Austria as of January 1, 2024.

2.2.3 Canada

a. Lower House

The Canadian constitution includes a number of clauses that guarantee an important degree of sub-central representation in Canada's lower house, the House of Commons. The formalized and codified portion of the constitution of Canada, resembling, in many respects, the country's basic law rather than the entirety of the constitution proper, is contained in two documents; *The*

Constitution Act, 1867, outlines the basic structure of the state and its core institutions.[14] The second document, *The Constitution Act, 1982*, is primarily concerned with outlining procedural limits on the exercise of public authority.

Section 37 of Canada's 1867 constitution outlines that the House of Commons shall consist of members elected from each of Canada's ten provinces and three territories. Nevertheless, section 51 outlines the basic rules according to which seats between the provinces and territories will be allocated. In general, section 51 outlines a basic formula according to which seat allocation and proportion will be determined. While the formula outlined seeks to ensure that one representative is allocated for roughly every 100,000 people, a number of political considerations are also included under section 51 that seek to ensure the political balance of the federation is maintained. For example, section 51.2 stipulates that if the allocation quotient outlined under section 51.1 results in a province receiving less than the number of seats as indicated under section 37, section 37 prevails[15]. Likewise, section 51.2(2) further stipulates that no province will have fewer seats in the House of Commons than the number of senators representing the province

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[14] Constitutional scholarship in Canada can differ in some essential respects between French language and English language scholarly traditions. This is partially due to the existence of both civil and common law traditions alongside each other in Canada; yet these differences are, at times, also the expression of different political projects, civil and common law traditions not withstanding. In this sense, one can also identify some essential distinctions in scholarship between right and left-leaning scholars, between civic republicans and liberals, and between French and English language traditions. Prominent examples among these include Morton & Knopff *Charter Politics* (1992), Michael Mandel, *The Charter of Rights and Freedoms and the Legalization of Politics in Canada* (1994), Henri Brun *Droit Constitutionnel* (6th Ed, 2014), and Peter Hogg's frequently updated *Constitutional Law of Canada* (2017). While this is not the place to engage in substantive political and philosophical interpretation of the Canadian Constitution and its scholarship, my choice to frame the 1867 and 1982 Constitutions as a form of basic law concerned with procedural limits on the exercise of public authority stems from this dissertation's comparative and neo-institutional approach that at once takes organizational forms and their consequences seriously, but also from the need to develop a standardized framework that can identify core distinctions and commonalities between national cases.

[15] Section 51.2 reads: "If the number of members assigned to a province by the application of rule 1 and section 51A is less than the total number assigned to that province on the date of the coming into force of the Constitution Act, 1985 (Representation), there shall be added to the number of members so assigned such a number of members as will result in the province having the same number of members as were assigned on that date."

in the Canadian Parliament's upper chamber. These two clauses are popularly referred to as the grandfather clause and the senatorial clause, respectively (Elections Canada, 2019).

While the aforementioned represent the basic representational principles enshrined in Canadian constitutional law, seat apportionment is further specified under the auspices of the *Electoral Boundaries Readjustment Act.* Under this act, and stipulated under section 51, electoral boundary commissions are to take place every ten years on the basis of the most recent census. A commission is set up for each of Canada's ten provinces, appointed in tandem by the Chief Justice of the province in question and the speaker of the House of Commons. Under section 15b of the *Electoral Boundaries Readjustment Act,* commissioners are encouraged to take into consideration the reasonable maintenance of existing "communities of interest" and "communities of identity" (when determining appropriate electoral boundaries. Given that every province receives its own commission, however, there is no question of identifying "communities of interest" that overlap provincial boundaries, such as in the case of Lloydminster, which straddles the border between Alberta and Saskatchewan, and the National Capital Region, which straddles the border between Ontario and Québec.

b. Upper House

Seat allocation in Canada's upper house, termed the Senate of Canada, is, like the lower house, outlined primarily in Canada's 1867 constitution. Sections 21–36 of the *Constitution Act 1867* outline the rules regarding the institution. In particular, section 22 outlines the apportionment of Senate seats between Canada's provinces. Accordingly, four "divisions" for the Senate of Canada are outlined: Ontario, Québec, the Maritime provinces and the Western provinces. Each "division" is to be allotted 24 senators, and, in the case of the regional agglomerations of the Maritimes and Western Canada, New Brunswick and Nova Scotia are allotted ten senators, Prince Edward Island, 4; six for each of the Western provinces of British Columbia, Alberta, Saskatchewan and Manitoba. Finally, Newfoundland, the most recent province admitted to Canada in 1949, is allotted six senators, while each of Canada's three territories is accorded one seat. In total, the Senate of Canada comprises 105 seats, with section 28 of Canada's 1867 constitution indicating the Senate will not at any time exceed 113 seats. The Parliament of Canada is an example, on paper at least, of perfect bicameralism, as the Senate formally shares almost all of the same powers as the House of Commons (Webber 2015, 66).

While Canada's constitution does not explicitly outline such a necessity, the practice has been that Canadian senators are political appointments made on the advice of the Prime Minister, rather than elected in a general election (though Canadian Prime Ministers have differed in their politics of Senate appointment).[16] A loose residency requirement also requires that Senators have established residency in the province for which they are appointed, in addition owning property valued at a minimum of 4,000 dollars within the province of residence.[17] Perhaps most controversially, once appointed, senators may occupy their seats until a mandatory retirement at age 75. However, despite the formal authority and equality with the House of Commons, the unelected status of senators has generally made them very reluctant to use their formal authority to block actions taken by the democratically elected members of the House of Commons (Telford 2015, 109).

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[16] For instance, Conservative Prime Minister Stephen Harper (2006-15) unsuccessfully sought to abolish the Senate, while his successor, Prime Minister Justin Trudeau, has established "an independent advisory board for Senate appointment", allowing interested persons to apply for the chance to be appointed to the Senate. See https://www.canada.ca/en/campaign/independent-advisory-board-for-senate-appointments.html for more details.
[17] Section 24.5: He shall be resident in the Province for which he is appointed; section 24.6: In the Case of Québec, he shall have his Real Property Qualification in the Electoral Division for which he is appointed or shall be resident in that Division.

Like Austria then, Senate apportionment in Canada is practised on a relatively proportional basis, as the largest provinces, Ontario and Québec, enjoy the largest share of seats, while the smallest entities, the Canadian territories of Yukon, the Northwest Territories and Nunavut, only have one seat each. However, unlike in Austria, a significant degree of proportional distortion exists within the Senate of Canada. For example. The province of New Brunswick, with a population of approximately 750,000, is allocated ten Senate seats, while the Province of British Columbia, Canada's third most populous province, with a population of just over five million, is allowed only six seats. In this way, then, the Canadian Constitution's apparent commitment to "regional" equality under section 21 simultaneously undermines the possibility of either proportional or formal equality of representation between subunits. Indeed, Canada has witnessed a number of political initiatives over the years aimed at reforming the nature of representation in the Senate, with some being more radical than others. Yet, except for Prime Minister Trudeau's recent, modest, initiative establishing what the Government of Canada describes as an "Independent Advisory Board for Senate Appointments," reform initiatives have not been successful. Table 2.3 the results of these processes.

Table 2.3: Seat and population distribution in Canada

Country	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Canada	41,288,599	343	105	448	92,162.05
Region	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Ontario	16,124,116	122	24	146	110,439.15
Québec	9,056,044	78	24	102	88,784.75
British Columbia	5,698,438	43	6	49	116,294.65
Alberta	4,888,723	37	6	43	113,691.23

Manitoba	1,494,301	14	6	20	74,715.05
Saskatchewan	1,239,865	14	6	20	61,993.25
Nova Scotia	1,076,374	11	10	21	51,255.90
New Brunswick	854,355	10	10	20	42,267.75
Newfoundland & Labrador	545,247	7	6	13	41,942.08
Prince Edward Island	178,550	4	4	8	22,318.75
Yukon	46,704	1	1	2	23,352.00
Northwest Territories	44,731	1	1	2	22,365.50
Nunavut	41,159	1	1	2	20,579.50

Estimates reflect Q3 2024: Statistics Canada Table: 17-10-0009-01

2.2.4 Switzerland

a. Lower House

The Federal Parliament of Switzerland is the highest authority of the Swiss Confederation (Fleiner, Misic, Töpperwien 2012, 88). It is divided into an upper and lower house styled the Council of States (*Conseil des États)* and National Council (*Conseil national*), respectively. Since 1963, the National Council has been comprised of 200 seats distributed across Switzerland's 26 cantons, with each canton being guaranteed a minimum number of seats.[18]

The basic procedure for determining the distribution of seats among the cantons is outlined in section 17 of the Political Rights Act (Fleiner, Misic, Töpperwien 2012, 89). Similar to the Canadian case, an electoral quotient is determined by dividing the total number of Swiss

[18] In 1979 the Canton of Jura, the last and most recent Canton of Switzerland, was established via a secession referendum within the Canton of Berne. Prior to that, the Swiss federation was comprised of 25 cantons.

inhabitants by 200. A minimum of one seat is guaranteed for cantons that have a population less than the quotient (Ibid). This process is repeated each time, removing the population and cantons that fall under the specified electoral quotient until all remaining cantons have populations higher than the quotient number.[19] In the last round, the population of each remaining canton is divided by the last-determined number (ibid.).

In practice then, this procedure leads to a slight under-representation of the more populous cantons, such as *Zürich* and *Berne*, and a slight over-representation of the smaller cantons, such as *Appenzell Innerrhoden*, *Uri*, and *Glarus*. Finally, cantons in the mean, such as *Fribourg* and *Valais*, tend to be proportionally represented. At the same time, however, census data is also accounted for, in order to maintain relative proportionality. In 2000, the distribution of seats was readjusted (Fleiner, Misic, Töpperwien 2012, 90) and the cantons of *Berne*, *Basel-Stadt*, and *Appenpenzell Ausserhoden* each lost seat in favour of the cantons of *Vaud*, *Fribourg* and *Schwyz* (Ibid). It is expected that seats will be readjusted in conformity with changes in population. Thus, Zürich has come to be the canton with the greatest share of seats in the National Council, an honour previously held by the Canton of Berne, a part of which seceded in 1979 to form the canton of Jura. Despite a commitment to readjust seats based on population; however, as mentioned above, a minimum of one seat is still guaranteed for each Canton that falls under the quota, and as will be shown below, this results in a system of apportionment that does deviate from proportionality to a more important degree than in Austria, but perhaps not as much as in Canada and Australia.

[19] For example, the current population of Switzerland is approximately 8,500,000. In order to determine the initial electoral quotient, 8,500,000 would be divided by 200, or the number of seats in the national council, producing a number of 42,500. All cantons with a population less than that number receive one seat. Their populations and seats are thus removed from the next determination until a seat allocation for all cantons has been determined.

b. Upper House

The Upper House of Switzerland's Federal Assembly is termed the Council of States. Under article 150 of the Swiss Constitution, the Council of States is composed of 46 seats. In general, all cantons are allocated two representatives in the Council of States. Nevertheless, the cantons of Obwalden, Nidwalden, Basel-Stadt, Basel-Landschaft, Appenzell Ausserrhoden and Appenzell Innerrhoden—colloquially referred to as "half" cantons—are only allocated one representative each. The federation's 20 remaining cantons are each allocated two seats.

The Swiss Constitution outlines that no member of the National Council, Council of States, Federal Council, or the Federal Supreme Court may, at the same time, be a member of any of the other bodies (Article 144 Swiss Constitution). Aside from this clause, no other explicit rules exist at the level of the Swiss Constitution outlining further criteria exist regarding seat allocation in the Council of States, nor do any further special clauses exist regarding the status of seat allocation for specific cantons. Lastly, under the federal constitution, individual cantons determine the rules for the election of their representatives to the Council of States. Table 2.4 outlines some of the results of Switzerland's seat apportionment rules.

Table 2.4: Seat and population distribution in Switzerland, 2021

Country	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Switzerland	8,738,791	200.00	46.00	246.00	35,523.54
Region	*Population*	*Lower House Seats*	*Upper House Seats*	*Combined*	*Population/Combined Seats*
Zürich	1,564,662	36	2	38	41,175.32
Berne	1,047,422	24	2	26	40,285.46

Vaud	822,968	19	2	21	39,188.95
Aargau	703,086	16	2	18	39,060.33
St. Gallen	519,245	12	2	14	37,088.93
Genève	509,448	12	2	14	36 389,14
Luzern	420,326	9	2	11	38,211.45
Valais	353,209	8	2	10	35 320,90
Ticino	352,181	8	2	10	35,218.10
Fribourg	329,860	7	2	9	36,651.11
Basel-Landschaft	292,817	7	1	8	36,602.13
Thurgau	285,964	6	2	8	35,745.50
Solothurn	280,245	6	2	8	35,030.63
Graubünden	201,376	5	2	7	28,768.00
Basel-Stadt	196,036	4	1	5	39,207.20
Neuchâtel	176,166	4	2	6	29,361.00
Schwyz	163,689	4	2	6	27,281.50
Zug	129,787	3	2	5	25,957.40
Schaffhausen	83,995	2	2	4	20,998.75
Jura	73,798	2	2	4	18,449.50
Appenzell Ausserrhoden	55,585	1	1	2	27,792.50
Nidwalden	43,894	1	1	2	21,947.00
Glarus	41,190	1	2	3	13,730.00
Obwalden	38,435	1	1	2	19,217.50
Uri	37,047	1	2	3	12,349.00
Appenzell Innerrhoden	16,360	1	1	2	8,180.00

Estimates based on Swiss Federal Statistical Office Table px-x-0103010000_42.

2.3 Conclusion

This chapter has aimed to help show the considerable variation among LDFs in the seat allocation criteria of their central legislatures. Indeed, as this chapter has aimed to emphasize, these criteria create distinct variations and configurations, both within and between LDFs. As the basic country-specific tables show, each region's share and access to representation differ. To this end, each country can also be classed according to the degree to which this access to representation is more concentrated, less concentrated or equally distributed. These latter concerns will be the principal topic of chapter 3, and will be explored in much greater detail there, by focusing on the long-term configuration of representation in each country. For the remaining purposes of this chapter, however, Tables 2.5 and 2.6 further summarize some of the basic configurational features of representation in each of the countries under review.

Table 2.5: Recent regional seat distribution estimates Australia, Austria, Canada, & Switzerland

	Largest unit % of Combined Seats	*Smallest unit % of combined seats*	*Seat multiple biggest vs. smallest*	*Minimum % of units needed to account for over 50% of seats*
Australia	25.55%	1.76%	14.55	37.5% (3/8)
Austria	20.16%	4.12%	4.90	33.33% (3/9)
Canada	32.59%	0.45%	73.00	15.38% (2/13)
Switzerland	15.45%	0.81%	19.00	23.08% (6/26)

Table 2.6: Regional apportionment (seats per capita) in Australia, Austria, Canada & Switzerland (2024 est)

	Most population/combined seats	*Smallest population/combined seats*	*Multiple (X) of Representatives/Capita smallest vs. largest (per 100,000)*	*Overall representatives/capita (per 100,000)*
Australia	146,027.59 (New South Wales)	33,864.71 (Tasmania)	4.31X	0.84
Austria	46,645.59 (Wien)	30,195.10 (Burgenland)	1.54X	2.65
Canada	116,294.65 (British Columbia)	20,579.50 (Nunavut)	5.65X	1.09
Switzerland	41,175.32 (Zürich)	8,180.00 (Appenzell Innerrhoden)	5.03X	2.82

Tables 2.5 and 2.6 tabulate some of the basic features of the broad representational configurations in the central legislatures of the four countries under study. In general, they reveal that, among the four countries, Austria has the most equal distribution of representation, while Canada generally is the least equally configured in this regard. Australia and Switzerland are situated somewhere between the Austrian and Canadian examples. To this end, Table 2.5 identifies some of the basic features of regional representation in central legislatures, while Table 2.6 focuses on individual apportionment among regions.

The representational variation exhibited here suggests that seat allocation criteria within LDFs have clearly territorialized consequences, and citizens' access to representation can vary widely based on their region of residence. As mentioned earlier in the chapter, it is often assumed that this characteristic of representation is most prevalent in the upper houses of LDFs. Nevertheless, when we look at the combined upper and lower house values, what the basic overview here aims to show is that such territorialized distortion is significantly present within the lower houses of LDFs as well. Countries like Canada, for instance, exhibit a high degree of inequality in terms of access to representation. Not only is regional representation in Canada the most concentrated among the countries studied, with the two largest subunits having been allocated over half of the available seats in the central legislatures, but Canada also exhibits some of the higher discrepancies in terms of proportional access to representation based on region.

The Canadian example is most starkly contrasted with the Austrian case, where even despite the presence of a similarly politically impotent upper house, access to representation in Austria is much more equally distributed, both on a regional basis, and in terms of per capita access. Australia and Switzerland represent middle ground examples in this regard. While in Switzerland the overall configuration of representation is such that it no fewer than a combined six regions may make up more than 50% of the seats allocated in the central legislature, the minimum number of regions required to reach the same proportion of seats is three. While Switzerland has many more constituent units than Australia, this dynamic means, as we will see in later chapters, that greater coordination between units is necessary in Switzerland. Australia, on the other hand, with its relatively concentrated yet equally distributed configuration, facilitates the political logic of increasing policy uploading to the Commonwealth government.

Other configurational elements that stand out are relatively much higher access to representation in Austria and Switzerland, on the one hand, in contrast to Australia and Canada, on the other. Indeed, the Central European federations enjoy over 2.5 times greater access to a formal political representative than their Westminster-style counterparts Australia and Canada. As indicated in the theoretical framework outlined in chapter 1, it is anticipated that this kind of relatively greater representational density is also associated with more joint decision making in matters of intergovernmental coordination as opposed to greater reliance on self-rule as a mechanism of intergovernmental coordination.

The overview of these various configurational models in this chapter does not, however, exhaust the matter. These models capture a focused moment in time. Patterns of intergovernmental coordination in LDFs evolve over time, and so do the exact parameters of these configurations. A longer-term perspective enables deeper insight into the ingrained tendencies and recurring patterns in the country under study. Chapter 3 will thus examine in a comparative and diachronic manner the evolution of the configurational consequences of the seat allocation outlined in this chapter. In terms of this chapter, the key takeaway is that the seat allocation criteria of LDFs embed the tension between regional and individual equality at the legislative centre of these countries.

Chapter 3:
Mapping the configuration of representation in Australia, Austria, Canada, and Switzerland

Chapter 2 outlined the allocation criteria for seats in the central legislatures of the four LDFs under study in this dissertation. It focused on the rules that shape the overall configuration of representation in each of these countries and particularly emphasized the tension in each case between allocating representation based on the equality of regions, on the one hand, and on the equality of individuals, on the other. Each federation resolves this tension according to its own conditions, thus creating their own federal equity bargain in the process. This chapter aims to further explore these relative differences in the configuration of each country's federal equity bargain, with the aim of demonstrating the distinct national variations these configurations have developed over time.

This chapter thus develops and adapts a novel index for capturing the relative configuration of regional representation in the central legislature of LDFs. The first part of the chapter will thus lay out the parameters of this index, and the second part will apply the approach to the case study countries in a comparative and longitudinal manner, capturing a fair glimpse of the comparative evolution of each country over the post-war period. Taking inspiration from Laakso and Taagepera's effective number of parties index (1979), the aim of the index developed here is to capture the effective number of regions represented in the central legislatures of the countries under study. This metric will then be paired with a second one that measures the degree to which representation in the central legislature is equally apportioned across all regions of the federation. Finally, informed by many of the premises of the framework outlined in chapter 1, the third part will briefly link the results to patterns of vertical party integration in each of the four countries under study.

The metrics developed here build on the theoretical framework elaborated in chapter one of this dissertation. In that chapter, a theoretical framework was developed that linked the overall configuration of representation to certain patterns of intergovernmental coordination in LDFs. There, the overall configuration of representation was generalized according to four basic types, based on the degree of regional and proportional equality present in the central legislatures of LDFs. To that end, the metrics elaborated in this chapter help classify the overall configuration of representation according to the framework outlined in chapter one.

Let us just quickly recall the basics of the framework outlined in chapter one. The two key aspects of the framework are the degree of equality between regions, on the one hand, and the degree of electoral district proportionality, on the other. Thus, we are concerned with understanding how the degree to which each region has the same share of seats, on and the one hand, and the degree to which individuals have the same share of representation, on the other, combine to form a distinctive configuration of representation for each of the LDFs under study. These distinct combinations are what are referred to in this dissertation as each LDFs *federal equity bargain*. Practically speaking, we are trying to understand if regional representation is concentrated among a minority of regions, and if individuals have the same access to representation regardless of the region in which they reside.

The framework developed in chapter 1 predicts that LDFs with higher degrees of regional equality will tend toward greater policy universalism in matters of intergovernmental coordination. By contrast, federations with lower degrees of regional equality are anticipated to feature greater degrees of policy territoriality. Likewise, in matters of individual proportionality, federations with higher degrees of individual proportionality are anticipated to exhibit a higher propensity for shared-rule in policy making. By contrast, federations with greater degrees of malapportionment are anticipated to prefer self-rule arrangements. This chapter will later return to the above schema again, categorizing each of the countries under study in this dissertation according to the framework. For now, it suffices to say that the case study countries demonstrate distinct national patterns.

The latter part of this chapter applies the approach to determine the effective number of regions in the governing coalitions of the countries studied. The aim here is to identify whether the countries studied are potentially oriented around *high* or *low* maintenance regional coalitions. Identifying the configuration of this latter mechanism will help better contextualize the patterns and political architecture of intergovernmental coordination, and ultimately egalitarian federalism, during the case studies.

3.1 An approach to mapping regional representation and apportionment

Scholars of comparative federalism have generally not relied on the development of specifically attuned indexes to measure similarities and differences between federations. Stepan (2004a, 56) has redeployed the GINI index[20] to measure the degree of regional equality in the legislatures of federal countries. While revealing in its own right, the GINI index is better adapted to capture outright concentration of representation, rather than the broader range of units that can have an impact on the overall operation of the legislature. In this respect, diversity indexes like the Effective Number of Parties Index, developed by the Laakso and Taagepera (1979), are better able

[20] The GINI index, initially developed by the Italian statistician (and erstwhile head of the Central Institute of Statistics under Mussolini) Corrado Gini (1884–1965), is a measure of statistical dispersion that has generally been used to measure income and/or wealth inequality within and/or between countries. A measure of 0 implies an equal distribution; a higher ratio implies an increasingly concentrated distribution, with a measure of 1 implies the distribution is entirely concentrated in one entity. In the study of comparative politics, Lijphart (1984) was among the first in the field to apply the measure in a novel way, applying it to study inequality in the composition of second chambers. Stepan (2004) has used it to similarly measure the composition of second chambers among federations.

to capture the broader interplay between represented entities. While concentration still factors in this type of index, it does more to capture the relative strength and interaction of different units within the whole.

To this end, this dissertation adapts the Effective Number of Parties Index for use in the study of regional representation in federal legislatures. This reoriented Effective Number of Regions (ENR) will help capture the overall number of effectively represented regions within the central legislature of LDFs. This metric also does well to capture an additional specificity of federal legislatures in contrast to their unitary counterparts. Since unitary legislatures aim to represent all citizens on a roughly equivalent basis, individual constituencies are more or less equivalently represented. Federal legislatures, as explored in chapter one, are different in that they must find ways to represent both distinct federated regions and individuals on an equal basis. In practice, this means that federated regions can greatly differ in their overall share of representation in the central legislature, in a way that an individual constituency within a unitary legislature is much less likely to.

In this regard, the ENR index developed here will be based on the index, as it is developed by Laakso and Taagepera in their study of party systems in Western Europe (1979). The key question Laakso and Taagepera sought to answer in developing their index was to determine if the number of parties represented in the legislature affected the stability of the political regime. The Effective Number of Parties Index was designed to allow cross-national comparisons in order to determine if the presence of more political parties led to greater political instability. The index developed by Laakso & Taagepera squares the fractional share of seats earned by each party in the legislature, adding the result for each party represented. The sum is the "effective" number of parties represented (Laakso & Taagepera 1979, 4–5). The calculation is represented by the following formula: [21]

Figure 3.1: Formula for calculating the effective number of parties (Laakso & Taagepera 1979)

$$N_2 = \frac{1}{\sum_{i=1}^{n} p_i^2} = \left(\sum_{i=1}^{n} p_i^2 \right)^{-1}$$

For Laakso and Taagepera, the purpose of identifying the "effective" or relative number of parties in a legislature is to assess the relative importance of each party represented in the legislature. Given that not all parties are elected with the same number of seats, smaller parties may not have the same weight within the legislature, but they may nevertheless be able to play an "effective" role in making or breaking majorities within the legislature. If all parties represented in the legislature have the same number of seats, the effective number of parties will be equivalent to the number of parties represented. If the distribution of seats among parties differs among each party, the effective number of parties drops below the number of parties represented in the legislature.

Thus, in a hypothetical scenario, if six parties are represented in the legislature, but the effective number of parties is between two and three, the index suggests the legislature operates more so like a two-party dominant legislature, with third parties occasionally holding the balance of power. In this way, a higher effective number implies a greater likelihood of minority or coalition governments, while a lower number suggests greater dominance by a minority of the

[21] The formula is also represented in their study on this question. See Laakso, M. & Rein Taagepera. 1979. "'Effective' Number of Parties: A Measure With Application to West Europe." Comparative Political Studies 12 (1): 3–27.

parties. Along these lines then, this dissertation adapts these basic statistical methods and ontological assumptions to identify the effective number of regions represented in federal legislatures. Indeed, this application is, in fact, in keeping with Laakso and Taagepera's own prescriptions that their concept of effective as opposed to actual representation can be adapted to use in different situations (Laakso & Taagepera 1979, 24).

Having outlined some of the basic features of Laakso and Taagepera's Effective Number of Parties Index, how will it be applied in the context of federal legislatures? What will it attempt to measure? What will it seek to predict? At the outset, and as mentioned, it should be noted that every federal legislature allocates a portion of its seats to each region. As a reminder of ground covered in chapter 2, as of 2024, in the Swiss National Council, some 36 seats are allocated for representatives from *Zürich*. In the Canadian House of Commons, 122 seats are allocated for representatives from Ontario. In the Austrian Bundesrat, Niederösterreich (Lower Austria) is granted 37 seats. Finally, New South Wales is allocated 46 seats in the Australian House of Commons. While these numbers represent the upper end within their respective legislatures, seat allocation varies from region to region, sometimes in striking ways. In Canada, for instance, the largest province, Ontario, is allocated over thirty times more seats than that of the smallest province, Prince Edward Island, which only has four seats in the House of Commons. Following Laskso and Taagepera's lead, it is possible to determine the effective number of regions represented by tabulating the number of seats accorded to each region within the federal legislature.

Measuring a federation's ENR, however, does not necessarily lead to the identical insights drawn from measurements of the effective number of parties, the most obvious reason being that regions and political parties are different variables, with varying degrees of coherence. Likewise, regional representation, unlike political party representation, is guaranteed in advance of any electoral outcomes, whereas a party's fortunes can fluctuate from election to election. In this way, regional representation in LDFs is first and foremost a matter of process, and a reflection of the overall federal equity bargain, rather than, as in the case of political parties, a matter of ideological competition, representation and resource mobilization. Of course, there are instances in which regional and ideological representation may overlap, as in the case of regionally based minority nationalist political parties, such as the Bloc-Québécois in Canada. However, it should be stressed that the precondition that makes this kind of overlap possible in federal legislative settings is the inherent constitutional and procedural commitment to apportioning electoral constituencies on a regionalized basis.[22]

In this way, the territorial aspect of representation tends to precede the ideological representation within the political-institutional structure of liberal democracies. Within the Westminster tradition, for instance, early Parliaments did not historically have disciplined or well-structured political parties, the latter coming into their own in the 18th century (Bédard & Lagassé ed 2018, 29-30). The territorial character of representation is doubly critical in federal legislatures, given the apportionment of electoral districts in a manner which reinforces the existing federal structure of such countries. To this end, scholars like Alain Cairns (1965) have argued that, in some federations, the territorial organization of political representation has had a larger effect on policy dynamics than brokerage political parties have produced.

[22] For instance, in legislative settings where regional preconditions are less stringent, a political strategy that overlaps minority nationalist and regionalist mobilization is more challenging to successfully adopt. In this way then, the example *Québécois* nationalist mobilization may interestingly contrast with related forms of French language political mobilization in Canada, in particular among Franco-Ontarians and the Acadians of New Brunswick. See Michel Gratton Monfort: la lutte d'un peuple (2003), and, Roger Ouellette Le Parti acadien : de la fondation à la disparition 1972 – 1982 (1992) for a general overview of post-war Franco-Ontarian and Acadian political movements, respectively.

The ENR is thus well suited to capture the relative configuration of regional apportionment within federal legislatures. By itself, however, it is less well suited to capture whether a particular regional configuration is well apportioned according to the principle of one person, one vote. Indeed, Alfred Stepan (Stepan 2005, 259) notes one of the most important principles in a liberal democracy is the principle of “one person, one vote,” and, as explored in chapter 2, many federations include constitutional stipulations which aim at guaranteeing regional representation, regardless of population. In practice, many argue (Gibson ed. 2004) this has the effect of overrepresenting the relative importance of individual votes in those subunits that are granted a high per capita ratio of seats in the federal legislature. Therefore, we also need a way to measure this phenomenon in a manner that can be used for comparison across both time and space.

Political scientists have developed several statistical methods to measure legislative (mal)apportionment. In many cases, however, the measure of over- and under-representation is based on a political premise embedded in the statistical models: one person one vote. While undoubtedly an important democratic ideal, one person one vote is notoriously difficult to achieve in practice, even more so in the context of LDFs, where political affinities are equally shared across two or more constitutionally entrenched political jurisdictions. There may thus be legitimate political reasons for over/underrepresenting votes from certain regions within LDFs. For instance, to ensure that the voice of people from smaller regions is heard, it may be politically acceptable to increase their weight within the legislature, while still ensuring the absolute number of representatives from these smaller regions remains much lower than those accorded to larger regions. Consequently, the approach to measurement adopted here will be based on comparing an average of each individual region’s population per electoral district against the overall number for the country, irrespective of regional subdivisions.

In closing then, we can summarize each of these above metrics under the rubric of regional equality and individual equality, respectively. Regional equality, premised on the effective number of regions, captures the number of effectively represented federated regions within the central legislature. Meanwhile, individual equality, captured by a comparison of the average population per electoral district for each region, aims to show the extent to which individuals in each region of the federation have access to representation in the central legislature. To this end, section 3.2 will apply the above index to this dissertation's four case study countries.

3.2 Empirically measuring regional and citizen equality

Having outlined the parameters of how these various configurations will be measured, it remains to apply the metrics to the four case study countries and to assess the ensuing results. Beginning with regional equality and the Effective Number of Regions (ENR), it can be discerned that the country, which consistently features the highest proportion of effective regions, is Austria. By contrast, the country which consistently features the lowest proportion of effective regions is Canada. Australia and Switzerland figure between these two countries, with Australia generally featuring a higher degree of effective regions than Switzerland. Figure 3.1 below graphs the data in a longitudinal manner, spanning the entirety of the post-war period, from the 1940s to the 2020s.

Figure 3.2: Effective number of regions expressed as a % of overall regions: Australia, Austria, Canada, Switzerland 1945–2025

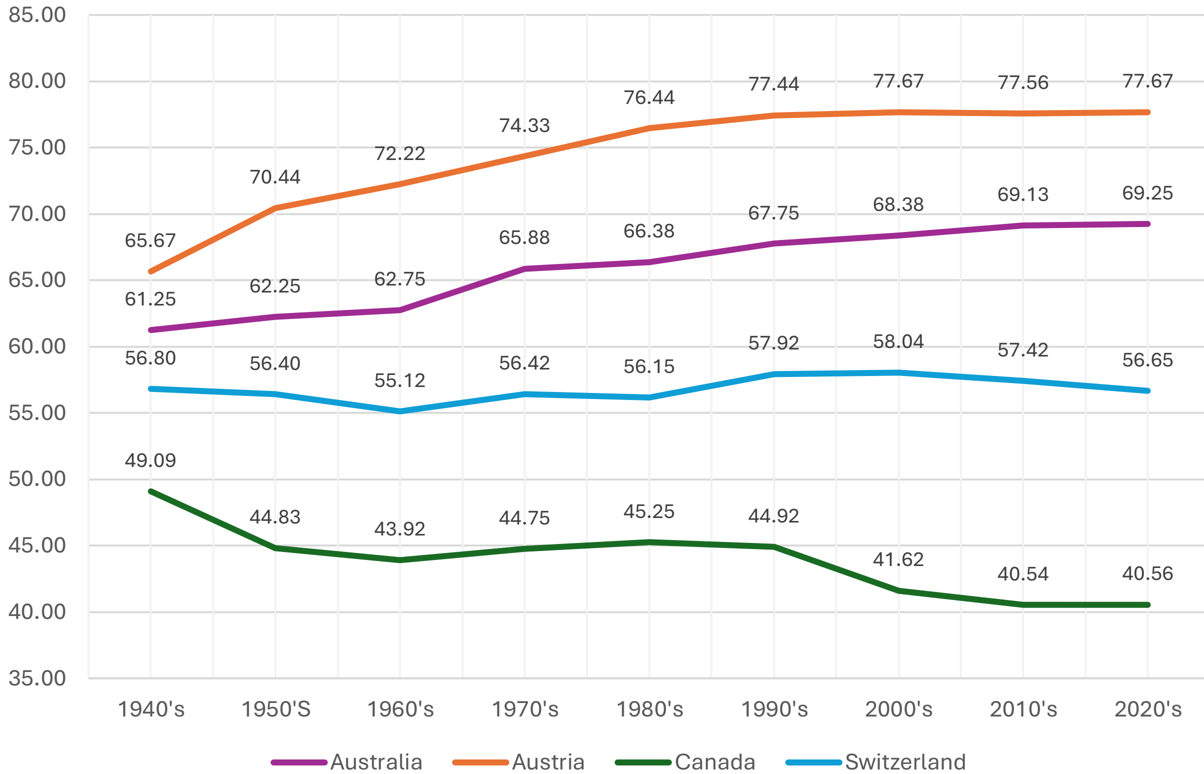


Figure 3.1 above reveals four distinct national patterns when measuring ENR. Far from converging over the post-war period, as many social scientific paradigms assumed would be the case given globalization, the national variations become more distinct over time, after initially being more proximate to each other during the 1940s. At the high end, over 75% of regions in Austria are considered effectively represented. At the low end, between 45% and 40% of Canadian regions, depending on the decade, are found to be effectively represented. In Australia, some between 65% and 70% of regions are generally considered effectively represented, and in Switzerland this number steadily ranges between 56% and 58% of regions.

Table 3.1: Overall effective number of regions and overall number of regions (brackets)

	Australia	*Austria*	*Canada**	*Switzerland***
1940s	4.90 (8)	5.91 (9)	5.40 (11)	14.20 (25)
1950s	4.98 (8)	6.34 (9)	5.38 (12)	14.10 (25)
1960s	5.02 (8)	6.50 (9)	5.27 (12)	13.78 (25)
1970s	5.27 (8)	6.69 (9)	5.37 (12)	14.67 (26)
1980s	5.31 (8)	6.88 (9)	5.43 (12)	14.60 (26)
1990s	5.42 (8)	6.97 (9)	5.39 (12)	15.06 (26)
2000s	5.47 (8)	6.99 (9)	5.41 (13)	15.09 (26)
2010s	5.53 (8)	6.98 (9)	5.27 (13)	14.93 (26)
2020s	5.54 (8)	6.99 (9)	5.30 (13)	14.73 (26)

*Newfoundland & Labrador became a Canadian province in 1949; Nunavut became a Canadian territory in 1999.
**Jura became a Swiss Canton in 1979.

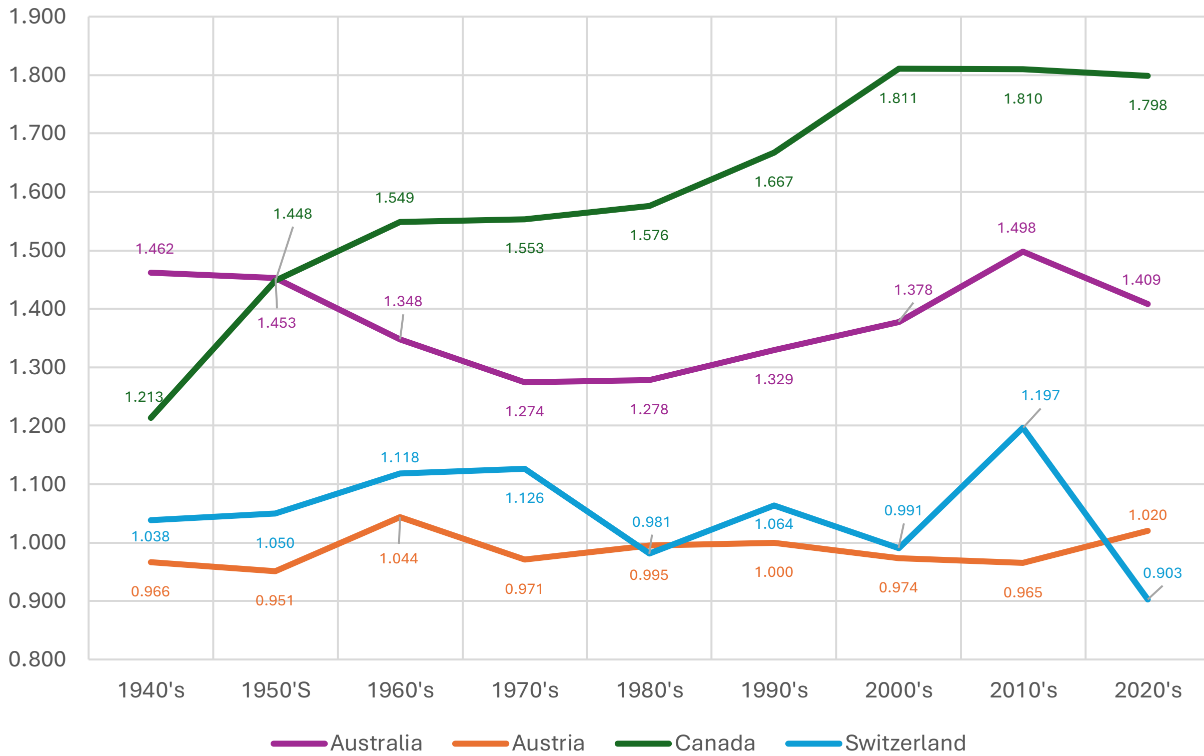
To facilitate comparative analysis, the effective number of regions is here expressed as a percentage of the overall number of regions. This approach has the benefit of making cross-national comparison easier, but it does not capture the overall effective number of regions in each of the countries under study. Table 3.1 above indicates changes over time in the absolute number of effective regions, expressed alongside the overall number of regions represented in the central legislature. In general, Australia and Switzerland exhibit slight increases in the overall number of effective regions, equivalent to about just over half a region, during the post-war period. Canada exhibits an essentially negligible decrease in the overall number of effective units, while Austria has the largest increase of the four countries, an increase equivalent to an entire region.

Numerous implications follow from these findings. First, given the theoretical framework developed in this dissertation, it is anticipated that intergovernmental policy coordination will be most oriented toward territorialism in Canada, and most toward universalism in Austria. Likewise, Australia would also be anticipated to lean more toward universalism, albeit less so than Austria. Switzerland, for its part, would be anticipated to lean more so toward territorialism as well, but to a lesser degree than Canada. This anticipated dynamic is explained by the following assumption:

In countries with a higher proportion of effective regions, they will be individually more equal in size, and thus less well positioned to individually command a sufficient share of resources to be able to run their preferred policies at scale, thus encouraging a tendency toward policy universalism. By contrast, in countries with fewer effective regions, the few that are effective will occupy a much bigger space within the whole and will thus be better positioned to contest the central government and undertake their own policies at scale if they so choose, thus creating a dynamic that leans toward greater policy territorialism.

As noted above, however, regional equality is just one half of the potential explanation for differences in patterns of intergovernmental coordination among LDFs. The other factor this dissertation's explanatory framework focuses on its individual equality. Figure 3.3 below outlines the degree to which the median populated region within each of the four countries under study has more, or less, electoral districts per capita relative to the overall national ratio. Expressed as a multiple of 1 in this figure, an indicator of 1 implies the median region has the same number of electoral districts per capita as the overall national quotient. An indicator under 1 implies the median region has fewer electoral districts per capita than national ratio. Finally, an indicator above 1 implies a higher proportion of electoral districts per capita than the national ratio. The national quotient is determined by dividing the overall population of the country by the total number of seats in the lower and upper houses. Thus, an indicator of 1.10 implies that a region has 10% greater representation per capita than the national quotient. Conversely, an indicator of .90 indicates that a region has 10% less representation per capita than the national quotient.

Figure 3.3: Per capita over/under-representation of median region, relative to the whole



As is evident from the graph, the federal equity bargain in Canada, and to a lesser degree in Australia, tends to overrepresent individuals residing in the median populated region. By the 21st century, over half of Canadian regions had roughly 80% more electoral districts per capita when compared to the national electoral district ratio. At the more equally represented end, the median populated Austrian and Swiss regions more closely approximate the overall national quotient of electoral districts per capita at the regional level, with the median Austrian region hugging the national ratio slightly more tightly than its Swiss counterpart, with Switzerland tending to overrepresent the median populated region slightly, and Austria tending to underrepresent it slightly. To this end, Table 3.2 below outlines the median populated region during each decade for each of the countries under review.

Table 3.2: Continuity and change in median region according to domestic population rank*

	Australia	*Austria*	*Canada*	*Switzerland*
1940s	Western Australia & South Australia	Carinthia	Nova Scotia & Manitoba	Thurgau
1950s	Western Australia & South Australia	Carinthia	Nova Scotia & Manitoba	Thurgau
1960s	Western Australia & South Australia	Carinthia	Nova Scotia & Saskatchewan	Basel-Landschaft
1970s	Western Australia & South Australia	Tyrol	Nova Scotia & Saskatchewan	Thurgau & Fribourg
1980s	South Australia & Western Australia	Tyrol	Nova Scotia & Saskatchewan	Basel-Stadt & Thurgau
1990s	South Australia & Western Australia	Tyrol	Nova Scotia	Basel-Stadt & Thurgau
2000s	South Australia & Western Australia	Tyrol	Nova Scotia	Basel-Stadt & Thurgau
2010s	South Australia & Western Australia	Tyrol	Nova Scotia	Graubünden (Grisons) & Solothurn
2020s	South Australia & Western Australia	Tyrol	Nova Scotia	Basel-Stadt & Solothurn

*In instances where the median is between two regions, the less populous region is given priority but both regions straddling the median are included.

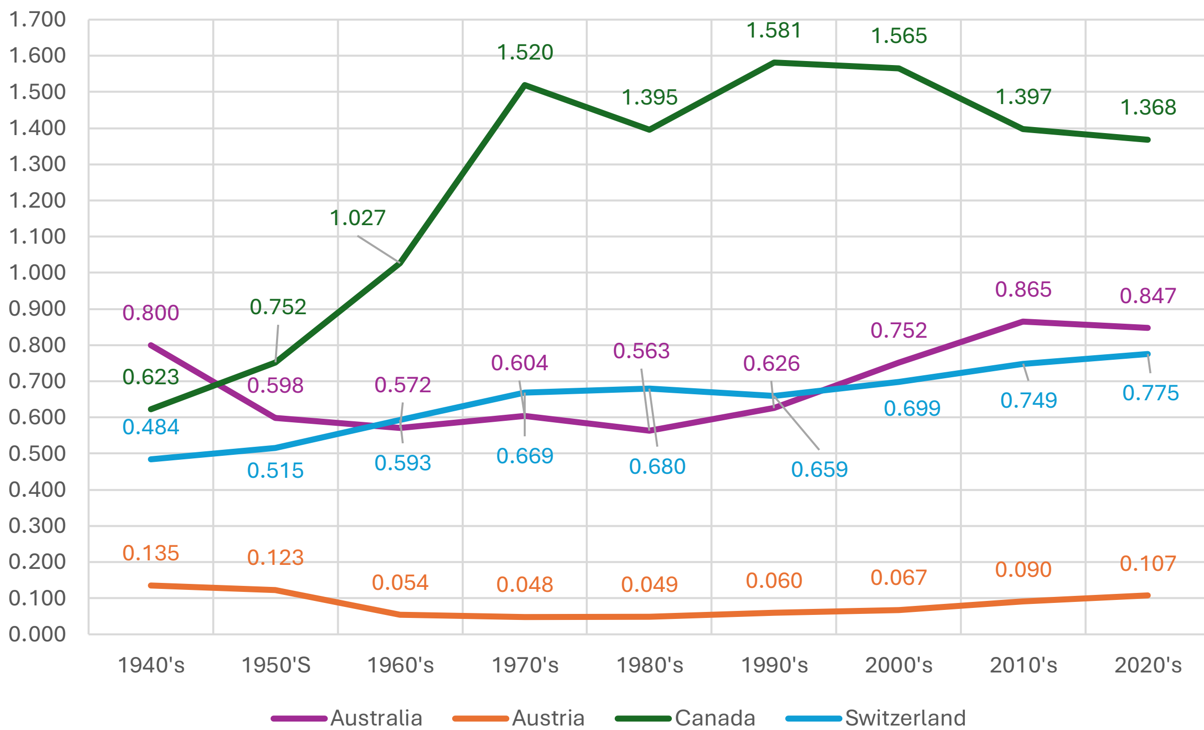
On a relative basis, then, this dissertation's framework suggests that the tendency toward self-rule will be greatest in Canada, followed by Australia, while shared rule will be greatest in Austria, followed by Switzerland. But what informs these assumptions? As outlined and explored earlier on in section 1.4 of chapter 1, the premise here is that when regions don't have the same number of electoral districts per capita, individuals in those regions do not have the same share, or stake, in political decision making. Thus, if the number of electoral districts per capita is roughly equivalent across regions, this means roughly everyone has the same stake in political decision making, thus encouraging more shared-rule as a matter of intergovernmental policy coordination. By contrast, if the electoral districts per capita are widely skewed or imbalanced, individuals no longer have the same political stake in whole, thus encouraging self-rule, as a mechanism for coordinating between regions whose residents can have widely differing shares of representation in the central legislature. Of course, this doesn't suggest that other factors, such as history or identity, don't play a role in these matters. Rather, in emphasizing these parameters, the aim is more so to identify certain structural limitations and institutional constraints on the possible ways in which political coalitions across different political identities can be formed and made effective.

To this end, beneath the surface of these indicators, there is still considerably more variance at play. Population shifts, the inclusion of additional subunits, and periodic reapportionment are some of the most important kinds of underlying changes that can be masked by focusing on the median region alone. Thus Figure 3.4. (see below) identifies synchronic variation in the overall regional variance in the per capita seat allocation of each country, mapping it out over the post-war period. Indeed, appreciating these underlying variations will help us gain a better understanding of the evolution and practical direction of intergovernmental coordination in each of the four countries under study. As anticipated by the framework presented in Chapter 1, we should expect greater or lesser degrees of stability in patterns of self-rule and shared-rule intergovernmental coordination, depending on the underlying shifts.

To this end, Figure 3.4 captures the standard deviation, in each LDF, for each individual's share of representation, relative to the national quotient, based on their region of residence. According to this figure, one should anticipate that both Canada and Austria have been relatively stable in their respective patterns of intergovernmental coordination, self-rule for Canada, and shared-rule for Austria, respectively. Indeed, Figure 3.4 shows that there have been wider variations in the number of electoral districts per capita across Canada's regions, on the one hand, while this discrepancy between regions has been much smaller in Austria. Based on the basics of standard deviation then, since the 1970s, roughly 65% of Canadian regions are within range that spans 1.4 to 1.6 times the per capita representation of the overall national quotient. In other words, roughly 65% of Canadian regions have 40% to 60% more representation per capita than the national quotient. Indeed, in Canada, only Ontario, British Columbia and Alberta have historically tended to fall under the national ratio. Residents of these provinces can thus be said to be underrepresented on a per capita basis relative to the national ratio. For instance, in 2024, the national seat ratio for all of Canada was roughly one seat (lower and upper house combined) for every 92,000 residents. By contrast, for Ontario, this number was one seat for every 110,000 residents. For British Columbia is it was one for every 116,000 residents, and for Alberta it was one for every 113,000 residents. By contrast, Austria exhibits far less variation in this regard, the with the equivalent range typically within .075% of the national quotient.

The picture is admittedly somewhat murkier in the examples of Australia and Switzerland. Normally, based on the framework developed in this dissertation, we would anticipate that Australia would be somewhat closer to, though not as extreme as, Canada. Likewise, for Switzerland, we would have anticipated that it would approximate more so the Austrian example. Instead, viewed over time, Australia and Switzerland seem to approximate each other. What these results aim to show, as will become more evident in the case studies explored in part two of this dissertation, is the evolution of intergovernmental coordination for each country. For Australia this has meant a slow evolution toward slightly more shared-rule than was the case prior to WWII, and for Switzerland, this has meant a transition toward slightly more self-rule as a mode of coordination over the post-war period.

Figure 3.4: Variation in per capita representation among regions; Australia, Austria, Canada & Switzerland expressed as standard deviation



When observed from the perspective of broader transformations taking place within LDFs at the time, moreover, these results can also be understood to correspond with key developments in the establishment of welfare states in Australia and Switzerland. For instance. The build-up of the welfare state in Australia is symbolically well captured by the growth of the Australian capital territory, which grew from a population of roughly 21,000 and one seat in the Australian Parliament in the late 1940s, to a population of just under 250,000 and four seats by the mid 1980s. In this way then, the build out of the welfare state in Australia helped even the regional development of the country, thus accounting for the increase in equality during that span (i.e., lower numbers in Figure 3.4).

By contrast, the re-uptake in variation between regions from the 1980s onward can be explained by Australia's adoption of neoliberal reforms. The transition toward neoliberalism concentrated economic activity in regions with the greatest competitive advantages, while also seeking to constrain wage growth (Pusey 2003). To this end, according to the framework developed in this dissertation, legislative overrepresentation is generally inversely related to population decline—as a region's population decline, the individual residents become overrepresented relative to the national ratio—and during this latter period the population share of more isolated regions, like Tasmania, began to decline, leading to the region's increasing overrepresentation in the federal parliament, combined with Western Australia—a major resource extraction state—overtaking South Australia in overall population during the 1980s. This type of trajectory thus helps explain some of the increased variation in patterns of representation from the 1980s onward.

By contrast, given its already much more equal starting point, the building up of the welfare state in Switzerland during the post-war period led to greater variation between regions, ultimately culminating in the adoption of a new canton in 1979, the canton of Jura. While among the smaller cantons, with a population of around only 80,000, the francophone canton was previously a region within the much larger, primarily German-speaking canton of Bern. Indeed, at the outset of the post-war period, Bern had been Switzerland's most populous canton, second largest by area, and also home to the de facto federal capital of Switzerland. Given the development of the welfare state generally entails increasing social provision within sectors like education and health, what Esping-Andersen (1990) terms a "de-commodification" in social policy more generally, new political cleavages can emerge from this process in multilingual and multinational democracies, as the success of such policies increasingly comes to rely on culturally specific knowledge and social conditions. Thus, not only in Switzerland, but in Canada as well, the development of the post-war welfare state also featured politics of secessionism, language affirmation, and minority nationalism, albeit on a different scale given the way political and administrative boundaries intersected with sociolinguistic realities.

A thorough treatment of the relationship between the federal equity bargain, elements of welfare state development, and the transition to neoliberalism can't be undertaken here, but rather, will be explored in part two of this dissertation. For now, it suffices to emphasize that these smaller underlying variations in the per capita access to representation between regions in Australia and Switzerland can help explain some of the tensions in intergovernmental coordination among those countries, particularly, as we will see in part two, Switzerland's modest move toward self-rule within a broader political culture of shared-rule, and a greater tendency toward shared-rule within a broader political culture of self-rule in Australia. A prescient example of the latter is the recent development of the National Cabinet in Australia, a decision-making forum that groups together the first ministers of the Commonwealth, States, and Territories. To this end, an equivalent decision-making body in other self-rule federations, like Canada, doesn't quite exist.[23]

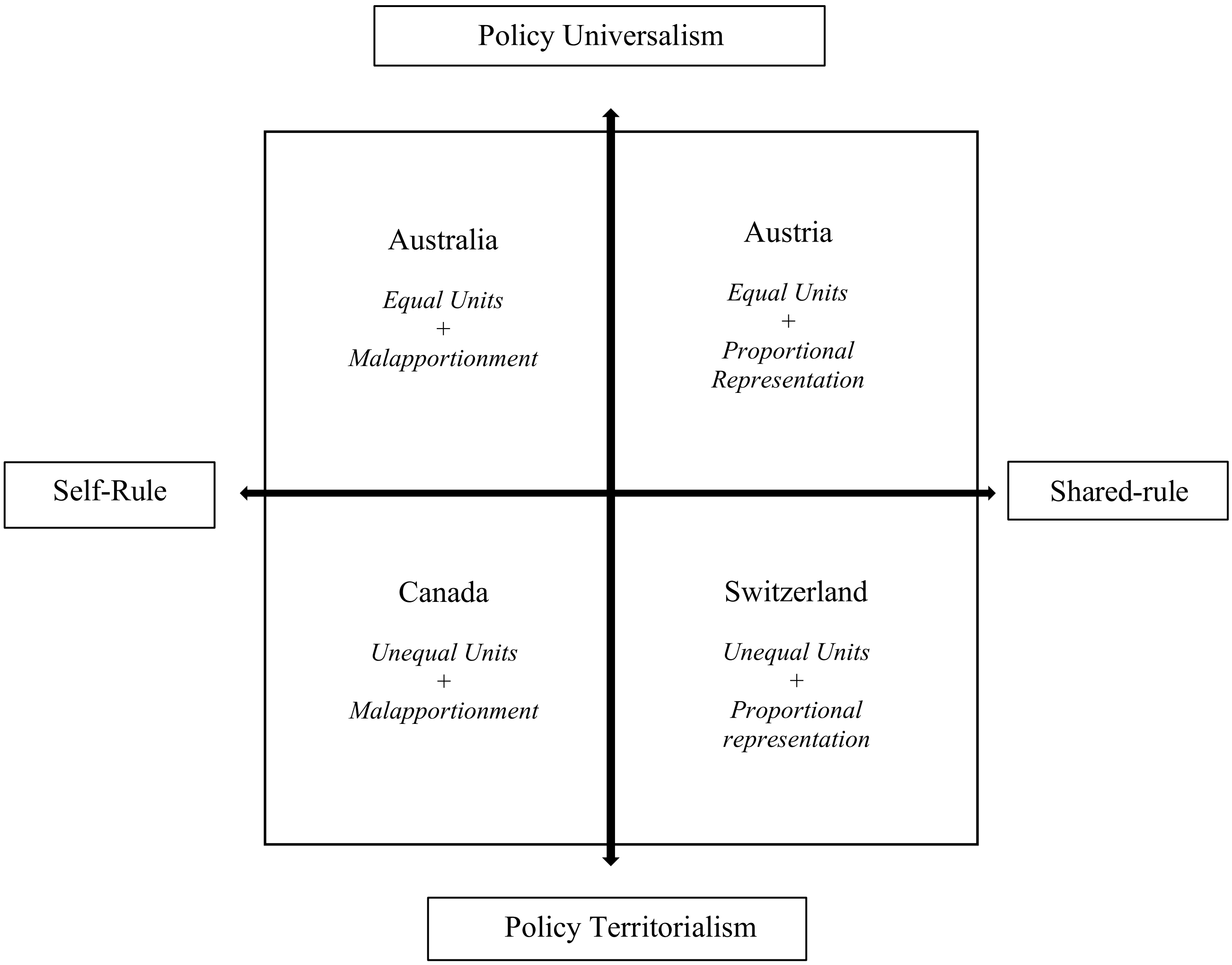
In line, then, with Greer, Béland, Lecours, and Dubin's (2023) call for a configurational analysis in the study of comparative federalism, it should be noted that, in mapping out these configurations, the purpose isn't to identify the discovery of a variable effect that is constant across countries. Political significance and statistical significance are different concepts. What may be

[23] Perhaps the most similar type of arrangement in Canada is the council of the federation; however, this organization is oriented around the premiers of the provinces and territories. The federal Prime Minister is not a formal member, nor does the council have the same authoritative status as the National Cabinet in Australia. Part 2 of this dissertation will explore more of these nuances, as they pertain to the particular case study.

statistically significant may not find political expression or salience, and, vice versa, what may become politically significant is not necessarily always coherently expressed in terms of the identification of statistically significant variables. In this way, each country's domestic politics are here understood as highly sensitive bounded worlds, where small shifts and statistically insignificant changes can nevertheless find important political salience and expression due to the way these shifts can subtly reorient political dynamics and configurations.

For now, it suffices to indicate that each of the countries under study typifies distinct representational configurations resulting from the parameters of each country's federal equity bargain. To recall the findings above; in matters of regional equality, Austria features the highest proportion of equally placed regions in the central legislature, followed by Australia, Switzerland, and finally Canada. In terms of individual equality, the most well-apportioned country is Austria, followed by Switzerland, Australia, and, finally, again, Canada. Figure 3.5 below thus places each of the four countries along the intergovernmental policy coordination matrix developed in chapter 1.

Figure 3.5: Representation configuration in Australia, Austria, Canada & Switzerland, and anticipated political architecture of intergovernmental coordination



Given each country's configuration of representation in the central legislature, Figure 3.4 additionally anticipates the general pattern of intergovernmental policy coordination in each of the four countries. In the case of Australia, with its relatively higher degree of regional equality, but higher degree of malapportionment, it is anticipated that intergovernmental policy coordination will be characterized by a combination of policy universalism and self-rule; in Austria, with its relatively equal regional representation and more proportionate individual representation, intergovernmental coordination is anticipated to take on a combination of policy universalism and shared-rule; Canada, with its higher degree of regional inequality and malapportionment, is anticipated to tend toward a combination of policy territorialism and self-rule in matters of intergovernmental coordination. Finally, in the case of Switzerland, it is anticipated that a combination of policy territorialism and shared-rule will be the largely prevalent patterns of intergovernmental coordination.

To quickly recall our discussion of these concepts from Table 1.1 in chapter 1 above, policy universalism and territorialism refer to the overall scope and reach of policies. Are policies universally applicable across regions and jurisdictions, or do they tend to be confined to the originating territory or jurisdiction. By contrast, self-rule and share-rule refer to the means of achieving the policy. Do individual governments have the ability to legislate their own policies and ignore others, or are policies achieved through shared institutions where the decisions reached in such forums are both politically authoritative and legally binding.

The case studies undertaken in part two of this dissertation will assess the extent to which these hypotheses will be borne out in practice. For now, however, the theoretical framework and empirical mapping undertaken in part one of this dissertation are designed to be a set of falsifiable premises, with the aim of fostering theory building and generalizable hypotheses in the field of comparative federalism. To this end, there remains one more piece of the puzzle to explore before moving on to the case studies that comprise part two of this dissertation.

3.3 High and low maintenance regional coalitions in Australia, Austria, Canada and Switzerland

Having mapped out the representational configuration of the four case countries and located each case within the theoretical and explanatory framework outlined in Figure 3.5, it remains to link the configuration of representation to patterns of intergovernmental coordination. This section thus focuses on the role of political parties and the party system in terms of the mechanism of *high and low maintenance regional coalitions* described earlier in chapter 1. This section builds on the work of scholarship focused on the relationship between party structure and the overall stability of the federal system. Indeed, many scholars have attributed the degree of political stability in federal systems to the ability of political parties to broker between oppositional socio-political and regional cleavages operating within the broader federal political system (Wheare 1953; Riker 1964; Filippov et al. 2004). Paradigmatic scholars like William Riker have thus concluded, "There is one institutional condition that controls the nature of the bargain. . . This is the structure of the party system, which may be regarded as the main variable intervening between the background social conditions and the specific nature of the federal bargain" (Riker 1964, 164). By adding the mechanism of *high and low maintenance regional coalitions* to this body of work, this dissertation aims to provide additional resources for understanding how different patterns of regional representation can shape the governing coalition of LDFs.

To this end, for early comparative federalism scholars such as Wheare and Riker, the degree of party system integration between the regional and national levels explains the overall pattern of intergovernmental policy coordination within the federal system. Thus, for Riker, a relatively disaggregated party system, one where regional and national parties enjoyed degrees of autonomy from each other, was vital in ensuring the constitutional distribution of political competencies between governments was respected (Riker 1964, 91). In a similar vein, for scholars such as Wheare, tight integration between the national and regional levels of political parties would ensure stability within the federal system, helping to prevent excessive fragmentation (Wheare 1953, 82-5). Indeed, for Wheare, writing in the 1950s, it is the party system which ultimately overcomes institutional obstacles to political coordination between governments (Wheare 1953, 85). For Riker, a decentralized party system is seen as ensuring federalism remains respected within the polity. In both instances, however, the structure of the party system is key.

Yet, as scholars such as Cairns (1968), Chhibber & Kollman (2004), and Thorlakson (2005, 2009 and 2013) have sought to show, far from shaping federalism, party systems are shaped by institutional structures in important ways. To this end, in a classic study of the relationship between the electoral system and party system in Canada, Cairns argues that the overall stability of the federal system is the product of how Canadian political parties respond to the political-organizational incentives of operating within a single-member plurality electoral system (Cairns 1968, 63–64). Far from brokering unity between regions in Canada then, Cairns concludes that parties have helped reinforce regional divisions in the country.

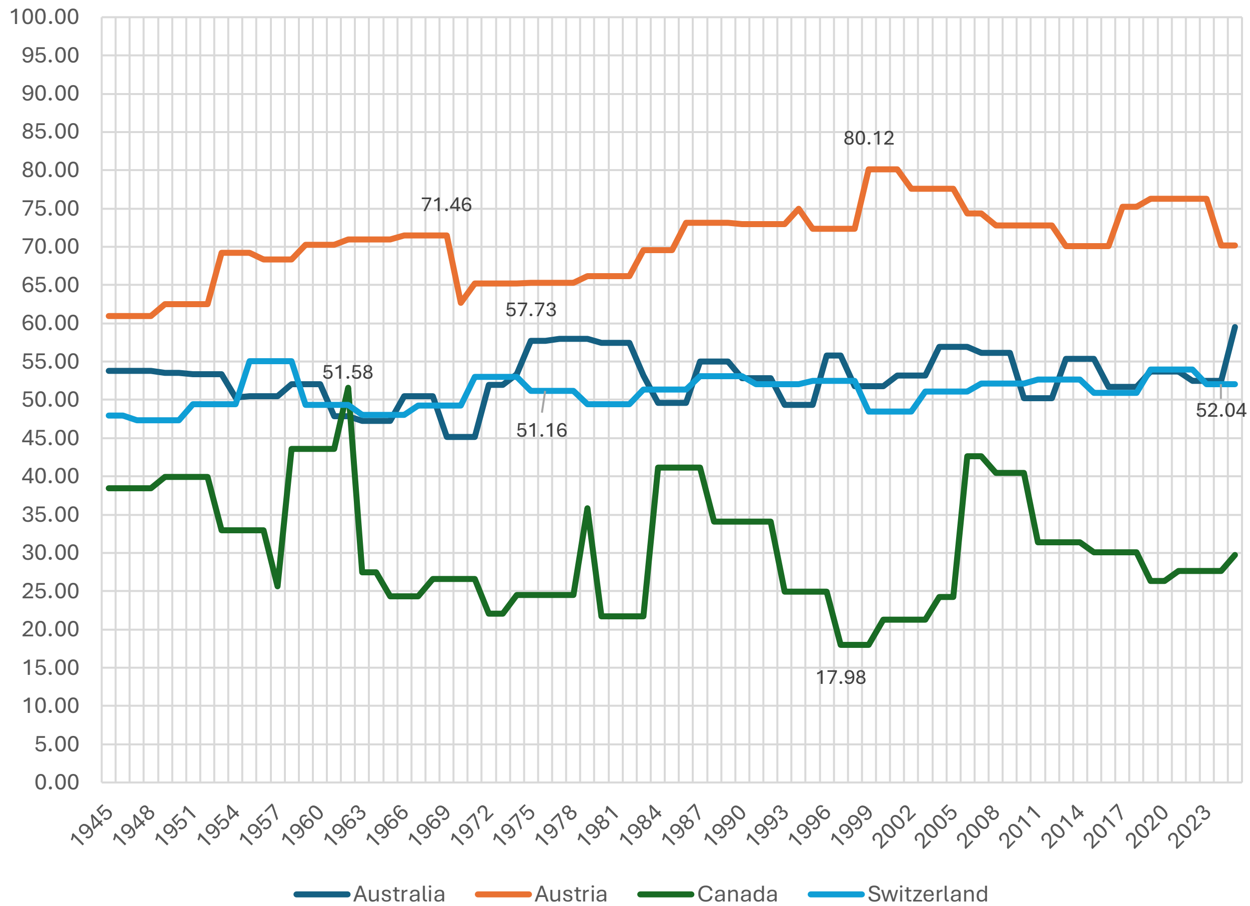
A similar argument about the influence of institutional and structural factors on vertical party system integration is made by Chhibber & Kollman (2004). Chhibber & Kollman argue that the party system reflects the distribution of policy capacity within the federal system. In federations where the central government retains the most important capabilities and resources, regional parties have an incentive to create vertical linkages to secure a greater share of such resources. By contrast, in federations where regional governments have a rich array of policy capacities and resources, the incentive to create vertical linkages with parties at the central level is lessened, with regional parties instead seeking to maximize control over the levers available at the regional level

(Chhibber & Kollman 2004, 21). Scholars such as Thorlakson (2009) have also shown that institutional structures and incentives shape vertical party integration in federal systems. Similar to Chhibber & Kollman, Thorlakson (Thorlakson 2009, 173) argues that jurisdictional decentralization creates incentives for regional parties to defend high degrees of party autonomy. By contrast, when capacities and resources are highly centralized, vertical integration between regional and central parties is strengthened (Thorlakson 2009, 157).

Building on these approaches, the concept of high and low maintenance regional coalitions also helps additionally explain the different kinds of regional coalitions that political parties rely on within LDFs. Drawing on the same effective number of regions methodology outlined above, moreover, it is also possible to determine the effective number of regions represented within the governing coalitions of Australia, Austria, Canada, and Switzerland. To this end, Figure 3.6 below indicates the percentage of effectively represented regions within the governing coalitions of each of these countries during the period 1945–2025.

As Figure 3.6 shows, the effective number of regions represented in the governing coalition is still narrower than within the legislature. At the low end, between third and quarter of regions are effectively represented in Canadian governing coalitions. Australia and Switzerland tend to closely resemble each other, with just over half of regions effectively represented within the governing coalition. Finally, between two thirds and three quarters of regions have tended to be effectively presented in Austrian governing coalitions. In this sense, the Canadian example most closely approximates a *low maintenance regional coalition,* as a generally narrowing grouping of regions has been a sufficient governing coalition. Australia and Switzerland occupy the middle ground, while Austria has tended to run a *high maintenance* governing coalition.

Figure 3.6: Effective number of regions in the governing coalition expressed as a % of overall regions: Australia, Austria, Canada, Switzerland 1945–2025



The mechanism of high and low maintenance regional coalitions can help us understand the impact of governing coalitions on the existing regional imbalances in the initial configuration of representation in the central legislature. These coalitions can often further exacerbate (and sometimes correct) these imbalances. Indeed, this mechanism can help further build on many arguments made by scholars like Cairns, who have argued that the party system tends to exacerbate regional differences in LDFs like Canada. The share of effectively represented regions in Canada has thus tended to be highest during periods of Conservative majority government, the three key periods being the Diefenbaker majority of the later 1950s and early 1960s; the Mulroney majorities of 1984 and 1988; and the Harper majority of 2011. These majorities tended to feature a broader regional assortment than comparable Liberal majorities during the Pierre Trudeau and Jean Chrétien eras in the 1970s and 1990s, respectively, where Liberal majorities were achieved based on much narrower regional support, heavily concentrated in Ontario and Québec.

By contrast, in other federations, the presence of higher maintenance regional coalitions has meant a broader array of regions have been effectively represented and included in the governing coalition. In Switzerland the "Magic Formula," a power-sharing arrangement in place since 1959, has allowed the four main parties (Swiss People's Party, The Liberals, the Social Democratic Party, and the Christian Democratic People's Party/the Centre) to represent the broadest cross sections of Switzerland's core linguistic, regional, religious, and economic cleavages, a quasi-permanent representation in the Federal Council. A similar type of grand coalitional arrangement exists in Austria, where for many years the SPÖ and the ÖVP governed in tandem. Finally, in Australia, a more equal initial configuration of representation has allowed for a relatively higher number of regions represented in the governing coalition than in Canada. Nevertheless, in each of the cases, the governing coalition represents a narrower regional configuration than the legislature as a whole, with this phenomenon more pronounced in the "majoritarian" federations of Australia and Canada, than in the "consensus" federations of Austria and Switzerland (Lijphart 2012).

3.4 Conclusion

In closing then, this chapter set out to accomplish three final tasks before moving on to the case studies in part two of this dissertation. First, the chapter sought to identify and develop a metric that would allow for the mapping out and comparison of the configuration of the federal equity bargain in each of the countries being studied. Second, it applied these metrics to each of the countries under review, revealing distinctive, non-convergent national variations in the process. Third, it additionally applied the framework to the governing coalitions of each of the countries studied, to determine the extent to which the governing coalitions represent either high or low maintenance regional coalitions. Looking forward to part two, it is anticipated that LDFs, which are oriented around regional coalitions, which are neither too high, nor too low maintenance, will perhaps better approximate egalitarian federalism in practice. Thus, this chapter aimed to serve a broader explanatory purpose by identifying one of the potential mechanisms linking political representation in the central legislature, on the one hand, to the structure and outcomes of intergovernmental policy coordination, on the other. It is toward the latter that we will now turn to in part two of this dissertation.

PART 2:

PATTERNS OF INTERGOVERNMENTAL COORDINATION IN AUSTRALIA, AUSTRIA, CANADA & SWITZERLAND

Chapter 4:
Fiscal Federalism and Equalization

This chapter examines the pattern and political architecture of intergovernmental coordination in the field of fiscal equalization in Australia, Austria, Canada, and Switzerland, applying the framework developed in part 1 of this dissertation. It focuses on intergovernmental architecture orienting the politics of vertical fiscal equalization and the redistribution of fiscal resources from the central government to regional governments, in each of the four countries. It aims to determine to what extent the case countries approximate the conditions of egalitarian federalism outlined earlier in chapter 1 by determining; 1) the degree to which equalization policies are matters of self-rule or shared-rule, and therefore whether a formal dispute resolution process exists for resolving conflicts over equalization; 2) the presence of policy continuity despite party alternance; 3) the overall equalization effect on reducing regional fiscal disparities. In so doing, the chapter will prioritize a description of equalization in each country, while also focusing on specific key moments in equalization policy across each of the four LDFs.

Given the analytical framework developed in part 1 of this dissertation, this chapter anticipates that those federations with more equal configurations of regional representation and more equally apportioned representative districts, such as Austria, will be more likely to rely on a consensus determined through shared rule, incorporating input from central and regional governments when establishing fiscal equalization policies. Here, it is also anticipated that liberal democratic federations (LDFs) configured in a more equal manner described will also feature more formalized or legalistic procedures for contesting equalization decisions. By contrast, in LDFs that exhibit lower degrees of regional equality and higher degrees of malapportioned representative districts, such as Canada, it is expected that policies in the sector will be more reliant on the self-rule decision-making of the presiding government. As a result, it is anticipated that under such conditions, equalization decisions are more likely to be contested through politicization of the policy. To this end, Table 4.1 below outlines some of the anticipated findings of the case study.

Table 4.1: Anticipated findings in fiscal equalization federalism

	Australia	*Austria*	*Canada*	*Switzerland*
Is equalization a matter of self-rule or shared-rule?	Self-Rule	Shared-Rule	Self-Rule	Shared-Rule
Do dispute resolution mechanisms exist which allow for contesting equalization decisions?	No	Yes	No	Yes
Cross partisan policy continuity?	Yes	Yes	Yes	Yes
Degree of horizontal equalization, post redistribution.	Medium-High	High	Low	Medium-Low

Focusing on these outcomes allows us to assess the overall parameters and political structure of fiscal equalization in these countries. Indeed, in many ways, fiscal equalization strikes at the heart of the federal equity bargain, and the trade-off between regional and individual equality in LDFs. Thus, in the concluding part of the chapter, we will also briefly examine the degree to which equalization policy does, in fact, equalize regions in terms of the net effect of equalization on regional GDP disparities. Here, we would expect more equal federations to have smaller regional disparities post equalization, and for regional disparities to persist in more unequal LDFs.

While it is true that LDFs often vary considerably in both the modalities and patterns of intergovernmental coordination in this policy field, the end political objectives are largely always the same: to equalize, or rebalance, residents' access to services at comparable levels of taxation, regardless of where they live in the federation (Watts 2007, 103-4). Fiscal equalization thus strikes at the heart of this dissertation's principal theme of investigation, the trade-off between regional and individual equality in LDFs, and the consequences that result from the institutionalization of this trade-off. Indeed, if such regional imbalances go uncorrected, they can violate the liberal democratic principle of individual equality. At the same time, however, if policies aimed at rebalancing become so lopsided to create the perception that some regions are disproportionately benefiting from such policies at the expense of other regions, this can undermine the other principle of equality in LDFs, that of equality between regions.

To square this circle, LDFs commit themselves to equalizing or rebalancing the fiscal capacities of regional governments (ibid.). As noted, the aim is to ensure that the revenue capacities between federated regions do not diverge to the point that residents are no longer able to access equivalent services given comparable levels of taxation.[24] There are several ways in which this can take place, however. Broadly speaking, fiscal equalization policies can either aim to rebalance regional disparities via transfers that seek to equalize the cost of services and programs between regions, or they can aim to equalize revenues between regions (Dougherty & Forman 2021, 10–12). Additional modalities that combine these two broad approaches also exist. Dougherty & Forman additionally identify "gap-filling" approaches to equalization, whereby cost and revenue equalization are combined into a single transfer designed to fill the gap between assessed costs and assessed revenues (ibid.). Lastly, many approaches to horizontal equalization combine distinct transfers for cost and revenue equalization (ibid.). Table 4.2 below thus outlines some of the basic parameters of fiscal equalization in each of the countries studied here.

[24] This latter form of rebalancing is often contrasted with *vertical* rebalancing, whereby there is a mismatch that aims to be rebalanced between the constitutional responsibilities of the central and regional governments, on the one hand, and the capacity to raise revenues, on the other (Watts 2007, 103). The implicit aim is thus to align revenue capacity with the degree of services the jurisdiction is responsible for.

Table 4.2: Equalization modalities

	Australia	*Austria*	*Canada*	*Switzerland*
Vertical Equalization Jurisdiction.	Federal	Federal	Federal	Shared
Equalization Modality[25]	Gap-filling	Revenue Equalization	Revenue Equalization	Combined
Degree of pre-redistribution horizontal fiscal inequality[26]	Low-high	Low	Medium-High	Medium

We should thus be clear here: when analyzing intergovernmental coordination in the field of fiscal equalization, we are here specifically focusing on vertical transfers from the central government to regional the regional governments. The literature on fiscal equalization is vast with different emphases throughout, stretching across highly technical economic analyses, to more historical accounts (see Breton 1987 for the former, and Janigan 2020 for the latter). Given this large variety of both possible forms of fiscal equalization in LDFs, and disciplinary vantage points for studying them, this chapter has elected to focus on the politics of fiscal federalism, as it pertains to formally sanctioned, recurring, and unconditional grants in the four countries under review: Australia, Austria, Canada, and Switzerland. Indeed, it is precisely these policies of reoccurring and formally sanctioned transfers that aim to equalize regional differences that have often been most subject to intense politicization in LDFs (Béland, Lecours, et al., 2017, 33–88). Taken

[25] Modalities are derived from Dougherty & Forman 2021, except for Austria, which is based on their own assessment.
[26] Relative degree of pre-redistribution horizontal fiscal inequality based on Blöchlinger's (2014, 8) OECD conference paper, *Fiscal Equalisation — A Cross-Country Perspective*.

together, we can thus conceive of the overall political aims of equalization policy, in addition to the overall political architecture of intergovernmental coordination in the field according to the following continuum laid out in Figure 4.1 below.

Figure 4.1: Continuum of intergovernmental coordination in the field of fiscal equalization

<Convergent——Consolidated——Harmonized——Disaggregated——Fragmented>

Here, fragmented refers to a pattern of intergovernmental coordination in the policy sector where the fiscal capacities of regional governments evolve without an explicit or direct transfer policy in place from the central government. At the other end of the continuum, convergence refers to a policy architecture which aims to render fiscal conditions identical across regional governments. In the middle, harmonized here refers to a pattern of intergovernmental coordination that keeps the relations between both the central and regional governments in the federation stable. Consolidated here refers to a pattern of intergovernmental coordination where policy leadership by one or the other level of government is evident, but also taking place in the relative absence of intergovernmental political conflict. Finally, disaggregated here refers to a pattern of intergovernmental coordination characterized by a relatively higher degree of intergovernmental political controversy over the policy.

The individual country case studies will unfold as follows: the first part of each country study offers a brief overview of the policy field under review. The second part of each country specific study applies the neo-institutional model outlined in part 1 and focuses on the politics of reform in the policy field under review, and the way in which consensus was reached among political actors. It aims, as much as possible, to focus on and identify contemporaneous periods of reform to focus on the politics of consensus making, rather than partisan involvement. Finally, the concluding part of the chapter offers a recapitulation and summary of the findings.

4.1 Australia

The primary institutional means through which fiscal relations are organized in Australia has been via the arm's-length *Commonwealth Grants Commission* (CGC), with the *Council on Federal Fiscal Relations* taking on an increasingly important role since the 2010s. The CGC was established in 1933 and today provides advice to the Australian government on the distribution of Goods and Services Tax (GST) revenues among the states and territories from the perspective of maintaining a relative degree of fiscal equity among Australia's regions, such that citizens may access broadly equivalent services across regions. While the resulting transfers do provide indeed provide a degree of fiscal equalization between regions, there has nevertheless been criticism about the overall adequacy of the transfers in helping regions fund their policy obligations toward their publics. The *Council on Federal Fiscal Relations* has been more recently established to help coordinate the management of fiscal relations more broadly within Australia.

To this end, while initially established under section 96 of the Australian constitution, which stipulates the right of the Commonwealth government to grant financial assistance to states, the CGC has since come under the *Commonwealth Grants Commission Act* in 1973. The *CGC Act* empowers the CGC to make recommendations to the Commonwealth government regarding central government fiscal transfers to the states and territories of Australia. It is generally understood that the CGC has helped depoliticize the potentially contentious nature of fiscal transfers in the federation (Béland & Lecours 2013, Béland, Lecours, Marchildon, Mou & Olfert, 2017). Despite a technocratic orientation, however, the broad objective of the CGC is not apolitical, and remains a means through which to create public awareness and support for the policy objectives and priorities of the federal government (Morris 2007, 45). As a result, the state and territorial governments of the federation have, at times, been able to rely on the context created by the CGC to put greater on the commonwealth government's approach to determining fiscal transfers (Morris 2007, 64), a decision that ultimately rests with the federal treasurer, however (ibid.).

In this way, while the presence of an arm's-length institution like the CGC has helped to, at times, orient redistributive conflict over fiscal transfers around a clear set of institutions, the technocratic nature of the institution has also been thought to contribute to a widening vertical fiscal imbalance in Australia (Warren 2008). Thus, by 2009, a much broader and all-encompassing reform of fiscal federalism was passed by the Australian Parliament, the *Federal Financial Relations Act of 2009*. The act aims to provide a new framework for fiscal coordination between the Commonwealth and state/territorial governments by aiming to provide state/territorial governments with more unconditional funding from the Commonwealth government, while preserving the capacity of the Commonwealth government to broadly influence national policy objectives (Blöchliger & Vammale 2012, 29).

4.1.1 Case Study: The 2008-09 agreement on federal financial relations

As indicated above, the CGC, long established as it has been in Australia, was facing increasing pressure as a mechanism for recalibrating the vertical fiscal imbalance in Australia (Prest & Matthews ed 1980, 181-263), and, by the 2004 Australian federal election, fiscal federalism was increasingly being discussed. During the 2004 federal election, the southeastern state of Victoria—the second-largest state in terms of seat composition in the Australian House of Representatives—returned a plurality of Labor Party members to the House, despite the country-wide electoral outcome favouring the Labor Party's main rival, the Liberal-National coalition, whose base was in the largest state, New South Wales.

By 2005, the government of the state of Victoria, under the Premiership of Labor Premier Steve Bracks, published a document titled "A Third Wave of National Reform: A New National reform initiative for the COAG (Council of Australian Governments)." While the document was presented and positioned within the context of the Council of Australian Governments, the document itself was almost entirely focused on matters of fiscal federalism (Blöchliger & Vammale 2012, 29). The Australian Liberal Prime Minister at the time, John Howard, though chair of the Council of Australian Governments, a former Treasurer of Australia, and longstanding MP from Australia's largest state, New South Wales, sought to avoid prioritizing the COAG as the primary venue for negotiations and instead relied on the prestige and reach of the Prime Minister's Office, Cabinet, and Treasury to position the Commonwealth Government during negotiations (Blöchliger & Vammale 2012, 32). In 2007, however, a general election was held and the Labor Party, under the leadership of Kevin Rudd, aimed to reprioritize the COAG as a forum for negotiating fiscal reform. It certainly helped that, after the election, there was broad partisan alignment across both the federal and most state levels, as most governments were headed by the Labor Party for a brief time.

Despite the partisan alignment, however, the issue of fiscal reform had long been on the intergovernmental agenda (Blöchliger & Vammale 2012, 32). Some thirty years prior, in 1976, Liberal Prime Minister Malcolm Fraser first raised the issue of recalibrating commonwealth-state finances (ibid.). State and commonwealth governments thus continued their path toward reform, despite party turnover in the negotiating process, and were the principal actors in pushing for reform.

Despite the issue of fiscal reform being on the agenda since the 1970s, effective consensus on a satisfactory way forward had never been decisively reached. Progress was made in the 1990s with the establishment of the COAG under the initiative of Labor Prime Minister Paul Keating. Martin Painter describes the COAG as a key institution in establishing a "framework for negotiation, commitment building, and public affirmation of final settlements" (Painter 1996, 101–102). The COAG was[27] an arm's-length institution that served as the peak intergovernmental forum for facilitating negotiation and policy coordination between the state and commonwealth governments of Australia. Agreements reached at the council did not usually have the force of legislation and are generally understood as instruments of politics rather than law (Parker 2015, 46), yet in the case of the most important of agreements, such as the 2008-09 agreement on fiscal reform, additional legislation was passed by the Australian Parliament, further affirming the intergovernmental agreement.

To this end, in 2008, the *Intergovernmental Agreement on Federal Financial Relations* (IAFFR) was finalized and agreed to by the Prime Minister and the state and territorial premiers, and the *Federal Financial Relations Act 2009* (FFRA) was passed by both houses of the Australian Parliament on March 12, 2009, receiving assent on March 26. The Intergovernmental Agreement and the statutory legislation each put in place and prioritize different elements in the maintaining and renegotiation of fiscal consensus among the governments of the federation. The Intergovernmental Agreement, by and large, sets the institutional basis for the *Council on Federal*

[27] The COAG has subsequently been superseded as a peek intergovernmental organization in Australia by the National Cabinet, instituted under the premiership of Liberal PM Scott Morrison in response to the COVID-19 pandemic.

Financial Relations (CFFR),[28] which is presided over by the treasurers of each of the member governments. The CFFR is also integrated into the broader institutional architecture of federal intergovernmental relations in Australia, forming a part of the broader concertation structure of the National Cabinet. This portion of the CFFR is essentially political in character and exists outside of statute law.

By contrast, the *Federal Financial Relations Act* (FFRA) more specifically outlines basic fiscal commitments of the commonwealth government toward the states and territories. Three varieties of transfers are specifically enumerated in the act: general revenue assistance to be used for any purpose, nationally specific purpose payments to be spent by the states based on nationally determined objectives, and "national partnership payments" that facilitate the provision of state-specific objectives and responsibilities. Despite these three types of payments being outlined in the federal legislation, the act does not outline specifics in terms of program design or any kinds of payment timetables. Neither does the act outline any mechanisms for contesting or challenging transfers made by the commonwealth government to the states and territories. Indeed, the latter concerns are to be raised within the confines of either the CFFR or the successor to the COAG, the National Cabinet.

For the Labor administration of Kevin Rudd, the adoption of the IAFFR and FFRA was framed as an attempt to institute a more conciliatory and cooperative kind of federalism in contrast to that of his Liberal predecessor, John Howard (Blöchliger & Vammale 2012, 36–37). In practice, however, the IAFFR and the FFRA didn't much deviate from already existing precedents in the field, namely the CGC. Legislation and intergovernmental institutions were primarily meant for agenda setting by the commonwealth government and, to a lesser extent, the premiers of New

[28] A comprehensive website detailing the up to date and past business of the council has been made available online: https://www.federalfinancialrelations.gov.au/ (still valid as of May 2025).

South Wales and Victoria. Moreover, by rendering into statute law some elements of the IAFFR, this practice effectively served to protect the commonwealth government from the state and territorial governments by legislating the primacy of the commonwealth government in effectively steering the spending priorities of the states and territories.

Despite this, the CFFR has undertaken performance reviews of some of the national partnership programs between the commonwealth government and the states and the institutionalization of the agreement is relatively robust and formalized. In general, the interactions of the CFFR are oriented around eight core principles, five of which aim to structure the content of future agreements, and three of which aim to influence the process of reaching agreements.[29] Principles related to the content of agreements stipulate that new agreements must promote strong economic, social, and fiscal outcomes; must limit the number of low-value agreements in order to minimize administrative costs; must balance the priorities of all governments; must ensure the budget autonomy and flexibility of all governments; agreements must provide funding certainty where possible (*Council on Federal Financial Relations* 2021). Procedurally, the *CFFR* must be made privy by the concerned portfolio ministers once consensus for a new agreement has been reached; portfolio ministers will be consulted when determining the appropriate *CFFR* oversight arrangements; and, finally, agreements must be made available for consultation online on the *CFFR*'s website (ibid.).

Given that the CFFR itself remains a political body, however, instituted via intergovernmental agreement and not statute law, the agreement principles and directives outlined by the CFFR effectively serve to politically frame and guide fiscal negotiations between governments in the federation. Moreover, the CFFR itself remains institutionally tethered to

[29] Council on Federal Financial Relations, Principles of Federation Funding Agreements rules: https://www.federalfinancialrelations.gov.au/content/npa/default.aspx (accessed August 12, 2021).

National Cabinet, which is presided by the Prime Minister, and is thus a forum that—as we will see when compared to other LDFs—generally privileges the priorities of the commonwealth government.

Moreover, while there is a strong element of concertation among governments in Australia, since oversight of the CFFR is closely related to Australia's broader intergovernmental framework that places the Commonwealth government at the centre of intergovernmental relations, interactions between governments in the field of fiscal relations generally pursue a dynamic sportsmanlike competition. In other words, state governments do not tend to uncritically assume the prerogatives of the central government as their own, yet at the same time as the commonwealth government is challenged by the states, states are also willing to work within a clearly defined set of commonly accepted boundaries, frameworks and rules that ensure the political legitimacy of the agreements reached. In Australia then, it is this primarily political, rather than legal, dynamic which characterizes coordination in the field of horizontal fiscal equalization.

4.1.2: Summary

The move to further entrench the role of the CGC via *the Commonwealth Grants Commission Act* in 1973 can be understood in the context of this study as helping further the political legitimacy of equalization policies in Australia. In this respect, it can also generally be understood as a move in the direction of greater egalitarian federalism. Despite aiming to "de-politicize" conflict over equalization, the further institutionalization of CGC also opened it up to greater political scrutiny, which, in turn, helped lead to a relatively more transparent equalization process. In the end, the give and take between the Commonwealth and regional governments led to the establishment of the Council on Federal Fiscal Relations via the Federal *Financial Relations Act,* of 2009.

When linking these developments to the general configuration of representation over the period observed, we find that the 1973 CGC Act and the 2009 took place during a period of greater and sustained effective regional equality from the 1970s onward (see Figure 3.2 above), suggesting a greater tendency toward policy universalism. At the same time, this period also saw a more equal per capita representation among regions (Figure 3.3 above), suggesting a greater move toward share-rule decision making. In both these respects, these broad trends were observed in Australia's post-war trajectory within this policy sector. More specifically, when focusing on key periods which coincided with the passing of critical legislation, like *Commonwealth Grants Commission Act* in 1973, and the *Federal Financial Relations Act,* we observe that these pieces of legislation were passed during periods of average or slightly higher than average regional coalitions (Figure 3.6 above).

The framework developed in this dissertation suggests that although policies adopted under such conditions may have slightly increased regional buy-in, this buy-in may also have been slightly politically volatile and tenuous. Indeed, while the *Commonwealth Grants Commission Act* was adopted under the short-lived and controversial[30] Labor government of Prime Minister Gough Whitlam, it was followed by a long period of Coalition rule led by Prime Minister Malcolm Fraser. Later, during passage of the *Federal Financial Relations Act* under the still broader regional coalition of Labor Prime Minister Kevin Rudd, Labor infighting between Rudd and deputy prime minister (and later prime minister) Julia Gillard was followed by a narrower regional coalition,

[30] The Whitlam era was especially defined by the constitutional conflict between Whitlam and governor-general John Kerr, who ultimately dismissed Whitlam as he was unable to secure supply bills. This led to the appointment of Malcolm Fraser as prime minister.

suggesting the high/low maintenance elements of the Labor Party's regional coalition may have been playing a role in both the adoption of these policies and the subsequent narrowing and breakdown of the regional coalition.

4.2 Austria

Fiscal redistribution between Austria's 9 *Land* governments and the central (*Bund*) government is outlined in the *Fiscal Constitutional Law of 1948* (Republic of Austria Federal Ministry of Finance, 2018). The specifics of fiscal redistribution are periodically updated, usually every four to six years, via an intergovernmental fiscal relations act (Ibid), passed by the central legislature with the consent and direct consultation of the *Land* governments (ibid.). Austria, like Germany, is generally understood as a variety of administrative federalism, whereby full legislative powers are held by the central legislature, and the task of implementing laws is left to the individual *Land* governments. In practice, however, this division is not so neat (Gamper 2006, 91), and several informal, horizontal relations between *Länder* do take place. Nevertheless, these relations are generally understood to be largely cooperative rather than specifically competitive or adversarial (Ibid).

To this end, additional intergovernmental agreements may also be undertaken between federal government with individual *Land* governments or between *Land* governments themselves, outside of the central legislature (Ibid). For these agreements, referred to as concordats; to be deemed effective, they must be ratified by the legislatures of the contracting governments. Owing to the legislative character of the ratification process, these agreements additionally take on the character of law within the federation, unlike the entirely political character of intergovernmental agreements in the Australian and the Canadian cases.

Despite an institutional structure which compels and incentivizes cooperation between governments in Austria, the policy and politics of fiscal redistribution have not been without contestation. Pressures from above, largely derived from imperatives initiated by EU criteria, and from below, to allow greater fiscal flexibility to local and *Land* governments, have compelled the federal government to commit to a slight increase in the devolution of tax capacity to the *Land* governments and municipalities (Republic of Austria Federal Ministry of Finance, 2018; Schratzenstaller 2015). Nevertheless, among the four countries under comparison, Austria continues to be the LDF, with the greatest share of overall tax revenues making their way to the federal government.

4.2.1 Case Study: The 2008 reform of the Fiscal Equalization Law

Fiscal arrangements in Austria are subject to regular revision as outlined in the *Fiscal Constitutional Law*. Beginning in the spring of 2007, the reform process was initiated by the new ÖVP federal finance minister, Wilhelm Molterer. Under Molterer, the Federal Ministry of Finance favoured an increase in the *Länder* share in federal tax revenue and sought to confer additional tax autonomy on the *Länder*, in exchange for a reduction in federal grants to the *Länder* (Blöchliger & Vammale 2012, 43).

In many ways, the 2007 round of negotiations sought to address an ongoing and longstanding dilemma in fiscal relations between the *Bund* and *Länder*. On the one hand, *Länder* does not have considerable tax autonomy, which means fiscal resources become concentrated in the *Bund* government. To overcome this vertical fiscal imbalance then, the *Bund* government has therefore sought to distribute conditional grants to the *Länder*. At the same time, however, these grants are administratively cumbersome for the *Bund* government, which would rather devolve some aspects of fiscal policy to the *Länder*, to free up alternative policy capacity at the *Bund* level. For the *Länder*, however, there is generally no interest in having increased autonomy over the management of their fiscal capacity, given that the development of the necessary expertise would itself incur considerable costs for the *Länder* (Ibid).

Given that these positions had been well entrenched in the politics of Austrian fiscal federalism, the Ministry of Finance sought to shake up the status quo by beginning the renegotiation of fiscal arrangements one year earlier than normally anticipated (Matzinger 2008). Caught off guard, the Ministry of Finance's early engagement compelled the *Land* governments to quickly make a common front, without all the *Länder* having a clear understanding of their interests in the new round of negotiations (Blöchliger & Vammale 2012, 44). At the same time, however, the states have considerable leverage over the outcome of the agreement, given that it must be ratified in both the upper and lower houses of the Austrian Parliament before the agreement becomes binding and effective. This structural feature of negotiations meant that, even if the *Land* were initially caught off guard, they could still gather themselves and strengthen their position in time. Indeed, this is what occurred.

While the centre initially caught the *Länder* off guard with the proposal to devolve tax capacity to the *Länder*, this proposal was the first one dropped during the negotiations (Blöchliger & Vammale 2012, 45). The *Länder* opposed this policy on the basis that it would lead to too much uncertainty in tax revenues across the *Länder*, effectively rendering the task of offering relatively comparable services across the country more difficult (ibid.). The *Bund* government additionally abandoned the establishment of a conditional grant system, in deference to the longstanding practice of according to *Land*-spending autonomy (ibid.).

A further point of contention arose when determining the criteria for allocating funds to the *Länder*. In Austria, population statistics are used as a criterion in the fiscal redistribution formula (Blöchliger & Vammale 2012, 46). Nevertheless, Austria's main governments could not agree on which population statistics to use: the *Bund's* accounting as compiled by statistics Austria at the federal level, or the *Länder*'s records as compiled in municipal registries (Blöchliger & Vammale 2012, 46-7). To this end, a study conducted by Statistics Austria found that local registry data could be reliably updated on a yearly basis and thus provide more accurate population data than the census data collected by the federal government. Ultimately, the federal government prevailed in committing the *Länder* to provide and compile the requisite data, rather than the federal government undertaking the task of collecting data on both a yearly, and then more broadly, on a decennial basis (Blöchliger & Vammale 2012, 47). While improvements in technology would make it easier for the *Länder* to update and maintain registry data, some smaller *Länder* were nevertheless hesitant about the formula for fiscal redistribution, reflecting the more frequently updated data, as these *Länder* worried they would lose funding due to population loss. In the end, a compromise that reduced the weight of larger jurisdictions in the formula facilitated agreement on the funding formula (ibid.).

By September 2007, a *Paktum* (a legally binding intergovernmental agreement) was signed between the *Bund* and *Land* governments, and after some final revisions, the law was adopted by the Austrian Parliament in spring 2008 (Blöchliger & Vammale 2012, 48). The passing of the reform subsequently led to the creating of a new fiscal federalism working group headed by the federal chancellor and finance minister and including representatives from the other levels of government. The purpose of the group is to maintain momentum on some of the longstanding interests of the federal government in fiscal relations: the distribution of the share of the administrative burden between the *Bund* and *Land* governments in the management of fiscal federalism, and the devolution of fiscal capacity to the *Länder* by the *Bund* (Schratzenstaller 2015, 63).

In Austria then, the concentration of capacity at the federal level tends to occur, not necessarily because the central government competitively seeks it out. Rather, the *Länder* are frequently able to resist the *Bund's* attempts to devolve policy capacity onto them and can ensure the most administratively difficult competencies are not borne out by them. The fact that *Länder* have roughly similar overall representation in the Bundestag, combined with the requirement that fiscal reforms be agreed to by all parties in the central legislature, means that the *Länder* are more powerful in the Austrian federal system than they are often construed to be (see Erk 2004), and can exercise considerable leverage within the Austrian political system. This influence, however, occurs and takes place primarily at the centre in a concerted way between all governments, and less so on a vertical basis.

4.2.1: Summary

Among the LDFs studied in this dissertation, Figures 3.2 and 3.3 show that Austria consistently exhibits the highest proportion of effectively represented regions in its central legislature, in addition to the most equally proportioned representatives per capita across regions. Despite these representational features, the overwhelming place occupied by the central government in mediating policy adjustment between the *Länder* and the central government undermines further progress toward egalitarian federalism.

To quickly repeat some of the core hypotheses and assumptions of the framework developed here: greater regional equality suggests greater policy universalism, and proportional equality favours shared rule. Within the Austrian context then, we observe that these representational dynamics may help reinforce the already strong constitutional position of the central government vis-à-vis the *Länder*. Indeed, it is possible that an LDF with a similar configuration of representation as exhibited in Austria, but with a constitutional structure that accords greater autonomy to the regional governments, a more egalitarian federal dynamic would prevail.

Despite this asymmetry between a highly equal configuration of representation, on the one hand, and a very hierarchical and unequal distribution of administrative and legislative competencies on the other, the Austrian *Länder* have nevertheless attempted, at times, to reorient the political centre of gravity more to their favour. When observing these moments from the perspective high/low maintenance regional coalitions, such push back has appeared to coincide with periods of slightly higher maintenance regional coalitions (see Figure 3.6 above). Indeed, historically the highest maintenance regional coalitions in Austria have tended to be varieties of coalition governments, with the exceptions largely found between 1945 and 1955, the period when Austria was still under allied occupation.

The Kreisky era (1970–1983), by contrast, represented an exception, as Austria experienced a rare period of single-party majority government under the SPÖ, coinciding with some of the lowest maintenance regional coalitions in Austria's post-war history. As Austria exited the Kreisky era, however, it underwent a gradual reorientation away from strict neutrality toward greater receptiveness to the European community, and eventually the EU. We can't be sure if this trend caused the observed increase in the equality of individual representative apportionment between regions (see Figure 3.3 above) during this period, or, vice versa, if the increase in inequality pushed a reorientation toward the EC/EU, but the period and configuration are nevertheless associated with a slow increase in the political assertiveness of the *Länder* in relation to the *Bund* government. In this way then, greater *Länder* push back against the bund government would appear to coincide with both an increase in the prevalence of sustained high maintenance regional political coalitions (see Figure 3.6 above), and an increase in malapportionment between regions, two variables hypothesized to lead to greater political volatility, on the one hand, and a greater tendency toward varieties of self-rule. The fact that these subtle shifts in the pattern of intergovernmental policy coordination tended to occur under coalition governments may also be explained by the sustained high levels of regional equality in Austria (see Figure 3.2), a variable hypothesized to lead to greater policy universalism.

Nevertheless, it should be noted that the dynamics remain relative to the Austria situation. When contrasted more broadly with the peer LDFs studied in this dissertation, Austria still, by and large, exhibited a greater orientation to both policy universalism and shared-rule, as anticipated by the framework outlined in chapter 1.

4.3 Canada

Vertically disbursed, horizontal fiscal equalization in Canada, commonly referred to simply as "equalization," has its origins as a distinct program in 1957 (Lecours & Béland 2009). Unlike in Australia, however, there is no arm's-length institution overseeing the administration of the program exists (Béland Lecours et al. 2017, 15). Rather, the program is closely administered by the federal government with little input—beyond political pressure—from the provincial governments or civil society. The monopolization of the equalization program by the federal government is frequently justified by reference to *the Constitution Act, 1867* (Béland Lecours et al. 2017, 16) which accords the federal government, under section 91, the right to raise revenues by any mode of taxation. Likewise, various clauses of *the Constitution Act, 1867,* commit the federal government to subunit specific redistributive transfers. For instance, section 119 stipulates specific transfers to the province of New Brunswick. Likewise, specific constitutional terms of union have bound the federal government to devote resources to specific provinces, the most emblematic such commitment being the allocation of resources for the development of a fixed link between the island province of Prince Edward Island and the Canadian mainland. By 1982, constitutional renewal in Canada formalized equalization under section 36 of *the Constitution Act*, *1982*. Under the section, the federal and provincial governments commit themselves to promoting equal opportunities for all Canadians, providing essential public services of reasonable quality to all Canadians, and reducing the disparity in opportunities.

Possibly due to the number of different transfers the federal government allocates to Canada's provinces and territories, in addition to direct transfers to individuals and the overall secrecy of federal transfer programs (Lecours & Béland 2009, 580), much confusion exists regarding the operation of equalization in Canada. This is especially acute in the public sphere, as both the popular and upmarket press can often be read to refer to subunit contributions to equalization payments. However, financial resources are redistributed to provincial governments from revenue generated by the federal government's own constitutional jurisdiction, of which there are three such major transfers, the Canada Health Transfer, the Canada Social Transfer, and equalization transfers. The federal governmental also engages in specifically defined bilateral transfers between the federal government and individual subunits.

In a 1992 reference case regarding the constitutionality of such transfers (Reference re: *Canada Assistance Plan* [BC]), the right of the federal government to unilaterally amend such transfers was challenged by the Province of British Columbia. In the context of the federal government's fiscal consolidation during the 1990s, the federal government sought to cut the size of the transfer previously accorded to the province. Ultimately the Supreme Court of Canada ruled such unilateral action was within the legitimate constitutional authority of the federal government.

Despite the ruling, which upheld the right of the federal government to unilaterally undertake and amend its policies of fiscal redistribution as it sees fit, the role and approach of the federal government in undertaking the redistributive policies are increasingly being challenged by various subunit governments in Canada. Most recently, the Premier of Alberta has committed to holding a non-binding referendum within the province regarding the matter of equalization, the proposed question being the following: "Do you support the removal of Section 36, which deals with the principle of equalization, from *the Constitution Act, 1982*?" (Morton, 2021).

4.3.1 Case Study: The 2007 equalization reform

The 2007 Canadian budget contained a substantial revision of the federal equalization formula. Considered the most far-reaching reform of the policy since its initial introduction in 1957, the reform aimed to simplify the formula and methodology used to determine payments to the provinces (Blöchliger & Vammale 2012, 65). Yet, the impetus for the reform came from a prior period of cuts to vertical transfers in general. During the 1990s, the federal government sought to improve its fiscal position after two decades of accumulated deficits, unilaterally cutting transfers to the provinces by merging previously multiple payments into a single transfer, the Canada Health and Social Transfer, and by greatly reducing the size of the new transfer (Béland, Lecours, et al., 2017, 34).

The unilateral move sparked considerable resistance from the provinces. On the one hand, the Liberal Party's majority during the 1990s was largely regionally concentrated in Ontario, with Alberta and Québec returning parties generally skeptical of shared federal-provincial policy led by Ottawa. By the late '90s, resistance to the reforms was initiated at the provincial level by the Government of Québec (ibid.), led by *Parti Québécois* Premier Lucien Bouchard, who also relied on their political homologues at the federal level, the Bloc Québécois. The Bloc Québécois, solely based in the province of Québec, controlled a large majority of the seats in the federal legislature, and traditionally considers their role to represent the interests of the government of Québec in Canada's Parliament (Trembaly, 2015). A similar political arrangement existed in western Canada at the time, when the region had largely returned a majority of MPs from the centre-right Reform/Alliance Party (Laycock 2002).

A major point of contention in the lead up to the 2007 reform, after the federal government had previously imposed cuts through the 1990s, was the unpredictability of the transfer. This is because either the methodology for determining the transfer was subject to unilateral change by the federal government, or due to the influences of extractive commodities in Canada's economy, cyclicality in global commodity prices could abruptly impact the revenues of provinces, rendering them suddenly ineligible for a transfer, or, in some cases, receiving a transfer in addition to the windfall in commodity prices (Blöchliger & Vammale 2012, 66-7). The stated aim of the 2007 reforms was, thus, to smooth out the transfers and render them more predictable for the provinces over the subsequent years.

While there had long been discussion of the vertical fiscal imbalance in Canada, by the late 1990s the federal government sought to alleviate these concerns via the establishment of the Social Union Framework (SUFA). SUFA aimed to establish a common standard for service provision across the country. In return for agreeing to a common set of universal provisioning standards, the federal government would aim to stabilize transfers to the provinces. In practice, however, the agreement largely reinforced the spending preferences of the federal government and was opposed and went unsigned by the Government of Québec, on the understanding that the agreement largely favoured the prerogative of the federal government in relation to the provinces (Béland, Lecours, et al. 2017, 34). The resistance to the SUFA by the government of Québec created space to keep the discussion on fiscal federalism open; however, in 2002 the Québec government released a report titled, *Commission sur le déséquilibre fiscal*. The report insisted on the need for greater predictability and stability in payments to the provinces, but, importantly, stated that provinces should be consulted before the federal government makes any changes to the federal equalization program (ibid.).

By 2005, the federal government had struck a panel to advise it on an amended equalization program going forward. *The Expert Panel on Equalization and Territorial Formula* Financing, colloquially referred to as the O'Brien Panel (named after its chair, senior Government of Alberta civil servant Al O'Brien), had as its mandate to provide advice to the Government of Canada on, in particular; the overall allocation of program designated funds to the provinces and territories; the mechanisms which would ensure that payments to provinces would remain stable and predictable; the criteria for determining fiscal disparities between the provinces, whether to establish a permanent body to advise the government on matters of fiscal equalization, and how to politically implement the approach recommended by the panel (Expert Panel on Equalization and Territorial Formula Financing 2006, 14).

Despite the election of a new government, as the panel was still conducting its consultations, the Conservative government of Prime Minister Stephen Harper, which replaced the Liberal government of Prime Minister Paul Martin, eventually endorsed the panel's recommendations, almost in their entirety (Blöchliger & Vammale 2012, 71). Two important exceptions were made, however. First, the government decided to allow provinces to determine whether natural resource revenue should be included in the calculation of equalization payments (Béland, Lecours, et al., 2017, 38). Second, special accords with an opt-out clause—allowing provinces who elect to run their own programs to be compensated for those programs—were maintained (Blöchliger & Vammale 2012, 71).

Importantly, in terms of constructing consensus among political actors, the report recommended that, while greater effort should be made to render the fiscal equalization policy more transparent, no permanent, independent, arm's-length commission should be set up to oversee equalization (Expert Panel on Equalization and Territorial Formula Financing 2006, 65). The panel had essentially determined that the consensus-making process in the policy field had been working reasonably well. Politically, moreover, the provinces were not in favour of an arm's-length commission, thus rendering any recommendation to that end politically unfeasible (ibid.). The federal government accepted this conclusion as well, and fiscal federalism in Canada remains regulated, as it always has been, unilaterally overseen by the federal government, subject to change via periodic political pressure from the provincial governments. The reformed system lasted less than two years, until the financial crisis of 2008 compelled the federal government to adopt a different fiscal strategy to deal with the downturn. Facing mounting constraints due to the crisis, the federal government sought to limit the costs of the program to itself by adopting a fixed pool approach that capped the total amount to be distributed to the provinces, regardless of their actual need.

In this way, then, vertical fiscal equalization policy in Canada is both highly contentious and politicized. While in the abstract, equalization policy is rooted in a commitment to maintaining both regional solidarity and individual equality, in Canada it has become a major source of regional political resentment and is frequently misrepresented for political ends. Indeed, sympathizers of "western alienation" have often sought to subtly portray Canada's fiscal equalization policy as a horizontal transfer between provinces, suggesting the program is funded by "Albertans" or "Westerners" instead of what is effectively the case; a vertical transfer based on federal government revenues raised through activities within the federal government's own jurisdiction. [31]

In turn, this kind of dynamic, both in terms of the structure and federal calculus informing equalization policy and its politicization by regionally oriented constituencies, thus has the effect of reinforcing a political culture of self-rule oriented around the priorities of the largest provincial governments, which see equalization, either as a constitutional right that one is owed, or unfair subsidy at another region's expense; and the interests of the federal government, thus making the achievement of shared rule within this policy field particularly challenging.

[31] See, for example, the opinion pages of the Calgary Herald; Corbella, Lisa 2018, "Québec gets $1.4B more of our money. In return, Alberta gets kicked" *Calgary Herald*, December 11, https://calgaryherald.com/news/local-news/corbella-Québec-gets-1-4b-more-of-our-money-in-return-alberta-gets-kicked

4.3.2: Summary

Among the LDFs studied in this federation, Canada occupies the diametrically opposite end of the spectrum to Austria: Canada exhibits both the lowest levels of effective regions, but also the most unequal apportionment of representation between regions. This type of configuration has been hypothesized in chapter 1 to coincide with both greater instances of policy territorialism and self-rule. To this end, over the period observed, Canada did not further orient itself toward a more egalitarian federalism as described in chapter 1.

An important factor in this regard was that, while regional equality and malapportionment generally both increased over the period observed (see Figures 3.2 and 3.3), party alternance between the Liberals and Conservatives demonstrated distinct regional coalitional signatures. In general, the three great majority Conservative governments during the post-war period (Diefenbaker 1958–1962; Mulroney 1984–1993; Harper 2011–2015) tended to be structured around high maintenance regional coalitions. By contrast, the great Liberal majorities (St. Laurent 1948–1957; Pierre Trudeau 1968–1972, 1974–1979, 1980–1984; Chrétien 1993–2003; Justin Trudeau 2015–2019) were oriented around narrower, more low-maintenance regional coalitions (see Figure 3.6). As an average then, these Conservative majorities tended to include the equivalent of an entire additional region in the governing coalition (4.59 regions) when compared to Liberal equivalents (3.23 regions).

This alternance between broad, but thinly bound majorities, on the one hand, and low maintenance, but highly regionally exclusive majorities, may have helped reinforce an adversarial political culture, as many regions may tend to be frequently excluded from governing coalitions, or coalitions may become too diffuse for the achievement of a sufficiently satisfactory policy compromise. In this way, the Canadian example generally appears to have conformed to the hypotheses outlined in chapter 1 as Canadian intergovernmental policy coordination does appear in many respects to thus favour both policy territorialism and self-rule.

In this regard, linking the political trajectory of intergovernmental policy coordination in equalization to Canada's federal equity bargain and configuration of representation, the initial context in which the development of equalization as a standalone policy program begins in 1957 also coincides with an important disconnect within Canada's configuration of representation and federal equity bargain. On the one hand, as Figure 3.2 above shows, the 1950s were, by Canadian standards, a period with a relatively higher share of effectively represented regions in the central legislature, thus suggesting a political dynamic more relatively more favourable to policy universalism, which is indeed a key feature of equalization.

Conversely, however, as figure 3.6 shows, the latter years of the St. Laurent governing coalition, and leading into the first Diefenbaker coalition in 1957-58, were periods of narrowing regional coalitions. According to the mechanismic hypotheses developed in chapter 1, low maintenance regional political coalitions narrowly concentrate their regional basis of support, and, in so doing, may also create a sense of exclusion and dissatisfaction among regions, thus necessitating the development of more universal or national policy programs to compensate for this sense of political exclusion and policy dissatisfaction. Indeed, in some respects, these dynamics do appear in the Canadian context. As Mary Janigan writes, "Equalization did not magically unite the partners in the Canadian federation" (Janigan 2020, 287) with many provinces, led by Ontario Premier Leslie Frost, and supported by federal Progessive-Conservative leader John Diefenbaker, contending that the Liberal equalization policy did not provide sufficient support to the provinces (ibid.).

The 2007-09 equalization reforms were, in this sense, the culmination of a long period of political dissatisfaction with the policy (Béland et al. 2017). This period also coincided with the return to a higher maintenance regional coalition under the leadership of Conservative prime minister Stephen Harper, after a significant period of low maintenance regional coalitions led by Liberal Prime Minister Jean Chrétien. Indeed, the model developed in this dissertation would suggest that, under a higher maintenance regional coalition, there may be a greater sensitivity toward regional political demands.

The attempt to address longstanding concerns rooted in the political criticisms of provincial governments would thus suggest some potential validity to the theoretical model developed in this dissertation; however, this is not to discard the existence of other possible explanations focused on the financial situation of the federal government, or any number of other potential variables. From the perspective of configuration of representation then, the continued political conflict over equalization policy in Canada would thus suggest there are still some ways to go for advancing egalitarian federalism in Canada.

4.4 Switzerland

By some accounts, the Swiss pattern of fiscal equalization begins in 1938 (Brenton 2020, 107). Yet, it is generally understood that, by 1958, a much more comprehensive system of fiscal equalization was established (Brenton 2020, 107; Vatter 2018, 187), which allowed greater central government involvement in the recalibration of fiscal disparities within the federation. By 2008, the current national fiscal transfer and equalization system was adopted by a popular binding referendum (Soguel 2019, 292). The new system is codified under la “Loi fédérale sur la péréquation financière et la compensation des charges.”

Section 2 of *la Loi fédérale sur la péréquation financière et la compensation des charges* indicates that the objective of Swiss equalization policy is to reinforce the financial autonomy of the cantons, to reduce disparities in fiscal capacity between the cantons, to maintain the fiscal competitiveness of the cantons, to guarantee each canton a base standard of fiscal resources, to compensate cantons for excessive costs related to particular geographic or socio-demographic factors, and, finally, to guarantee equitable compensation across the cantons.

Swiss equalization policy has historically been politically contentious and has endured several iterations of reform and restructuring. The most recent such reforms resulted in a clearer outline of the roles, expectations, and responsibilities of both the central and cantonal governments in matters of fiscal equalization (Kirchgassner 2007, 334). Nevertheless, some themes persist in the federal dynamics of fiscal equalization in Switzerland. Two crucial organizational elements distinguish the Swiss dynamic in this regard: the binding role of referenda and the ability of governments to enter agreements or “Concordats” with each other.

In this regard, Dietmar Braun (2000, 170) characterizes the role of popular referendums in the implementation of equalization policy as a form of “implicit blackmail,” as cantons can initiate a hostile referendum if a federal government tries to unilaterally impose its will on a specific canton. Indeed, the legal status of such referendums is rather unlike their status in the Canadian case previously mentioned, which remain a tool for governments to generate political pressure for or against a particular policy. The result of Swiss referendums, by contrast, can lead to binding legal consequences.

The judicialization of redistributive conflict in Switzerland is not limited to referendums alone but also extended to intergovernmental agreements called concordats. Unlike in the Canadian example, where intergovernmental agreements between governments may be unilaterally amended at any time, Swiss concordats are generally understood by Swiss courts to be binding agreements (Parker 2015, 138; Bolleyer 2009, 175), although the rules for ratifying concordats vary between Canton (Bolleyer 2009, 96). Thus, while the content of Swiss equalization policy has frequently between subject to reform, the political dynamic in which the policy is regulated has generally persisted.

4.4.1 Case Study: The implementation of la Loi fédérale sur la péréquation financière et la compensation des charges

Between 2003 and 2007, Switzerland underwent a political cycle aimed at reform of the system of fiscal federalism. Many of the reforms adopted had their origin in longstanding political and administrative discussions about the nature and organization of fiscal federalism in Switzerland (Blöchliger & Vammale 2012, 125). The reforms aimed primarily to disentangle joint responsibility within single jurisdiction policy fields, and to create a pool of fiscal equalization that was drawn from both federal and cantonal revenues (ibid.).

To this end, the previous system of fiscal redistribution suffered from an attempt to fuse two, somewhat conflicting, policy objectives in one policy program (Soguel 2019, 293). From its first adoption in 1958, fiscal equalization in Switzerland sought to both compensate individual cantons for undertaking projects that would benefit the confederation, and to equalize the fiscal capacity of the cantons by prorating the size of the compensation afforded to the canton, based on the individual canton's fiscal capacity (Braun 2000, 164). In theory, this arrangement was intended to ensure that wealthier cantons would not receive the same size transfer as poorer ones. In practice, however, the significant tax autonomy of cantons in the Swiss federal system meant that many cantons tried to manipulate their tax burden to increase the size of the benefit received from the federal government (Soguel 2019, 293). At the same time, much like in other federations, particularly in relatively fiscally decentralized ones, like Canada and Switzerland, accumulated deficits since the 1970s were placing increasing pressure on the fiscal flexibility of the federal government (Blöchliger & Vammale 2012, 127). The 2003–2007 reforms sought to recalibrate this fiscal situation.

The initiative for the reform was spearheaded by cantonal officials via the Conference of Cantonal Governments (KDK) and the federal ministry of finance (Blöchliger & Vammale 2012, 127). The federal ministry of finance, along with the KDK, jointly published a report titled *Lignes directrices*, where reform priorities were outlined and identified (ibid.). The report essentially outlined the scope and nature of potential reforms aimed at amending the existing arrangements. While the KDK played a role in precipitating reform, since only the federal legislature has the authority to pass binding legislation amending the fiscal framework of the country (Blöchliger & Vammale 2012, 128). As a result, federal involvement also played a role.

To this end, the Ministry of Finance was the main interlocutor for the federal government in negotiating with the cantons. The role of the ministry in brokering between the federal government and the cantons was crucial in establishing a depoliticized and technocratic air to the negotiations, as recourse to the referendum in the Swiss system can quickly derail and scuttle any potential reforms. As such, other ministries potentially implicated by the reforms, such as experts in constitutional law and intergovernmental relations, were largely kept at bay during the reform process (Blöchliger & Vammale 2012, 128). Nevertheless, relations between the cantons and the federal government remained constructive and cooperative, a reflection of the broad-based political will for reform among the governments.

With 26 subunits, however, negotiations between governments add a significant layer of complexity to consensus making in Switzerland. This element of complexity is reflected in the way sometimes contradictory policy objectives were bundled into the agreements. For instance, while poorer cantons looked favourably upon an increase in fiscal equalization grants, wealthier and more urbanized cantons were less favourable. To break the deadlock, additional funds intended to compensate for specific socio-demographic burdens associated with welfare spending in higher density urban areas were also added (Blöchliger & Vammale 2012, 129). Likewise, to alleviate fears that equalization payments would indiscriminately rise indefinitely, horizontal equalization, to be paid by cantons with above average tax-raising capacity, was to be between 66% and 80% of the amount of vertical equalization (ibid.). The rule is intended to bring wealthier cantons and the federal government onside when facing demands for increased equalization payments from poorer cantons (ibid.).

The reason for this kind of countervailed bundling in equalization has to do with the general imbalance between cantons within the federation, both in terms of wealth and population, on the one hand, and the potentially explosive recourse to binding referendums on the other. Indeed, referendums and the relatively equally apportioned representation of the central legislature have a mutually reinforcing character: the referendum helps guarantee that the commitment to individual equality is preserved in intergovernmental relations despite cantonal inequality.

This structural feature of the Swiss central legislature (i.e., the way the trade-off between regional representation and individual representation is organized) meant that political parties and polarization played but a minor role in overseeing the reform process (Blöchliger &

Vammale 2012, 130). Indeed, while a large spectrum of parties is generally represented in both the National Council and the Council of State, ideological and partisan competition also tends to have a regionalized character. Moreover, the expectation that the principal executive body of the Swiss Confederation, the Federal Council, is broadly representative across several key cleavages (region, language, religion, party, etc.) also plays a role in taming some more overt examples of political adversarialism.[32]

In the end, the reforms were passed by the Swiss Federal Assembly in stages (Blöchliger & Vammale 2012, 130), with various elements of the reform package being sequentially passed between 2001 and 2007 (ibid.). The reason for this sequestered nature of the reform was due to the different law cantons, and the public had to agree to reform before the equalization reforms themselves could be adopted. Thus, a mandatory referendum was held in November 2004 on the financial responsibilities of the federal government and cantons.[33] 64.4% of voters approved of the reforms, with only three cantons objecting (ibid.). By 2007, the size of the equalization packages was approved by the Federal Assembly, and implementation of the reforms began from that point forward.

For these reasons, the Swiss example represents something of a middle ground between the Canadian example, on the one hand, and the Austrian and Australian cases, on the other. While there has been a historically high degree of political contestation within the policy field, the existence of binding concordats also helps introduce a degree of shared rule by ensuring policies are consensual and fair and politically acceptable for all implicated regions, creating a greater sense of political legitimacy for equalization policies. This is in contrast with, for example, the Canadian

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[32] See Lijphart (2012, 33–40) for a discussion of Switzerland as an ideal-typical consensus democracy.
[33] The results of the referendum are available online on the website of the Swiss Federal Council: https://www.bk.admin.ch/ch/f/pore/va/20041128/det514.html (accessed August 23, 2021).

case, where the policy is exclusively under the direct influence of the federal government, with regions having no formal recourse to contest the policy. Given the way binding referendums can help backstop the parameters of politically acceptable equalization policy, Alberta's recourse to it, as mentioned above, does have political precedent, albeit within an entirely different legal and political configuration with a historically different attitude toward referendums.

4.4.2: Summary

When situating these dynamics within Switzerland's broader configuration of representation, we observe that while Switzerland generally exhibits a lower proportion of effectively represented regions in the than Australia in the central legislature (Figure 3.2 above), it nevertheless exhibits a similar share of effectively represented regions within the governing coalition as Australia (see Figure 3.6 above). In many respects this may be because, like Austria, Switzerland has been governed by a quasi-permanent political coalition over the post-war period.

Unlike Austria, however, figures 3.2 and 3.3 indicate that Switzerland exhibits both fewer effectively represented regions in the central legislature, but also greater volatility in the apportionment of seats compared to Austria as well. In line with the framework developed in chapter 1 then, this configuration suggests that Switzerland would tend to be more oriented around greater policy territorialism relative to Austria but may also be slightly more susceptible to more developed practices of self-rule, when compared to Austria.

Indeed, when compared to Austria, this would seem to be the case, as the cantons have been able to apply considerable pressure on the central government. Nevertheless, this pressure may not entirely be due to the configuration of representation alone. The fact that Swiss cantons do have a constitutional right to initiate referendums (see Braun above) represents an important political tool at their disposal. At the same time, while cantons do have these unique means available to them, the expectation for shared-rule in Switzerland generally remains higher than in a federation like Canada, where self-rule is the norm.

The general stability of Switzerland's configuration of representation and the relative balance between the cantonal and central governments suggest the preconditions for egalitarian federalism are more prevalent in Switzerland than in Canada. When observing the patterns of intergovernmental coordination this policy field, moreover, this hunch is somewhat confirmed. In contrast to Canada, cantons can exercise real legal authority over the implementation of the *Loi fédérale sur la péréquation financière et la compensation des charges*. By contrast, Canadian provinces can only hope to influence an equivalent reform process through political means, which may tend to reinforce the importance of both adversarial political relations between the centre and the provinces, but also the distinctiveness of a particular provincial point of view as well, thus potentially making a broad political consensus more difficult to achieve than in Switzerland.

4.5 Summary and Conclusion

At the outset, this chapter aimed to examine the general political architecture of intergovernmental coordination in the field of fiscal equalization in Australia, Austria, Canada and Switzerland by identifying: 1) The degree to which equalization policy is a matter of self-rule or shared-rule and the degree to which a formal dispute resolution process exists for resolving conflict over equalization; 2) the presence of policy continuity despite party alternance. In this summary portion, we will also briefly explore 3) the overall equalization effect on the levelling of fiscal disparities between regions. In this concluding section then, some general observations will be provided, with an assessment on the degree to which the cases have exhibited shifts in the proximity toward egalitarian federalism, and the role of other variables in addition to the configuration of representation.

Beginning with the specific tasks of this chapter, the case study countries have largely conformed to the expectations set out in both part 1 of this dissertation and earlier in this chapter. For instance, it was anticipated that Canada, a country with low regional equality and low proportional representation, would feature an important degree of intergovernmental conflict over equalization policy, which was the case. To this end, Table 4.3 outlines the anticipated and actual results of this chapter's case study.

Table 4.3: Results of case study, fiscal equalization federalism

	Australia	Austria	Canada	Switzerland
Is equalization a matter of self-rule or shared-rule?	Self-Rule	Shared-Rule	Self-Rule	Combination of Self-Rule and Shared-Rule
Do dispute resolution mechanisms exist which allow for contesting equalization decisions?	No	Yes	No	Yes
Cross partisan policy continuity?	Yes	Yes	Yes	Yes
Degree of horizontal equalization, post redistribution.	Medium-High	High	Low	Low
Number of hypotheses confirmed?	4/4	3/4	4/4	3/4

Table 4.4 below further outlines some of the fiscal effects of equalization in each of the countries studied in this chapter, helping to explain why not all the hypotheses were not confirmed

out of hand. Indeed, while it was initially assumed that Austria would exhibit the highest degree of equality between *Länder* post vertical equalization transfers, according to OECD data, Australia is the case with the greatest degree of horizontal equalization post transfer. Likewise, it is Switzerland, and not Canada, that remains the most unequal post transfer, despite Canada's equalization program unsurprisingly having the smallest net effect on regional fiscal equality. More recent data have been difficult to identify in this regard, however.

Table 4.4: Fiscal disparities before and after equalization[34]

Country	Regional Gini Coefficient				Net effect of equalization	
	Before Equalization		After Equalization			
	2005	**2012**	**2005**	**2012**	**2005**	**2012**
Australia	.05	.07	.0	.0	-.05	-.07
Austria	N/A	N/A	.02	.05	N/A	N/A
Canada	.10	.11	.07	.08	-.02	-.03
Switzerland	.15	.17	.11	.11	-.04	-.06

The data in Table 4.4 requires some more unpacking, for, while it, at first glance, it may seem to undermine some elements of the framework laid out in part one of this dissertation, these slight deviations should rather be understood as exceptions that confirm the rule. For instance, it is still Canada and Switzerland, which are on the more unequal side of the spectrum, with Australia on the more equal side, confirming the general tenor of this dissertation's framework. To this end, Australia's CGC is emblematic of the type of intergovernmental coordination anticipated in chapter 3: Namely, that the slightly higher degree of constituency proportionality in Australia,

[34] Data compiled in, and adapted from, Blöchlinger's (2014, 8) OECD conference paper, *Fiscal Equalisation — A Cross-Country Perspective*. Incomplete data was available for Austria, however.

when contrasted with Canada, would suggest a greater likelihood of the presence of a more shared-rule style of policy coordination in policy making.

At the same time, given Australia's more malapportioned configuration when contrasted with Austria and Switzerland, it's also anticipated that the presence of any additional institutional coordination would nevertheless lack the kind of legally binding authority that is often present in Austria and Switzerland under similar circumstances. And indeed, this would appear to be the case. While the CGC aims to create greater legitimacy of the central government's decisions on equalization policy, its decisions are not legally binding, and while subject to, as we have seen, political contestation from some states, the federal government can still go ahead with its preferred policy.

The importance of cooperation and consensus between governments in Austria likewise conforms as expected, given both are relatively equal regional representation and equally apportioned representative districts, tracking our expectations that such federations would primarily exhibit centralized, albeit consensus oriented, patterns of intergovernmental coordination. In the Austrian case, this is confirmed by the way in which the intergovernmental fiscal relations act is periodically and cooperatively renegotiated between the central and governments and finally passed with the consent of the *Land* and federal government in the central legislature. This pattern is best evidenced by the fact that, even though the federal ministry of finance tried to catch the *Länder* off guard by initiating fiscal renegotiations earlier than anticipated, the *Länder* was ultimately able to regroup, and the federal government ceded to terms much more favourable to the *Länder*, with the reforms receiving *Länder* consent in the federal parliament.

Canada, by contrast, exhibits patterns of intergovernmental coordination quite opposite those of Austria. Nevertheless, this is predicted by Canada's both relatively unequal regional representation and relatively malapportioned representative districts. To this end, intergovernmental agreements between governments in Canada are largely political rather than legal in nature. Moreover, the closely guarded nature of the federal government's right to engage in policies of fiscal redistribution reinforces the executive discretion and self-rule character anticipated of Canada's pattern of regional representation. This pattern was evidenced in the politics of extending and defending unilateral governmental jurisdiction in Canada. In the end, equalization remains an exclusively federal government competency in Canada, and reliance on expert commissions did not insulate the federal government's equalization policy from political challenges and criticism on behalf of the provinces.

Finally, in Switzerland the role of legally binding referendums stands out. The role of referendums in Switzerland, moreover, varies from the much rarer, although still present, reliance on referendums in the Canadian case, another largely decentralized federation. Unlike the almost exclusively political character of referendums in the Canadian case, however, Swiss referendums may be both political (what is called optional referendums) and legally binding (referred to as mandatory referendums). This aspect of Swiss federalism lends a particular dynamic to intergovernmental coordination, as cantons are politically well positioned to favourably influence fiscal equalization in their favour. This pattern is exemplified by the sequestered way in which the Swiss reforms were adopted.

Fiscal federal reform required not just vertical negotiation between cantons and the federal government to pass but additionally required a degree of negotiation and agreement between the cantons on matters of horizontal fiscal redistribution. The reliance on mandatory referendums to pass the reforms also confirms aspects of the theoretical model of this dissertation. It aims to show that, when smaller subunits are overrepresented in the legislature, referendums can help rebalance in favour of more populous units, thus reinforcing the commitment to proportionality that tends to be more prevalent among consensus democracies, where shared-rule is also an important feature of intergovernmental coordination. With this in mind, and based on the case studies above, Figure 4.2 below classifies the case countries along the continuum outlined earlier in the chapter:

Figure 4.2: Placing countries along the continuum of intergovernmental coordination in the field of fiscal equalization

<Convergent——Consolidated——Harmonized——Disaggregated——Fragmented>

Austria Switzerland Canada
Australia

The classification in Figure 4.2 attempts to capture the overall political architecture of equalization in each of the countries, both in terms of the political processes and policy inputs, but also in terms of its outcomes and effects. Thus, Austria is found to have the most tightly wound in terms of its political process and inputs, as not only is the *Land* implicated in decision making, but they can legally contest equalization policy as well. On the other end of the spectrum is Canada, where equalization policy is most subject to self-rule and political contestation while also having the smallest net effect on regional inequality according to Table 4.4 above. Figure 4.2 thus tries to add further context to the summary of Table 4.3 above, by indicating the overall combined degree of political contestation and political legitimacy of each LDFs equalization program.

Finally, then, where do we stand regarding egalitarian federalism within this policy sector? In general, none of the LDFs studied here outrightly conform to the criteria of egalitarian federalism set out in chapter 1. However, over the course of the period observed, attempts were made in each federation to address the longstanding political concerns of both central and regional governments in this sector. Nevertheless, while this is true, governments in each of the countries studied have continued to cleave closely to the longstanding and traditionally established prerogatives, such that while changes in the funding formulas have taken place, change in the underlying political architecture has been slower to come by. In this respect, Australia's *Council on Federal Fiscal Relations*, which includes the Commonwealth treasurer in its membership and the treasures of the states, represents an interesting development. Similar mediating institutions have also been developed in Switzerland. These latter developments may thus have some potential in helping move this policy sector closer toward egalitarian federalism over the long-term.

Chapter 5:
Higher Education Federalism[35]

Having previously examined the field of fiscal equalization among the four case study countries, this chapter examines a field that frequently occupies the other end of the jurisdictional scale among federations: if equalization policies are generally a competency of the central government, higher education is frequently a constitutional competency of the regional governments in federal countries. This chapter thus aims to identify the political architecture of intergovernmental coordination in the higher education sector among each of the four Liberal Democratic Federations (LDFs) by focusing on how PhD granting institutions are governed and regulated as a whole. Table 5.1 indicates the number of such institutions in each of these countries.

Table 5.1: Recognized PhD granting universities as of 2023

Country	*Number of recognized PhD granting Universities*[36]
Australia	42
Austria	22
Canada	73
Switzerland	12

[35] This chapter makes a distinction between higher education, referring specifically to degree-granting research institutions, and the tertiary educational sector more broadly, which includes vocational and other types of post-secondary education.
[36] These numbers were determined from the following authoritative sources: Australia: *Tertiary Education Quality Standards Agency, National Register*; Austria: *EU Commission Eurydice information network*; Canada: The Canadian Information Centre for International Credentials, *Directory of Educational Institutions in Canada*; Switzerland: *Swissuniversities — Hautes écoles suisses et autres institutions accréditées dans le domaine suisse des hautes écoles selon la loi fédérale encouragent la coordination entre les hautes écoles.*

In line with the framework developed in part 1 of this dissertation, this chapter anticipates that LDFs with a higher degree of regional equality in their central legislatures are expected to exhibit greater policy universalism in the sector. Likewise, LDFs with more equally apportioned representative electoral districts for their central legislatures are expected to generally feature more elements of shared-rule in the sector. In each instance, the opposite is also anticipated. Thus, in LDFs that are more regionally unequal, it is anticipated that policy territorialism will generally prevail in the sector, and in LDFs with more malapportioned representative districts, it is anticipated that a higher degree of self-rule, and thus a greater degree of political conflict or rivalry between governments will also characterize the sector.

Analysis of these general characteristics regarding the intergovernmental architecture in the sector will be further supplemented by a focus on some additional variables. These additional variables are more specific to the sector, while revelatory of the architecture of intergovernmental coordination within it. Thus, this chapter will additionally seek to specify; 1) the extent to which common academic accreditation standards exist across jurisdictions in the federation; 2) the degree of tuition rate harmonization across jurisdictions, 3) the jurisdictional source of most of the operational funding; 4) The degree of regional or central government influence in shaping research priorities in the sector. Table 5.2 below outlines the variables to be studied and the expected findings of this chapter.

Table 5.2: Key variables and anticipated findings, higher education federalism

	Australia	*Austria*	*Canada*	*Switzerland*
Formal Jurisdiction of Higher Education?	Regional	Central	Regional	Shared
Federally Legislated Accreditation?	Yes	Yes	No	Partial
Tuition Rate Harmonization?	High	High	Low	Medium

Majority of sectoral operational funding provided by which jurisdiction?	Central	Central	Regional	Regional
Degree of regional government sponsored research funding, relative to central government?	Low-High	Low	Medium	Medium-High
Joint intergovernmental regulatory and coordinating bodies accountable to central legislature?	No	Yes	No	Yes
Degree of overall central government involvement in the sector?	High	High	Medium-Low	Medium-High

In order to further specify the overall dynamics within the sector, Figure 5.1 below provides a basic continuum according to which to classify the aggregate dynamics within the sector.

Figure 5.1: Continuum of sectoral dynamics in higher education

<Convergent—Consolidated—Harmonized—Disaggregated—Fragmented>

The scale makes a distinction between convergence and fragmentation. With convergence, the higher education sector converges on a single policy, and accreditation standards across all regions increasingly resemble one another. On the other hand, with fragmentation, every region adopts distinct and non-mutually communicable policy standards and accreditation within the sector. Consolidation is here taken to imply the voluntary grouping together of several different regional higher education systems under the leadership of a single government. Meanwhile, disaggregation implies the presence of regionalized and only partially communicable higher education system lacking adequate recognition between different regions. Finally, harmonized, here refers to the presence of multiple regional higher education models, policies, and accreditation standards, which are nevertheless communicable and mutually recognized by each other.

It is anticipated that the generally more equal the configuration of representation in the LDF, the more likely it will be on the convergent end of the spectrum. By contrast, the most representatively unequal the LDF, it is anticipated the sectoral dynamic will be located closer to the fragmentary end of the spectrum. To this end, the rest of this chapter presents the individual country case studies. In the chapter's conclusion, the variables discussed above are reassessed and recontextualized in consideration of the case studies. Thus, in spite of David Cameron's warning that, ". . . the study of higher education in federal systems must recognize. . . that few, if any, generalizations can be made about federalism and higher education, except that, in comparison with unitary systems, additional levels of government are involved" (Cameron 1992, 29), this chapter indeed tempts fate, seeking to find what, if any, generalizations can be made about the architecture of intergovernmental coordination in higher education among LDFs.

5.1 Australia

According to the OECD, just under 50% of Australia's adult population has completed some form of tertiary education (OECD 2022). There are about 43 universities in Australia, spread across 6 states and 2 territories, the oldest of which being The University of Sydney, which dates to 1850. Among these 43 universities, 36 are public, and the remaining seven are varieties of private universities, usually theologically oriented. To this end, the frameworks that govern the university sector in Australia are a combination of state and central government legislation: while every Australian university is established under university-specific legislation at the state level, broader macro and sectoral regulatory framework legislation has been established at the federal level as well. What is especially notable in Australia is that, despite the constitutional responsibility for education in Australia falling under the exclusive jurisdiction of the states, the Commonwealth government is extensively involved in the organization and coordination of the sector (Birch 1975, 5). Two federal initiatives stand out in this regard: the Tertiary Education Quality and Standards Agency (TEQSA), an arm's-length regulatory institution at the federal level, and the *Higher Education Support Act* (2003), which establishes common standards and conditions for the federal funding of universities in the country.

5.1.1 Federalism and Higher Education: Background and Jurisdiction

Federal involvement in the state's jurisdiction developed over time. Marginson (2018) attributes the eventual policy primacy of the Commonwealth government in tertiary education to a gradual shift in the self-conception of Australia during the post-war period, and the perception that the central government was better positioned to help steer the socio-economic development of the country given the weaker fiscal capacity of the states (Marginson 2018, 128). Already by 1950, state governments were finding it difficult to keep up with the financial exigencies necessary to expand the tertiary sector after the war. A funding scheme whereby federal funding in the sector would be matched by the respective state governments was proving too expensive for the states, who were unable to match the spending increases of the federal government. By the mid '70s under Labor Prime Minister Gough Whitlam, the central government had effectively taken over full financial and policy responsibility of the tertiary sector, with the states having effectively abdicated their jurisdiction in the sector (Marginson 2018, 146). Yet, while the Commonwealth government had come to effectively dominate the financing and policy orientation of the tertiary sector, the sector remained institutionally disaggregated across the patchwork of Australia's state and territorial jurisdictions.

By the beginning in the 1980s, under the premiership of Labor PM Bob Hawke, the Commonwealth government moved to definitively formalize its policy leadership in the university sector. Led by MP and then Minister of Employment, Education and Training, John Dawkins, two major policy statements were produced to this effect in late 1987 and early 1988, with the intention of consecrating a "Unified National System." The report outlined a system of financial grants and incentives directed from the centre, with the intention of enhancing Australia's economic competitiveness leading into the 21st century (Marginson 2018, 147).

Several fundamental organizational reforms were proposed, most radical of which was the operational consolidation of the sector via the amalgamation of smaller university institutions into larger ones (Dawkins 1987, 27–28). By consolidating the sector under the leadership of the Commonwealth government, the intention was to create broader economies of scale across the sector, while also facilitating a general expansion of enrollment resulting from the proposed cost efficiencies. While the Commonwealth government would give shape to the overall structure of university education, the Dawkins plan did concede certain prerogatives to the states: individual states could determine which combination of institutions would be considered universities for the purposes of the Dawkins plan, but for these institutions to qualify for commonwealth funding, they would need to meet the criteria set out in the plan.

By 1992, key parts of the Dawkins program had been implemented: some 56 out of 74 Australian higher education institutions were involved in mergers during the initial reform era of

1987–1992 (Harman 2000, 355). The Dawkins report and reforms set a policy paradigm that largely persists to this day, pursued and refined by both Labor and Liberal-National governments in Australia (Croucher et al. 2013). Today the sector is further overseen by an arm's-length institution, the *Tertiary Education Quality and Standards Agency* (TEQSA), established in 2011 during the Labor government of PM Julia Gillard.

In the spirit of the Dawkins reforms, the TEQSA aims to protect and enhance the reputation of Australia's tertiary sector while providing national consistency in the regulation of higher education via the establishment and benchmarking of common standards (Tertiary Education Quality and Standards Agency Act, 2011). To this end, all degree-granting institutions in Australia must be registered with the TEQSA, which is to be headed by a CEO appointed by the Commonwealth Minister of Education. Registration with the TEQSA is intended to enforce compliance with federally determined standards and makes funding to registered institutions conditional on compliance.

In this way, the Dawkins reforms formalized a transition to direct Commonwealth government funding of university institutions, effectively bypassing state jurisdiction, as outlined in section 96 of the Australian Constitution, stipulating that states, and not university institutions, would normally be directly responsible to the Commonwealth government. In this way, federal transfers to the university sector would no longer be regarded as payments to the states by the Commonwealth government, effectively usurping critical aspects of state jurisdiction (Marginson 2018, 154).

In many ways, however, this transfer of policy power and capacity from the states to the Commonwealth government was a contradictory process, simultaneously voluntary, yet adversarial. On the one hand, the states did not want to be burdened by the massive costs necessary to maintain a globally competitive tertiary sector and saw the Commonwealth government better suited to achieve economies of scale and global competitive research capacity. Nevertheless, how, and to what extent, these policy responsibilities would be shared between the Commonwealth government and the states remained contentious, with states selectively maintaining various elements of Commonwealth defined regulatory and accountability requirements (Ibid).

For instance, in 2005, during the Liberal-National coalition aligned Premiership of John Howard, the Minister of Education, Science and Training, Brendan Nelson, decried the "variation between the states and territories in terms of the legal, regulatory and accountability requirements on universities within their jurisdictions." The minister's concern was that this variation threatened the ability of Australia's tertiary sector to remain globally competitive and risked being constrained as a result (Marginson 2018, 154–155). In short, Nelson recommended further Commonwealth oversight in the sector in order to achieve greater economies of scale and sector-wide coordination, in addition to reducing costs and uncertainty associated with a disaggregated regulatory environment (Marginson 2018, 155). In this way, successive governments of both Labor and Liberal-National persuasion were each committed to increased Commonwealth oversight and control over the tertiary sector.

5.1.2 Financing, Tuition, and Accreditation frameworks

While the Dawkins plan aimed to further consolidate and formalize Commonwealth control and oversight of the tertiary sector via conditional grants, it also sought to create competition for domestic and international students. The Dawkins plan sought to achieve this in two ways: first, by having the Commonwealth government finance a new system of loans to prospective domestic students, and second, by encouraging the enrollment of non-publicly subsidized international students. (Dawkins 1987, 77; Marginson 2018, 148.) In the first instance, the extension of loans was aimed at creating greater market logic and discipline within the sector, by both encouraging institutions to compete for potential student revenues, and by making students responsible for a portion of their tuition costs (Macintyre Brett & Coucher 2017, 70).

Until the mid 1970s, tertiary education was offered at no cost to students via grants made to universities by the Commonwealth government (Dawkins 1987, 77). By making a larger portion of university funding contingent on market discipline, the Dawkins reforms sought to ensure compliance with Commonwealth priorities in the sector. A system of "Commonwealth supported places" was created where the Commonwealth government pays a portion of student fees and tuition. Students are, moreover, also subject to similar market discipline: if students fail to maintain minimum course completion standards, students lose their eligibility to have a portion of their fees covered by the Commonwealth and must pay a greater sum out of pocket. To this end, domestic tuition fees at public universities in Australia are set by the Commonwealth government and vary according to the field of study. The fees are set sector-wide, and do not vary based on the university institution, or the state jurisdiction in which the student is enrolled.

By contrast, international tuition is not subsidized, and international students must pay a higher fee by default.[37] Full rates for international students were introduced in 1985 under the Hawke Labor government (Ziguras 2016, 209), and can vary across institutions (Marginson 2018, 148). While serving as a cost-cutting measure, charging full fees to international students was also another example of the market-based reforms and discipline that the Dawkins reforms sought to

[37] Notwithstanding the notable exception of students from New Zealand, who are entitled to pay the equivalent of the Commonwealth supported rate, albeit without any eligibility for accessing student loans (Australian High Commision, New Zealand https://newzealand.embassy.gov.au/wltn/study.html, accessed August 20, 2022).

introduce. Thus, as institutions compete for lucrative international students, the relationship between international students and tertiary education in Australia has shifted accordingly as well. Income from international students varies according to each university, but across the sector it usually amounts to between 10 and 20% of overall university income (Marginson 2018, 149–150). By 2020, it was estimated that over 400,000 international students contributed fees amounting to over $12 billion to Australian universities (Ferguson & Spinks 2021, 1–2).

While universities do have some leeway in the setting of the fees charged to international students, guidelines are further clarified in the *Higher Education Provider Guidelines*, which fall under the *Higher Education Support Act.* The *guidelines* aim to standardize a set of minimum conditions outlining the responsibilities university institutions have toward international students. Importantly, section 6 of the *Guidelines* sets out criteria for determining the appropriate fees for international students. In particular, the *guidelines* stipulate that "a higher education provider must charge, at a minimum, a fee sufficient to recover the full cost of providing a course to an overseas student," (Higher Education Provider Guidelines 2012).

These guidelines are significant, precisely because they further the Commonwealth's commitment to the principles of central government oversight contained in the Dawkins reforms. As such, they represent a Commonwealth determined set of minimum standards in a sector that is under the constitutional jurisdiction of the states.[38] In so doing, funding in the sector has increasingly become structurally dependent on Commonwealth coordination, as its guidelines and legislative framework effectively support a minimum floor for tertiary funding, and further ensure states and institutions don't undercut each other on fees, preventing a race to the bottom that would risk a major funding decrease to the sector.

[38] As we will see in the case of Canada, a rather different arrangement prevails.

5.1.3 Research Funding and Priorities

Given the significant Commonwealth involvement in the sector, it is no surprise that the Commonwealth government also exercises a significant degree of influence over research priorities in the sector. While the Dawkins report laid out policy objectives and a funding structure to help establish and maintain federal leadership in the sector, by 2011 an additional organization was established to further oversee the sector. The TEQSA, established during the Premiership of Labor PM Julia Gillard, aimed to further oversee, regulate and ultimately enforce policy norms in the sector via an arm's-length organization that, while operationally independent, would be directly accountable to the Minister of Education and Youth.

Specifically, the TEQSA aims to place constraints on the tertiary sector with the purpose of achieving essentially three core objectives: 1) to provide for national consistency in the regulation of higher education by regulating higher education using a standards-based quality framework; 2) to protect and enhance Australia's reputation in the tertiary sector and fostering excellence and innovation in higher education; 3) to maintain and improve Australia's international competitiveness in higher education (Tertiary Education Quality and Standards Agency Act 2011, 4).

In its day-to-day operations, the TEQSA is headed by a board of commissioners appointed by the Commonwealth Minister of Education and Youth, and the organization's executive functions are overseen by the Chief Executive Officer, also appointed by the Minister.[39] The TEQSA has the authority to register higher education providers, to accredit courses of study, to

[39] In practice, while the CEO may consult with Commissioners on various matters of interest, the CEO remains responsible to the Minister and not the Commissioners. Sections 134–155A of the TEQSA act outlines the relationship between TEQSA Commissioners, the CEO, and the Minister responsible.

investigate whether the provisions of the act have been complied with by registered organizations, to collect information regarding the practice of higher education and its improvement, among other authorized functions (TEQSA Act 2011, Section 134).

A crucial feature of the TEQSA is the authority to oversee its functions without any requirement to comply with state or territorial law related to higher education (Williams & Pillai 2011, 293). The significant imposition of TEQSA's authority over the states and territories expands the federal government's influence over the states regarding the shaping of higher education in the country. This influence can be both direct and indirect. To this end, research priorities in the sector are, again, shaped by a combination of competitive constraints and funding set by the commonwealth government. While distinct from TEQSA, the Australian Research Council (ARC), is a federal agency which, like TEQSA, is responsible for the Commonwealth Minister of Education. Its purpose is to make recommendations regarding what kind of research should receive financial assistance and to administer the funds provided for research.

Unlike what might be implied by its title, the ARC does not fund medical research. The latter is the responsibility of the National Health and Medical Research Council (NHMRC) and the Medical Research Future Fund (MRFF). Together, these three funding agencies constitute the bulk of Australia's competitive grant funding system (Ferguson 2022). While the ARC is ultimately responsible for the Commonwealth Minister of Education, specific funding decisions are subject to peer review by members of the ARC's College of Experts and academic experts appointed to the college for a three-year term. Australia is also distinct in its dual funding system, as the competitive research grants provided by the ARC, NHMRC, and MRFF are complemented by block grants, which broadly aim to support the indirect costs associated with research

(Ferguson 2022, 4). To this end, Table 5.3 below outlines Australian competitive funding in relation to state-level research funding.

Table 5.3: Australian competitive grant funding and state-level research funding Australian governments*

Government	*Total Spending on University Research (1)*	*Per Capita* *(based on Q4 population estimate of year observed)*	*Per capita % of Central government*	*Year*
Australia	$2,076,409,000.00	$79.05	100	2022
Victoria	$212,886,000.00	$31.75	40.16%	2022
New South Wales	$164,916,000.00	$20.02	25.33%	2022
Queensland	$82,550,000.00	$15.35	19.42%	2022
Western Australia	$59,450,000.00	$21.04	26.62%	2022
South Australia	$51,706.000.00	$28.19	35.66%	2022
Tasmania	$20,024,000.00	$35.03	44.31%	2022
Aus. Capital Territory	$12,246,000.00	$26.57	33.61%	2022
Northern Territory	$2,385,000.00	$9.54	12.07%	2022
Regional total and weighted average	$554,457,000.00	$21.10	26.69%	2022

*Data compiled from Australian Bureau of Statistics tables *3,101.0 National, state and territory population* and *81110DO003_2022 Research and Experimental Development, Higher Education Organisations, Australia, 2022*.
(1): This number includes all commonwealth funding for research undertaken at universities, including the ARC, NHMRC and MRFF. The Australian Government's Department of Industry, Science and Resources' 2024-25 compendium of Science, Resource, and Innovation spending tables estimates that total spending by the latter three agencies for 2021-22 amounted to approximately $2,091,900,000.00. See: https://www.industry.gov.au/publications/science-research-and-innovation-sri-budget-tables (accessed May 2025).

5.1.4 Summing up

What is especially notable in Australian higher education is the degree to which the Commonwealth government has progressively assumed policy leadership in the sector, despite higher education having clearly been assigned the constitutional responsibility of the states. The Commonwealth government oversees the most important research funding programs for universities, in addition to directly providing the majority of operating funds for universities, and while also setting tuition fees for commonwealth and international spaces at universities. This progressive transference of effective responsibility over the sector is, in many ways, the product of an inability of states to keep up the social and economic expectations of mass society in the post-war era: as university education in the post-war era increasingly came to align mass democracy and global competitiveness, states largely forfeited their jurisdictional prerogative to a federal government, both eager to take on these responsibilities, and with the political legitimacy to do so.

While any such transfer of policy capacity from one level of government to another always includes participation by a variety of political entrepreneurs, the relatively equal size of each of Australia's largest states, in contrast to the financially much better-appointed Commonwealth government, also created conditions amenable for such a usurpation of state jurisdiction. These conditions ultimately make it possible for the Commonwealth government to create an important suite of arm's-length institutions to oversee and influence the sector. For instance, by the 1950s, the states increasingly, and voluntarily, acquiesced to the view that the vertical fiscal imbalance would be too insurmountable to overcome, thus hindering the state's ability to administer a modern, and globally competitive, higher education sector (Marginson 2018, 140).[40]

When placing these findings in the context of Australia's federal equity bargain, we find that the move toward greater direct Commonwealth responsibility for the sector appears to coincide with a steady increase in effective regional representation over the post-war period (see figure 3.2 above). Recalling the federal equity bargain framework developed in chapter 1, greater effective regional equality is associated with more policy universalism. Indeed, the Commonwealth's greater responsibility over the sector, the development of explicitly pan Australian higher education framework via both the TEQSA and Commonwealth supported spaces

[40] As we will see later in this chapter, Canada, another commonwealth federation, adopted a different strategy owing to the lopsided size of its provinces, with some quite small, and others, like Ontario, with significant fiscal capacity.

would appear to confirm this assumption, especially given the Australian constitution does not specifically allocate the responsibility to the Commonwealth government, but is rather understood as a residual authority belonging to the states.

While the commitment to ensuring students have a shared university framework regardless of their home state is certainly a step in the direction toward greater egalitarian federalism, the policies themselves do not always have egalitarian outcomes. Thus, as Australian higher education has become more dependent on foreign students to fund operations, the sector has also become more exposed to shifting trends in the politics of migration. As foreign enrollment has declined in Australia then, this has put greater pressure on Australian universities, with less internationally frequented campuses under greater financial strain. Thus, in 2023 it was proposed the merger of two universities in South Australia: The University of Adelaide and the University of South Australia to form Adelaide University. The *Adelaide University Act, 2023,* passed by the legislature of South Australia, confirmed this new university.

The merger of the University of Adelaide and the University of South Australia nevertheless demonstrates that even if the Commonwealth government has taken on more responsibilities for the sector over the years, the states continue to play an important role in the sector. Nevertheless, the issue of the vertical fiscal imbalance in the sector remains, as the Commonwealth government bears less administrative responsibility for the sector. Therefore, although jurisdictional legacies remain important in the sector, the gradual shift toward more effective regional representation and fairer distribution has likely helped to adopt more egalitarian federal arrangements.

5.2 Austria

Higher education in Austria has been extensively reshaped by the social and political climate of the post-war period. In the immediate aftermath of the war, Austria was divided into four occupation zones, largely overseen by the United States and the USSR. This arrangement lasted for ten years after the war and by 1955, Austria was granted independence by the Allied powers. As the easternmost country in the Western camp, and with very strong and competing social democratic and conservative political traditions coexisting in society, tensions between the two blocks persisted and were keenly felt in Austrian society. These tensions were expressed in Austria's neutral foreign policy posture and the domestic rivalry between the two principal socio-political tendencies in Austria, as represented by the SPÖ (Social Democratic Party of Austria) and the rightist ÖVP, the Austrian People's Party (Österreichische Volkspartei) (Erk 2007; Rathkolb 2020).

The unresolved tension between the two "Lager," (or socio-political camps) prevented a coherent and integrated approach to matters of social policy such that the system of Austrian higher education was in almost complete disarray, in the immediate post-war period and primarily dependent on an outdated framework dating from the 19th century (Butscher et al., 2006, 242; Bußjäger 2018, 43–45). By 1962, Austrian higher education began to definitively modernize. Today, Austria is home to 22 public universities (OECD 2019). This section will examine how the system was reconfigured during the post-war period, focusing on the relationship between the *Bund* and the *Land* governments in setting higher education policy in Austria. Much in the same way as the previous section, this chapter will also focus on the jurisdictional frameworks regulating the sector, the financing of higher education, and, finally, research priority and leadership in the sector.

5.2.1 Federalism and higher education: background and jurisdiction

Under section 10 (12a) of the Austrian federal constitutional law, higher education falls under the jurisdiction of the *Bund* government. Unlike in Australia, there is no *Land* competence in the higher education sector (Bußjäger 2018, 56). Like Australia, however, Austria has sectoral framework legislation in place at the federal level, and an agency, the Agency for Quality Assurance and Accreditation Austria (*Agentur für Qualitätssicherung und Akkreditierung Österreich*). Politically and administratively, the higher education sector in Austria is responsible to the Federal Ministry for Science Research and Economy, with the most recent framework legislation for the sector being the *Universities Act* (2002).

Major periods of university reform in Austria, most notably in 1966, with the General Act on Studies at Higher-Education Institutions (*Allgemeines Hochschul-Studiengesetz*); in 1977, with The University Studies Act (*Universitäts-Studiengesetz*); and in 2002, with the Universities Act (*Universitätsgesetz* 2002), have been characterized by attempts to increase financial flexibility within the sector, while seeking to increase the global competitiveness of Austrian universities. The 2002 reforms aimed to achieve this by removing the individualized federal legal statutes for public universities, while granting them additional budgetary autonomy (Wadsack & Kasparovsky 2004, 12). In practice, these reforms made the university more dependent on forms of market discipline, whereas employees in the sector were previously subject to legal recourse as civil servants (Wadsack & Kasparovsky 2004, 16). The 2002 reorganization did away with these relationships in favour of a new system of accountability, which is more directly tied to the sector performance agreements determined in consultation with the Federal Ministry of Education, Science & Culture (*Bundesminister/in für Bildung, Wissenschaft und Kultur*).

Notably, these three periods of federal consolidation in the higher education sector occurred despite changes of governing parties and coalitions at the federal level in Austria: the 1966 reforms were initiated by the administration of ÖVP Chancellor Josef Klaus; the 1977 reforms occurred under the chancellorship of staunch social democrat Bruno Kreisky. Finally, the 2002 reforms took place under the administration of ÖVP Chancellor Wolfgang Schüssel. To this end, legislation regulating universities and higher education in Austria is subject to simple majorities in Austria's legislative bodies. This applies not just to broad sectoral regulation, but to tuition fees as well (Wadsack & Kasparovsky 2004, 15).

The latter period of these reforms, moreover, coincided with Austria's accession to the EU in 1995, and subsequently the Bologna process. Europeanization and the Bologna reforms introduced a new layer of accountability within the sector that aims to harmonize higher education standards across both the EU and the broader European Higher Education Area (EHEA). This wider area includes non-EU countries such as Norway and the UK; those formerly part of the Soviet Union (including until recently Russia); as well as EU candidate countries such as Turkey. More specifically, the Bologna process aims to establish a common framework for ensuring degree equivalence and quality assurance at both the undergraduate and graduate levels across the EHEA, with the broader objective not just to improve research efficiency and output in the sector, but to also improve labour market mobility across EHEA countries (Pechar & Pellart 2004, 324-5).

To this end, while Europeanization and Austria's voluntary adherence to the Bologna process haven't entailed a formal change of constitutional jurisdiction in the sector, nor has Austria ceded autonomy to any international organization in the field of higher education, the increased density of interactions between EU states since the mid 1990s has nevertheless changed the outlook and prerogatives of the sector. Most importantly, since the 1990s, universities in Austria have aimed to adapt to new international frameworks, while also reforming the structure of the then established academic degree structure (Pechar & Pellart 2004, 317). To this end, the ongoing reform process continues to be broadly facilitated by the Federal Ministry for Education, Science and Research (FMESR), and it has published a biannual report outlining the country's progress on the implementation of the goals and priorities committed to at EHEA summits (FMESR 2018, 2020).

5.2.2 Financing, tuition, and accreditation frameworks

Much like in Australia, higher education policy reforms in Austria aimed to introduce greater market discipline into the sector (Burtscher, Pasqualoni & Scott, 2006). Unlike in Australia, however, intergovernmental coordination of financing and tuition schemes in Austria involves much less concertation with *Länder*, nor do universities in Austria have legal charters at the *Land* level. Instead, financing of the sector is the prerogative of the Federal Ministry of Education, Science and Research (FMESR, 2018, 39–40). Indeed, in its most recent policy statement outlining its future for the sector, the Federal Ministry of Education, Science and Research outlines a present commitment of allocating roughly 1.45% of GDP to funding public universities, with a stated commitment to attempt to increase this share to 2% of GDP. These general funding commitments are additionally tethered to arm's-length institutions that ensure minimum standards in the sector remain adhered to.

To this end, university funding is almost exclusively derived from the federal government, which is constitutionally obligated to provide universities with funds (Wadsack & Kasparovsky 2004, 21). Funding for each university is structured by a performance agreement (Leistungsvertrag) between the federal ministry of education and the university in question, usually for a period of three years (ibid.). Parliament ultimately authorizes these agreements, which are structured in a way to make a portion of the funding dependent on performance criteria negotiated between the ministry and the university.

The principal criterion for funding typically relates to a combination of program necessity and demand, in addition to performance criteria and broader social ambitions (ibid.). Roughly 20% of funding to the universities is allocated based on generalized performance indicators, while the remaining 80% is allocated based on bilateral negations between each university and the ministry. Owing to the 2002 university restructuring, moreover, Austrian universities have gained a degree of financial autonomy from the state. As in Australia and Canada, this autonomy doesn't extend to the setting of tuition fees. However, it does allow for the acquisition of real estate and property in the university's name, in addition to conducting research on a commission basis. Both centre-right and centre-left federal governments have variously furthered this model. For instance, though it was the SPÖ Minister of Science & Transport, Caspar Einem, that signed on to the initial Bologna declaration in 1999 (EHA 1999), subsequent Austrian governments have remained steadfastly committed to the principles of sectoral restructuring spurred on by Europeanization and the Bologna process (FMESR 2020).

One tuition issue that has increasingly emerged due to Austria's twin commitment to both Europeanization and the Bologna process has been the costs related to international students in Austria. This is particularly the case given the high number of students from Germany who choose to study in Austria. Tuition fees at Austrian public universities are heavily subsidized, and under section 91 of the Universities Act (2002), tuition fees for degree students from EU and European Economic Area countries were, as of 2021, set at €363.36 per semester, and at €726.72 per semester for students from non-EU/EEA countries (Universities Act 2002). The problem emerges because, on the one hand, while the Bologna process encourages greater mobility and harmonization of standards between countries, there are often a limited number of spaces available for specialized programs. At the same, it has been suggested that students from large European countries, such as France and Germany, who fail to gain acceptance into competitive programs in their home country, have often sought admission into equivalent programs in Belgium and Austria, with the intent of returning to their home country once the program has been completed (Gérard 2007).

To this end, the Bologna process is silent on how such issues should be addressed (ibid.). Given these lacunae, the ÖVP led government of Chancellor Wolfgang Schüssel felt it necessary to act on the premise that an excess of foreign students returning to their home country after seeking a degree in Austria would be harmful for the country, and especially harmful for the healthcare sector. Therefore, his government imposed a cap on foreign students in Austrian medical schools, reserving a minimum of 75% of seats for domestic students (EU Commission 2007). Subsequent SPÖ led governments remained committed to this policy despite a challenge from the EU Commission (EU Commission 2012).

Indeed, the question of financing the education of foreign students was especially sensitive because the Bologna process envisions the progressive establishment of frictionless academic standards and accreditation frameworks, in addition to freedom of mobility, yet without adequately considering that the push and pull factors facing students and their subsequent labour market participation are not evenly distributed across the EU and EHEA. In the final instance, the EU Commission partially acceded to Austria's imposition of quotas, accepting them as valid in the case of medical schools on the premise that the quotas help protect Austria's public health system. However, the Commission refused to condone a similar attempt to limit foreign students in the case of dentistry (EU Commission 2017).

In the end, what the compromise between Austria and the European Commission showed was the central role played by the Austrian federal government in negotiating and setting tuition and accreditation frameworks, as it was the federal government that was the central node in both implementing the Bologna process, despite resistance from pockets of the higher education sector (Pechart & Pellart 2006) while simultaneously challenging some of the core principles of Europeanization and the Bologna process, such as freedom of mobility. As noted, a large part of the reason why international students became a politicized topic in the EU/EHA is due to the lack of an overall framework for determining how international student fees are to be determined. The matter is further complicated, however, by the fact that, under the Lisbon declaration, signatory countries have committed to recognizing and harmonizing accreditation standards across all signatory countries (Council of Europe, 1997). This effectively means degrees awarded in one EU/EHA jurisdiction must be recognized as valid in another and are hence transportable.

Within Austria, the institution tasked with consolidating accreditation frameworks is the National Coordination Point (*Koordinierungstelle)* located within the OeaD, the Austrian Agency for Education and Internationalization (*Österreichs Agentur für Bildung und Internationalisierung – Agency for Education and Internationalization*). The OeaD is itself a federal state-run limited liability entity (*Gesellschaft mit beschränkter Haftung*) whose principal client is the Austrian Federal Ministry of Science and Research (OeaD 2021). Established in 2010, The National

Coordination Point's principal task is to help support the further development and implementation of Austria's federally legislated national qualification framework law, the *Bundesgesetz über den Nationalen Qualifikationsrahmen* (Federal law on the National Qualification framework), in 2016.

The National Qualification Framework (NQF) was largely modelled on the European Qualifications Framework (EU Eurydice 2023a), and, as such, it aims to act as an interface between the Austrian higher education sector and the EU/EHEA context more broadly, with the OeaD and the National Coordination Point acting as resource nodes accommodating a wide variety of actors in the sector, ranging from students to university administrators. This regulatory model, while not undermining pre-existing federal jurisdiction in the sector, nevertheless, embodies the changes undergone in the sector after Europeanization and the Bologna process. In the period prior to Austria's accession to the EU in 1995, the Federal Ministry of Research and Science intervened in the sector through direct government decisions, rather than via the establishment of coordinating agencies and framework policies. This kind of direct decision making extended to matters like course degree accreditation (Gruber 1991, 611) that are now coordinated via the above-mentioned agencies and international framework agreements.

5.2.3 Research funding & priorities

Research in Austria is largely funded by the federal government via three research agencies: the Austrian Science Fund (FWF), the Austrian Research Promotion Agency (FFG) and Austria Wirtschaftsservice (AWS) (Federal Ministry Republic of Austria Education, Science, and Research 2019, 70). Likewise, the Austrian Ministry of Education, Science and Research is committed to ensuring that universities remain the principal providers of research in Austria (Ministry of Education, Science and Research 2019, 15).

To this end, the FWF is the principal organization for funding academic research at universities in Austria. Like many such organizations across OECD countries, the FWF divides research funding into three disciplinary streams: Biology and Medical Science, Natural Sciences and Engineering, and Humanities and Social Sciences (FWF 2021). The FWF was established in 1967 via the passing of the *Research Funding Act* (FWF 2022) and the legal framework regulating the FWF has been amended twice, most recently by the 2002 *Universities Act.* The public sector is highly present in the funding of university research in Austria. By the 1980s 99% of research expenditure at Austrian universities was covered by the public sector, 92% of which were federal funds, and another 2% was provided by the *Länder* (UNESCO 1987, 58).

While the federal government continues to dominate the provision of research funding and research priorities in Austria, of late there have been some exceptions to the rule of intra-governmental coordination in the sector. For instance, in 2006, the Institute of Science and Technology Austria (ISTA) was jointly established by the Federal Government and the Government of Lower Austria as a flagship academic research institute in the field of the natural sciences (Austrian Federal Ministry of Education, Science and Research 2019, 119). To this end, the legislation establishing the ISTA notes that the financing of the institute will be shared between the Federal Government and the Government of Lower Austria (Federal Gazette of the Republic of Austria, 2006).

Yet, despite the modest involvement of the government of Lower Austria in the establishment of IST Austria, it should be emphasized that the legislation creating the university was indeed passed by the federal government, and performance agreements are concluded between the federal government and IST Austria, despite the involvement of the government of Lower Austria. Indeed, this joint arrangement would seem to indicate the reluctance of both the federal government and Government of Lower Austria in funding a new university type institute, while, nevertheless, reflecting the success of the academic community, who successfully pushed for the establishment of the institute (see Harari, Kuebler & Markl 2006 on the "Recommended steps toward the establishment of the Institute of Science and Technology—Austria").

In addition to the national funding scheme outlined above, the EU has increasingly presented a supplementary layer of research funding and priorities for the higher education sector in Austria. Here, the EU's *Framework Programs for Research and Technological Development* (renamed *Horizon,* beginning with the 2014 iteration of the program) have been the EU Commission's flagship research and innovation funding program. The program aims to distribute research funding on a competitive basis across the European Research Area. Since 2007, a portion of the Horizon program's funding envelope has been set aside for the development of the European Research Council (ERC). As a member of the European Research Area, researchers based at Austrian institutions are eligible to apply for ERC and Horizon funding.

To this end, in 2010, individuals associated with the FFG (Austrian Research Promotion Agency) launched a campaign aimed at simplifying the application and administrative procedures associated with the EU's Framework Programs (EU CORDIS 2010). This was subsequently followed up by a "Green Paper" published by the FFG, which outlined the federal organization's recommendations for simplifying the EU framework programs (FFG 2011). Many of the recommendations were oriented toward the simplification of frameworks, with the stated aim of facilitating greater collaboration between the private and public sectors, in addition to fostering greater collaboration between EU and third-party countries (ibid.). This is an important consideration for Austria, given its proximity to Switzerland. There is nevertheless reason to believe that the FFG's policy advocacy at the EU level may have helped play a role in subsequent iterations of EU framework program funding, as the European Court of Auditors noted that the Horizon 2020 program introduced numerous simplification measures over previous iterations of the program (European Court of Auditors 2018).

In Austria then, far from eroding federal jurisdiction in the domestic context, the presence of a denser layer of EU institutions has offered the federal government new arenas for action and initiative in shaping research orientations in Austria. To this end, the Federal Ministry of Education, Science and Research indicates that roughly €2.5 billion was spent on research and development within Austrian higher educational institutions in 2017 (2023c); 82% of public sector research funding (which includes universities and government) was provided by the federal government, 13% from the *Länder* governments, and the remaining 5% from municipalities (2023b). By contrast, in 2022 Austria received €404 million in EU horizon funding, with an unspecified percentage going to the private sector and other non-university public institutions (FMSER 2023a, 92). From these numbers it can be extrapolated that the Austrian federal government still plays a leading role in steering research funding in the Austrian higher education sector, with the EU and *Land* governments providing similarly sized contributions.

5.2.4 Summing Up

Austrian higher education has undertaken many of the similar kinds of new public management inspired reforms that higher education systems across all advanced capitalist democracies have since the 1960s and '70s. This push for reforms and adaptation culminated in the 2002 *Universities Act*, which concretized the shift from a more traditional style of collegial management and relationship between universities and the state, to one focused on performance agreements in exchange for greater autonomy.

Unlike many of the other countries under review, moreover, university level higher education in Austria was never under the jurisdiction of the *Land* governments. Instead, university policy is implicitly set in a joint manner between the federal and *Land* governments via the intermediary of Austria's legislative system, which lets *Länder* appoint their choice of representatives to Austria's upper house, the Federal Council. While *Länder* have more direct oversight over universities of applied sciences (what is essentially the equivalent of "vocational" schools), research universities are effectively overseen by and accountable to the Federal Ministry of Education, Science and Research (Pechar & Park 2020).

This pattern of organization may be explained by the high degree of proportionality in Austrian legislative representation, in addition to the very equal distribution of regional representation in the federal legislature. As outlined in chapters one and two, greater proportionality is theoretically linked to a greater emphasis on forms of shared rule. Likewise, when regions are more equally represented, none of them tend to be individually large enough to directly challenge the policy priorities of the central government in a sustained manner. As a result, *Land* governments do thus have a strong policy input into the university sector, but not in a way which can effectively replace or substitute for the priorities and sectoral engagement of the federal government.

This being said, *Länder* involvement or influence over the higher education sector is effectively limited to intra, rather than inter, governmental institutions. The presence of the *Länder* in the Federal Council, and the fact that federal law regulating the higher education sector must be passed by both the upper and lower houses in Austria, means that the *Länder* are involved in creating the legislative frameworks influencing the sector. While not as directly present in the administration of the sector (as in the example of the Canadian provinces, discussed further below), concerns regarding the sector can be voiced within the Federal Council. Nevertheless, given the financial constraints facing Austrian *Länder*, there is little appetite to exercise any direct influence over the sector, and much like in the case of Australia, where regions are more equal in size to each other, the federal government assumes policy leadership over the sector.

Europeanization and the Bologna process, moreover, have undoubtedly played an important role in the trajectory of Austrian higher education since the mid 1990s. In many ways, the latter have both emblematised and facilitated the turn toward the more market-based accountability principles preferred by new public management. At the same time, however, these reforms have led to a streamlining and harmonization of higher education structures across the EU and the broader EHEA, which has resulted in new contexts for federal action and regulation in the sphere of higher education, particularly in regard to the tuition status and admissibility of international students from within the EU/EHEA to policy sensitive degrees and professional programs such as medicine.

These changes coincided with a slow increase toward greater regional equality and a slow increase in malapportionment in Austria's federal equity bargain. Together, these trends would suggest a greater orientation toward policy universalism, alongside a slight increase in self-rule, according to the framework set out in chapter 1. With the accession of Austria to the EU, however, these dynamics became reoriented within a more continent-wide higher educational system. Thus, conflicts over the place of students from other EU countries within Austrian universities may be read as an example of self-rule as a form of coordination with the EU system more broadly, and not just within Austria. Moreover, the fact that higher education falls under federal jurisdiction in Austria significantly limits the Länder's influence over the direction of the sector.

Despite this, the configuration of representation may still be playing a role in how the *Bund* government ultimately orients the sector. While this possibility cannot be a priori ruled out, how this factor may have influenced the *Bund* was not easily discernible within the limitations and research design of this dissertation. Nevertheless, opening Austrian higher education to the EU more broadly, while also exposing the sector to greater coemption, did also expose the sector to greater egalitarianism as well, but it is challenging to attribute a specifically Austrian factor to this development. Untangling this relationship goes beyond the scope of this dissertation and will thus require more research.

5.3 Canada

Education was one of the more politically contentious issues in the negotiations that led to the establishment of Canada's federal constitution in 1867. Perhaps because this charged conflict was resolved in a way which accorded the provinces a higher degree of legislative authority over the provisioning of education, Canada has neither a federal ministry of education nor one that is primarily responsible for higher education. Over the years, federal policy in support of higher education has been variously appended to a cast of different federal departments with varying degrees of involvement and oversight for the sector.

Unlike in Australia then, where education also falls under the jurisdiction of the states, Canada hasn't seen the federal government assume de facto policy authority in the sector. To the contrary, important differences exist between provinces in the sector, especially between the majority francophone province of Québec and the remaining nine Anglophone dominant provinces. Perhaps the most notable difference in this respect is the presence of the CEGEP (*Collège d'enseignement général et professionnel*) system in Québec; students who graduate from secondary school in Québec must obtain a postsecondary diploma from a publicly funded CEGEP or equivalent private college before being admitted to a bachelor's program at a recognized university.

Despite this obvious difference between Québec and Canada's Anglophone majority provinces, important differences do exist between the latter provinces as well, most notably at the level of tuition fees, which can vary considerably between jurisdictions in Canada. Likewise, no formal accreditation system exists in Canada, outside of provincial jurisdiction, that establishes common academic standards across the sector, other than for a small number of professional programs, such as medicine. Even there, the accrediting body for medical schools in a private organization, overseen by the Association of Faculties of Medicine of Canada and the Canadian Medical Association, rather than a federal government agency.

Universities in Canada have evolved through successive paradigms since their inception. At first colonial institutions with a religious vocation, a nascent secularization of the sector began to take place in the lead up to the World War I, followed by the expansion of the sector according to the principles of mass democracy in the aftermath of World War II, and finally finding itself in its current iteration after the fiscal consolidation of the 1980s and '90s.

5.3.1 Federalism and higher education: background and jurisdiction

As mentioned above, higher education in Canada falls under the constitutional jurisdiction of the provincial governments. Section 93 of the *Constitution Act, 1867,* grants provincial legislatures the power to "exclusively make laws in relation to education," according to four provisions, all essentially leveraged to the protection of Catholic and Protestant education rights in each province, since the majority and minority denominations in each province often tended to be mirrored opposites (McConnel 1977, 289). In this way, Catholic and Protestant educational rights were constitutionally guaranteed in both Ontario and Québec, and accommodation to local circumstances were made, as new provinces subsequently joined the federation.

While it is relatively uncontroversial in Canada to suggest that education falls under the exclusive legislative authority of the provinces, subsections 3 and 4 of section 93 of the Constitution Act 1867 do lay out certain conditions under which the federal government does have the authority to legislatively intervene in the sector, notably when on appeal to the federal cabinet, and when it is deemed a province enacts laws which may jeopardize the provision of either Catholic or Protestant education in the province. Having noted this, however, this power has effectively not been invoked, since the *Manitoba Schools Question* in the later 19th and early 20th century compelled the federal government of Wilfred Laurier and the Provincial Government of Manitoba to reach a compromise position on the question of Catholic and francophone minority education in the province.

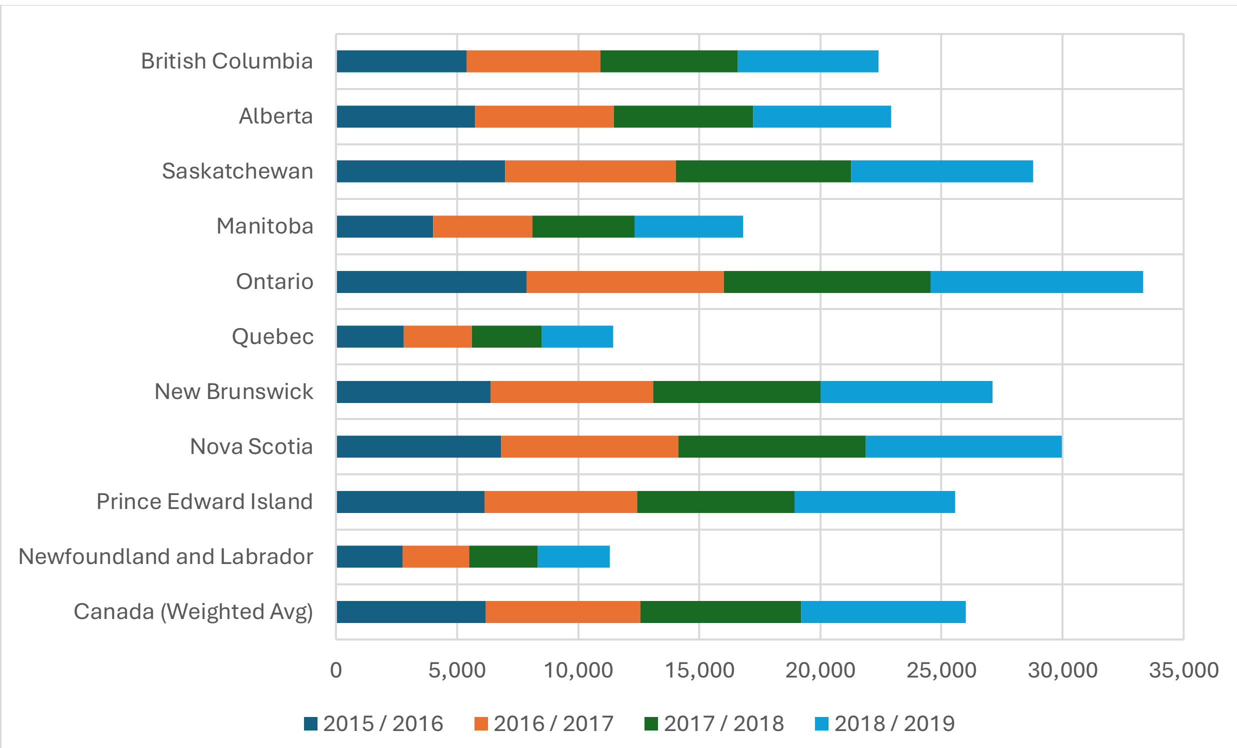
As a result of the compromise reached between the federal government under Laurier and the Province of Manitoba, based on intergovernmental negotiation rather than federal legislation, it created a political precedent for the management and resolution of contentious questions in the field of education in Canada. This played a role in the normalization of federal-provincial bargaining in the resolution of ambiguous constitutional questions. In this way, political jurisdiction, as opposed to legal or constitutional jurisdiction in the educational sector in Canada, has, in some important respects, effectively been shared between the federal and provincial governments. While this continues to be most evident regarding the Section 23 education rights of Canada's official language minorities under the Charter of Rights and Freedoms, it is also apparent in the higher education sector, particularly when it comes to the financing of research and additional tuition support in the forms of bursaries or loans, which will be discussed in subsequent sections.

While there is no formal federal coordinating agency between a relevant ministry and the sector, several disparate organizations exist, which aim to lobby the federal government regarding sectoral priorities. The two most prominent such organizations in this regard are *Universities Canada,* which groups together and advocates on behalf of 97, primarily public, member universities, and the U15, which states its mission as advocating on behalf of the 15 most research-intensive universities in Canada (U15 2022). What is to be noted in this regard is that while universities largely fall under the exclusive legislative umbrella of the provinces, the headquarters for both the U15 and *Universities Canada* are in the federal capital of Ottawa. In essence, these two organizations consistently lobby the federal government to take a more active leadership role in the sector, primarily via increased research funding and support, and do not represent the interests of provincial education ministries at the federal level.

5.3.2 Financing, tuition, and accreditation frameworks

Tuition rates for domestic students at recognized public universities in Canada are set by the respective provincial governments, according to their own policy calculus. In this way, each province has its own rationale for setting tuition rates at their respective levels. In practice, this has led to a significant divergence in both tuition rates and policies across Canada for both domestic and international students. According to statistics Canada, students will pay an average of $6,693 for a full-time undergraduate program in Canada. These costs can significantly differ according to both the region and program of study, however, with Nova Scotia and Ontario consistently having the highest tuition fees in Canada at about $7,500 per full-time academic year in an arts program, and with Québec and Newfoundland having the lowest at around $3,500-$2,800 per semester, respectively (Statistics Canada 2022). Figures 5.2 and 5.3 below outline the estimated cost, for domestic and international students respectively, of a four-year Arts degree for each province.

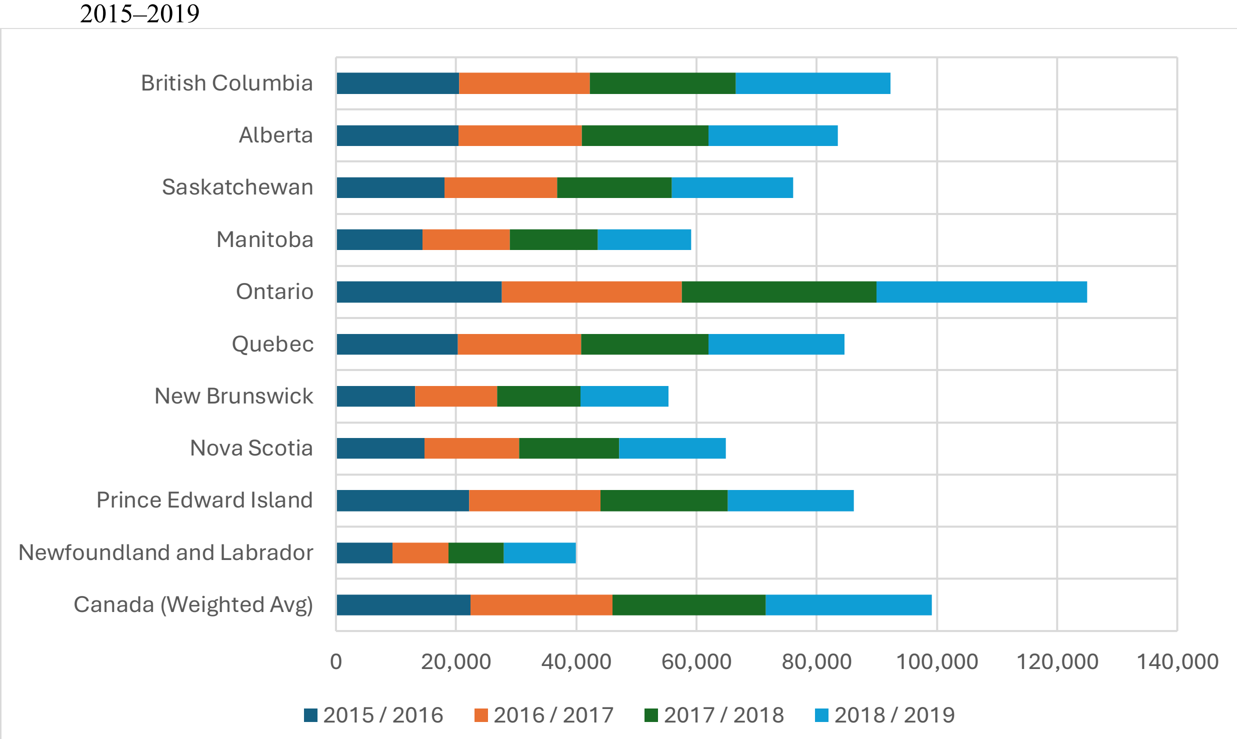
Figure 5.2: Estimated cost (CDN$) of 4 yr undergraduate Arts programs, by Canadian province, in province students: 2015–2019



Source: Statistics Canada Table: 37-10-0045-01 (formerly CANSIM 477-0077)

The large spreads in tuition fees between provinces are additionally complimented by provincial policies, which further differentiate tuition scales between resident and non-resident domestic students, on the one hand, and domestic and international students, on the other. Some provinces, like Québec, additionally differentiate international students according to country of origin, and set tuition rates accordingly. The Québec Ministry of Higher Education, Research and Science establishes the tuition rates and policies in its "*Politique relative aux droits de scolarité exigés des étudiants canadiens non-résidents du Québec par les universités du Québec*" and "*Politique relative aux droits de scolarité exigés des étudiantes et étudiants étrangers par les universités du Québec*." In Ontario, tuition policies are set by the *Ministry of Training, Colleges, and Universities*, and the policy is laid out in its regularly updated tuition fee framework.

Figure 5.3: Estimated cost (CDN$) of 4 yr undergraduate Arts programs, by province, international students: 2015–2019



Source: Statistics Canada Table: 37-10-0045-01 (formerly CANSIM 477-0077)

To this end, each province operates according to similar principles, albeit with policies deemed appropriate for their policy objectives. In this way, tuition policies are often meant to retain local students, as they are often granted more favourable tuition rates than non-residents. For a period, Québec was unique among provinces in practising this type of policy, but it is increasingly being adopted by other provinces as well as they seek to retain as many students as possible given projected labour shortages.[41]

Tuition alone is insufficient to cover the operating expenditures of Canadian universities; however, provincial governments each have distinct, though generally similar, programs for funding universities. To this end, the programs and formulas determining funding needs are generally structured around a combination of necessity (regional or population considerations, for instance), accountability metrics and performance outcomes. Thus, while each program has broadly similar objectives and ways of achieving them, these programs are independently elaborated and can differ in their specifics.

For instance, in Canada's four most populous provinces (Ontario, Québec, British Columbia, and Alberta, which together account for over 85% of Canada's population), each provincial ministry, which oversees higher education, has elaborated a policy and accountability criteria for allocating university funding. Sometimes referred to as "performance-based funding." In Ontario the general framework for funding and accountability is laid out by the Ministry of Training, Colleges and Universities according to a set of performance and outcomes-based criteria and is further specified between the ministry and each university in a *Strategic Mandate Agreement* (SMA). SMAs are the product of negotiations between each individual university and the ministry. British Columbia operates a similar framework where universities will negotiate an *Institutional*

[41] Ontario universities have recently begun differentiating domestic tuition fees according to resident and non-resident fees. See https://www.cbc.ca/news/canada/toronto/ontario-universities-colleges-tuition-1.6765950 (accessed March 1, 2026).

Accountability Plan and Report (IAPR). Québec also follows this practice (ministère de l'Enseignement supérieur, 2022).

By contrast, the federal government exercises no formal or institutional accountability over the sector in a manner comparable to that of the provinces, with their various SMAs or IAPR's, and (as noted previously) there is no federal ministry with a primary responsibility for higher education. In fact, it is the Federal Department of Innovation, Science and Economic Development Canada (ISED), whose minister oversees the major agencies which administer federal research funds. This will be further discussed below. To this end, the Association of Canadian University Teachers (CAUT) estimates that federal spending on higher education has remained stagnant and now amounts to only 0.2% of GDP (CAUT 2022). The CAUT estimates that since 1983, federal cash transfers to postsecondary institutions peaked at just under 0.5% of GDP in the mid 1980s, falling to about 0.15% of GDP during the global financial crisis of 07–09 and rising to the present level of 0.2% of GDP in 2010.

While the federal government provides no mechanisms for maintaining direct institutional accountability over the higher education sector other than for research ethics and conduct, it does, via the Department of Employment and Social Development Canada (ESDC), administer a system of student loans and bursaries that compliment and overlap with provincial offerings. This support is offered on a regionally differentiated basis. For instance, in British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland & Labrador, the federal and respective provincial governments work together to provide integrated student loans. Integrated loans refer to a policy where students apply through their respective provinces; however, the student loan that they receive is jointly financed by the federal and provincial governments, resulting in a single loan with a single repayment plan. By contrast in Alberta, Nova Scotia and Prince Edward Island, federal student loans and grants are offered in parallel with loans from the provincial governments, and each loan must be repaid separately. In the Yukon, only federal student loans and bursaries are available. Finally, in Québec, Nunavut and the Northwest Territories, federal government loans and grants are not available (ESDC 2022). In addition to these measures, federal government tax policy provides postsecondary students with certain tax breaks, including a tuition tax credit (which can be transferred to a family member such as a parent or spouse).

Finally, Canada's internationally recognized educational information centre, the *Canadian Information Centre for International Credentials* (CICIC), works to consolidate and make available information regarding Canada's system of higher education and how it corresponds to third countries. The organization is itself a unit of the *Council of Ministers of Education, Canada* (CMEC). Based in Toronto, the CMEC is a Canada-specific intergovernmental organization that aims to coordinate information about provincial and territorial education policy. Neither CMEC nor CICIC exercise any regulatory or jurisdictional authority over higher education in Canada.

5.3.3 Research funding and priorities

University degree and program credentialization and quality standards are not set by the federal level in Canada. Each province determines its own criteria for recognizing degree programs and maintaining common academic quality standards. In Canada's largest provinces, Ontario and Québec, arm's-length institutions have been mandated by each province's respective ministry, overseeing higher education, to review quality standards across the sector. In Ontario the Postsecondary Education Quality Assessment Board (PEQAB) has been broadly mandated via provincial legislation[42] to make recommendations, review, and ensure compliance with sectoral standards set out by the PEQAB and the province in the *Ontario Qualifications Framework*. While the PEQAB has a broad legal mandate for the sector as a whole, in practice the convention of academic freedom ensures that it is the Ontario Universities Council on Quality Assurance (OUCQA) and, to a lesser extent, the Ontario Council on Graduate Studies (OCGS), which oversees quality assurance across Ontario's 24 established publicly chartered and publicly assisted degree granting universities. In Québec, the BCI (*Bureau de coopération interuniversitaire*) and its *Commission d'évaluation des projets de program* (CEP) are recognized by the *Ministère d'Enseignement supérieur* as the sole body with the legitimate authority to evaluate and assess university degree standards.

Each provincial body has thus developed broadly similar, though marginally different criteria and methods for assessing quality standards across the sector. To this end, the *Council of Ministers of Education Canada* (CMEC), an intergovernmental organization which groups together provincial and territorial ministries of education, mutually recognized each other's higher education standards, in addition to committing themselves to a framework loosely modelled on the European Higher Education area's Bologna process (CMEC 2007). Of note, however, the federal government has largely been absent from this process. Moreover, the agreements and memoranda endorsed in CEMC's *Ministerial Statement on Quality Assurance of Degree Education in Canada* do not include or establish any formal mechanisms beyond those already existing within each province to ensure enforceability of standards between provinces. Thus, the *statement* simply reinforces existing provincial mechanisms in the higher education sector, while outlining that recognized universities will be relied upon to ensure standard compatibility across provinces.

[42] The legislation in question is Ontario's *Post-Secondary Education Choice and Excellence Act* (2000).

While the federal government is not directly involved in formally setting and maintaining a single academic standard, it does nevertheless exercise an important indirect influence over academic standards through the research funding it distributes, primarily via the Tri-Council funding system. The Tri-Council is made up of three federal government funded research councils: the Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC), and the Canadian Institutes of Health Research (CIHR). These three councils constitute the backbone of the federal government's influence in the higher education sector. Not only do the three councils provide disciplinary specific research grants to graduate students and faculty, but the federal government additionally endows several research chairs across all of Canada's principal public universities.

These endowed chairs, termed *Canada Research Chairs*, are allocated on an institutional basis to universities, based primarily on their past performance in Tri-Council funding competitions (Canada Research Chairs 2022). Once chairs have been allocated to an institution, the universities then nominate potential candidates to hold the chairs. Each candidate and their proposed research program are subject to an independent review by an evaluation committee before the final decision is made on whether to award the candidate the proposed chair. To this end, oversight for each of three councils is ensured by a governing council, the members of which are appointed by the federal government (SSHRC 2022). Political responsibility for the Tri-Council organizations ultimately rests with the Minister of Science, Innovation, and Industry. Indeed, as previously noted, there is no federal ministry of education in Canada.

As a result of this arrangement, then, the provinces have no formal influence over the principal organizations, which set research priorities in the university sector. Since 2005, the Tri-Council agencies have provided roughly $1.1 billion in funding to Canadian universities on a yearly basis (Usher 2019, 42). While this funding undoubtably allows the federal government to help shape research priorities in the higher education sector, the research community has very broad freedom to allocate money as it deems appropriate, as the research operates at arm's length from the government. Despite this, the Tri-Council and its responsible minister have the power to influence the wider academic community by imposing broad guidelines on individual grant recipients and institutions.

To this end, for institutions and individuals to maintain eligibility for funding, institutions and individuals must continue to provide the requisite information to the federal government, often on policy matters whose objectives may nevertheless be widely shared across Canadian society. For instance, institutions that receive Canada Research Chair funding must continue to meet several federally determined policy metrics and targets, a notable example being adherence to the federal government's definitions and objectives regarding diversity and inclusion (Canada Research Chair 2023). By ensuring adherence to such metrics in order to maintain institutional eligibility for funding, the federal government can help foster a common context and standard for higher education across Canada, despite not having direct constitutional jurisdiction in the matter.

While the federal government tends to dominate the shaping of research priorities via the tri-council agencies, and its Canada Research Chairs program, parallel provincial research funding bodies do exist, the most prominent of which is the *Fonds de Recherche du Québec* (FRQ), founded in 2011 by the Ministère de l'Économie et de l'Innovation, to help restructure Québec's existing research funding regime. The FRQ largely parallels the federal government's Tri-Council tripartite sectoral structure, but funding admissibility is generally limited to Québec residents or researchers undertaking study at a Québec institution. During fiscal year 2021-22, the FRQ provided $248.3 million in research funding, the vast majority of which went to universities

(FRQNT 2022, 21; FRQS 2022, 23; FRQSC 2022, 21). Québec's research funding program is the most well developed among the Canadian provinces and represents the extent to which the province of Québec is willing to define and set out distinct research priorities from that of the federal government. To this end, the only province that comes remotely close to Québec in this regard is Ontario, which offers a large graduate scholarship program (though with awards of lower value than the Tri-Council awards) in addition to an "Ontario Research Chair" program, although on a smaller scale its federal counterpart.[43]

5.3.4 Summing Up

Canada is distinct among OECD countries in its lack of a federal level ministry of education (Wallner 2014).[44] Intergovernmental coordination in the determination of research funding priorities, accreditation norms, and university financing in Canadian higher education ultimately resembles a form of layered self-rule, where federal and provincial jurisdictions determine their own priorities and criteria for funding research with little to no formal or mandatory consultation between these governments, despite the latter policy space being well within the jurisdiction of the provincial governments. While federal funding for university-level research far surpasses provincial spending, regional governments in Canada have not entirely ceded policy capacity in this space. To this end, Table 5.4 offers a comparison of research funding in the university sector for nine provincial governments and the federal government.

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[43] Indeed, unlike the federal government, which outlines the Canada research program in extensive detail to the program with its own web domain (https://www.chairs-chaires.gc.ca/home-accueil-eng.aspx) no equivalent outlining of the Ontario program exists.
[44] This distinction may change in the coming years, as one of Donald Trump's re-election policy promises has been to remove the US Department of Education.

Table 5.4: University research funding, select Canadian governments

Government	*Total Spending on University Research*	*Per Capita* *(based on Q4 population estimate of year observed)*	*Per capita % of Central government*	*Year*
Canada (1)	$3,800,143,861.00	$91.65	100	2023-24
Québec (2)	$323,100,000.00	$35.50	38.73%	2023-24
Ontario (3)	$198,569,454.00	$12.28	13.40%	2023-24
Alberta (4)	$59,000,000.00	$12.07	13.17%	2022-23
British Columbia (5)	$43,017,825.00	$7.95	8.58% (11)	2021-22
Saskatchewan (6)	$23,110,000.00	$18.54	20.23%	2024
Manitoba (7)	$12,439,445.00	$8.29	9.05%	2023-24
Nova Scotia (8)	$11,287,703.00	$10.45	11.40%	2023-24
New Brunswick (9)	$6,148,153.00	$7.17	7.82%	2024
Newfoundland (10)	$5,545,655.00	$10.16	11.09%	2023-24
Regional total and weighted avg (est.)	$682,218,235.00	$16.58	18.09%	

Note:
(1): Canada's spending is total direct and indirect Tri-Council (SSHRC, NSERC, CIHR) funding.
(2): Québec spending is total FRQ funding (Nature et Technologies, Santé, Société et Culture).
(3): Ontario funding is based on the university allocated portions of the Ontario Research Fund and Early Research Award programs.
(4): Alberta funding is total Alberta Innovates funding (formerly Alberta Research Council).
(5): BC funding is university funding outlined in the BC Knowledge Fund.
(6): Saskatchewan funding is based on Innovation Saskatchewan program funding.
(7): Manitoba funding is based on Research Manitoba program funding (Social Sciences & Humanities, Natural Sciences and Engineering, Health).
(8): Nova Scotia funding is based on Research Nova Scotia funding.
(9): New Brunswick funding based on Research New Brunswick funding.
(10): Newfoundland funding is based on the non-commercial portion of Newfoundland's Ministry of Industry, Energy, and Technology Research and Innovation Fund.
(11) based on 2021-22 BC numbers against 2021-22 federal numbers. Total tri-council spending for 2021-22 was approximately $3,639,668,338.00 against a Canadian population in Q4 2022 of 39,279, 50. Per capita federal spending on this basis was $92.66 per person. See Statistics Canada Table 17-10-0009-01, "Population estimates, quarterly," and the 2021-22 SSHRC, NSERC, and CIHR departmental results reports for spending amounts.

Here, the FRQ in Québec has developed a comprehensive research funding architecture that offers a smaller scale counterpart to the federal government's Tri-Council system. While Ontario approaches Québec's overall spending in this regard, in addition to some of the organizational ambitions of the Canadian and Québec governments via its funding of graduate scholarships and Ontario Research Chairs, its granting agencies are not organized according in the same tri-sectoral manner. Beyond Québec and Ontario, British Columbia and Alberta provide small research outlays via the BC Knowledge Development Fund and Alberta Innovates fund; while Saskatchewan also provides an important outlay, it is nevertheless heavily oriented toward the agricultural sector. Indeed, this pattern tends to mirror the broader picture for research and development funding across Canada, with Québec and Ontario spending the most per capita on overall industry and postsecondary research at roughly $275 and $100 per capita, respectively.[45]

Indeed, the relatively low research funding envelope provided by provincial governments stands in contrast to their much higher operational funding in the sector. By focusing on research funding in this way, then, the federal government has, as a matter of fact, if not unintentionally, established a semi-formalized research hierarchy among Canadian universities, despite having no constitutional, legal or administrative authority over establishing and administering university accreditation standards in Canada. Recall that the latter responsibility falls within the constitutional jurisdiction of the provinces, which have, via the CMEC, sought to mutually recognize each province's marginally differing higher education accreditation standards. As such, the federal government's overall financial contribution to the higher education sector remains small relative to the overall combined provincial contribution. Despite that, the federal government's

[45] These per capita figures were calculated by Professor Robert Beattie of the University of Manitoba using Statistics Canada and provincial government data. They were provided to the author through a personal communication from Professor Aleeza Gerstein of the University of Manitoba, to my supervisor, Professor Daniel Cohn, and are based on Table Statistics Canada Table 27-10-0273-01.

involvement is both politically strategic and highly influential across the sector, significantly shaping research priorities without having to oversee the challenges of administering a modern university system, as the provinces do. This asymmetry effectively imposes significant costs on provincial governments, explaining why so few have also developed their own research funding bodies.

The situation thus represents an interesting contrast with Australia; however, when Australian states were faced with a vertical fiscal imbalance in the higher education sector, the states effectively ceded their constitutional authority to the Commonwealth government, which increasingly oversees all aspects of the higher education sector in Australia. In Canada, by contrast, the provinces haven't ceded full control of the sector to the federal government, yet neither has the federal government sought to assume further influence over the sector beyond funding research.

This divergence between the two countries is effectively predicted by the theoretical framework elaborated in chapters one and two of this dissertation: While Canada and Australia are both federations with a higher degree of disproportional representation, implying more unilateral varieties of intergovernmental coordination, the relatively more equally sized state governments in Australia are less well positioned to individually challenge the Commonwealth government in Australia. In Canada, by contrast, where regions are very unequal in size, the larger provincial governments, like Québec and Ontario, can run their own programs in parallel with the federal government if they are so committed. Likewise, in contrast to Switzerland and the Swiss Federal Institutes of Technology in Zurich and Lausanne, Canada's federal government has not decided to concentrate the billions in research funding it allocates to the establishment of a civilian federal research university[46].

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[46] To this end, while the federal government does operate the Royal Military College in Kingston, Ontario, the university is accredited provincially in order to provide degree granting courses in the arts, sciences, and

Canada, moreover, provides a clear example of the imprecision of the traditional distinction made in comparative federalism between a "centralized" or "decentralized" federal character or policy administration. In each sphere of activity, be it the setting of research priorities or establishing tuition rates, public grants for general university funding, and academic standards, control over policy has become extremely centralized within a particular level of government; the federal government in the case of research funding and provincial governments in the case of formal accreditation, tuition rates and public grants to general fund universities. Each level of government guards the policy space it has acquired within the fields each government is committed to. Universities, in turn, must coordinate with both federal and provincial governments, which creates a certain redundancy.

Taking the province of Ontario as a basic case in point: at the provincial level, universities undertake SMAs with the provincial government as a matter of ensuring accountability and standards are maintained as a condition of continued provincial funding. As part of their agreements, universities will outline the priorities and advantages that set their institutions apart within the provincial system of higher education. This process is, in some respects, redoubled at the federal level when it comes to allocating Canada Research Chairs: universities provide the federal government with "Strategic Research Plans," which help determine the federal government's decisions regarding the allocation of specific Canada Research Chairs. This administrative division between general and research funding nevertheless helps reinforce a vertical between governments in the sector, which is why the policy space was effectively ceded by Australian states to the commonwealth government. Likewise, the Canadian arrangement also

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engineering, and does not have a federal charter unlike in the universities mentioned in the Swiss case. See the *Royal Military College of Canada Degrees Act, 1959.*

lacks, as we will see below, the greater degree of balance and shared oversight that the Swiss higher education sector exhibits.

Within the context of Canada's federal equity bargain, these developments coincide with a decrease in regional equality and an increase in malapportionment. According to the framework developed in chapter 1, these trends are associated with a higher tendency toward both policy universalism and self-rule. In many respects then, these broad trends have been observed in the sector over the period studied.

To this end, perhaps more than any of the peer LDFs studied in this dissertation, Canada exhibited the most regionally fragmented higher education system among the LDFs studied. When seen together, a distinct tuition fee and student assistance regime was in place for every region, implicating the central government in different ways, depending on the region. These arrangements, while maintaining the regional capacity and difference end of the egalitarian federalism equation, don't go as for on the individual side of the equation, and many provinces have begun to introduce out of province tuition fee rates. In this respect the record may be a bit mixed for Canada.

5.4 Switzerland

Switzerland has a total of 14 public universities, two of which are federal public universities. The presence of cantonal and federally regulated universities in Switzerland is unique among the federations under review. However, the roots of Swiss higher education predate the current federal system and stretch back to the Protestant Reformation with the establishment of a School of Theology at Basel (Goastellec, 2020, 1527). By the 19th century, a system of cantonal universities emerged (Ibid), with the Cantons of *Zürich* and *Berne* founding their own universities in 1833 and 1834, respectively (Garke 1984, 7). Yet Switzerland has always been a country where multiple, often contradictory social and intellectual cleavages overlapped, pitting liberal Jacobinist unitary values against localist conservative religious ones. Thus, in the aftermath of the Swiss civil war of 1847, popularly known as the *Sonderbund War*, two federally mandated universities emerged alongside their canton mandated counterparts; the *École spéciale de Lausanne* (which would later become the *École polytechnique fédérale de Lausanne*) and the *Eidgenössische Polytechnische Schule,* which would later become known as the Swiss Federal Institute of Technology, Zurich, founded in 1853 and 1854, respectively.

In part due to their special vocation as specialized science and technology universities, the two federal universities would eventually come to be considered the most prestigious of the Swiss universities.[47] Indeed, the situation would seem to be a sort of affront on cantonal jurisdiction, given responsibility for the sector rests mainly with the cantons, according to the Swiss Constitution (Haller 2016, 74). Like in the case of Canada, however, some ambiguity does exist regarding the matter, and the Swiss Constitution sometimes allows for the existence of "parallel competencies" (Haller 2016, 69). By the 1960s the cantonal universities faced, as we have seen with many university systems constitutionally rooted at the regional level, an increasingly difficult financial situation, making federal support of cantonal universities necessary (Garke 1984, 41). By the 1990s and 2000s, this increase in support for cantonal universities was increasingly formalized into structures of joint intergovernmental coordination between federal and cantonal ministries of education, as embodied in the Swiss University Conference, established in 2001.

[47] Indeed, the two federal technology universities consistently rank as Switzerland's top two universities in the various global ranking tables, particularly the Times Higher Education ranking.

In general, the development of the university sector in Switzerland coincides with the major historical phases of political and economic development in the country. In the first instance, Switzerland's oldest universities at Basel, Lausanne, and Geneva, respectively, coincide with the period of Protestant humanism that was especially influential in Switzerland during the reformation and late renaissance eras. A second period, culminating in the post *Sonderbund* (civil war) founding of the two federal universities, coincided with the need to build the federal state as the Industrial Revolution began to spread across central Europe during the mid 19^{th} century. In a final period, largely corresponding to the post-war period, the university system was democratized and pluralized and is marked by an expansion of the tertiary sector as a whole. Notable in this regard is the increase in access and enrollment across the sector, culminating in the establishment of Switzerland's only official Italian language university, the *University of Italian Speaking Switzerland* (Università della Svizzera italiana, USI). In turn, as the university sector expanded during the post-war period, new forms of coordination within the university sector were called for, and it is to the outlining of these forms of coordination within the sector and between governments that this chapter now turns.

5.4.1 Federalism and Higher Education: Background and Jurisdiction

The Swiss federal constitution has frequently been amended since its adoption in 1848. The reliance on popular referendums, moreover, means that long-held principles that are not sufficiently or formally expressed in the written constitution are subsequently clarified or formalized via referendums. To an important extent, this is also the case with the administration of higher education in Switzerland. For example, Article 27 of the 1874 Swiss Federal Constitution established the Confederation's right to create additional federal universities and to take action against cantons that do not meet the minimum requirements in educational matters.

By 2006, a referendum further clarified the expectations and relationship between the Confederation and cantonal governments in matters of education, as outlined in articles 61(a)-72 of the most recent, 1999, iteration of the Swiss Federal Constitution. Confirmed by referendum on May 21, 2006, article 61(a) stipulates that the Confederation and the cantons shall jointly ensure the "high quality and accessibility of the Swiss education area" (Federal Constitution of the Swiss Confederation). Section 61a also sets out the expectation that such efforts will be coordinated via joint institutions of the Cantons and central government (ibid.).

Article 63(a) sets out expectations and jurisdiction in the matter of higher education. As was the case in the 1874 constitution, the Confederation is responsible for administering the two federal institutes of technology, yet with the added expectation that the Confederation government is obligated to provide financial support to the cantonal universities. Article 63(a) additionally stipulates that the Confederation and cantons are jointly responsible for "the coordination and guarantee of quality of Swiss higher education" (ibid.). While the Confederation and cantons are expected to enter agreements and frameworks to help orient the sector, the Confederation is additionally conferred with the right to impose standards, regulations, and funding principles on the sector in the event the Confederation and Cantons fail to set or reach common goals. Finally, section 64 confers stipulates the Confederation will support scientific research and innovation and has the right to make this funding conditional.

Yet, while the most recent iteration of the Swiss Federal Constitution benefits from further clarifying the expectations and responsibilities of each level of government—but particularly the Confederation government—in the administration of higher education in Switzerland, none of the responsibilities outlined are exclusive to the Confederation government, as nothing prevents cantons, for instance, from choosing to provide additional research support. To this end, the Swiss Conference of Higher Education Institutions (Conférence suisse des hautes écoles, CSHE) was established in 1999 in response to both the Bologna process and the most recent changes to the Swiss Federal Constitution.

Since 2011, four core federal laws have provided a further legal framework overseeing higher education (CSHE 2022). Among them, the *Loi fédérale sur l'encouragement des hautes écoles et la coordination dans le domaine suisse des hautes écoles* is especially important as it outlines basic principles for the coordination of Swiss higher education through joint bodies of the Confederation and Cantonal governments. Under article 10, it establishes the CSHE as the highest policy-making authority in the Swiss higher education sector. The policy direction of the CSHE is set by its plenary assembly. This is comprised of a designated member from the Swiss Federal Council, alongside one member of each cantonal government. The CHSE is thus not an informal grouping, and its role as a coordinator of higher education has increasingly become constitutionally entrenched in Switzerland.

Finally, Switzerland, although not a member of the EU, has signed on to the Bologna Process and is a member of the EHEA. It is not, however, a member of the European Research Area and is considered a third country for both the EU framework program and European Research Council funding.

5.4.2 Financing, tuition, and accreditation frameworks

The Swiss Conference of Higher Education (*Conférence suisse des hautes écoles,* CSHE) is a joint intergovernmental organization and is responsible for determining the financing of higher education, setting tuition rates, and establishing common accreditation standards across the field. The CSHE oversees Switzerland's core higher education institutions: two federal institutes of technology, ten cantonal universities, and nine Universities of Applies Sciences (UAS). It is also charged with overseeing a common tuition policy and the accreditation framework across the Swiss Higher Education Area (Loi fédérale sur l'encouragement des hautes écoles et la coordination dans le domaine suisse des hautes écoles).

In this regard, tuition fees vary among institutions, yet the disparity between regional jurisdictions is not as pronounced as in the Canadian example due to their significantly lower rates. Fees are set by each university but can also reflect the program pursued. In Switzerland, the disparity between domestic and foreign student fees is significantly lower than in Canada and Australia. The international surcharge, if any, is typically around 30% (Swissuniversities, 2022); whereas in Canada and Australia, it often reaches as high as 100% for international students. To this end, domestic student tuition generally ranged between CHF 1,000 and CHF 1700 per full-time undergraduate semester during the 2018-19 academic year (Swiss Federal Department of Economic Affairs Education and Research 2019)[48]. While policy oversight and coordination for the sector are extensively coordinated through the joint institutions of the Confederation and

[48] The exception is the Università della Svizzera italiana, where domestic tuition fees were roughly CHF 4,000 in 2018-19. Nevertheless, it should be noted that the USI is both Switzerland's most recently established university, and, by some accounts, also the university with the lowest enrollment, numbering roughly 2,800 students in 2018-19. See *Higher Education in Switzerland*, Swiss Federal Department of Economic Affairs Education and Research, 2019.

cantonal governments, individual universities receive most of their operational funding, according to their respective governments, either cantonal, in the case of the cantonal universities, or via the Confederation, in the case of the universities of technology (Baschung, Benninghoff, Goastellec & Perellon 2009, 159). In other words, operational funds are thus not provided via a general or joint pool of funding, but from the respective governments responsible for the institution. Table 5.5 below outlines the annual domestic student tuition fee for a bachelor course across Switzerland's twelve universities.

Table 5.5: Domestic student annual tuition fees (CHF), 2018-19*

Institution	*Domestic*	*International*
Federal institutes of technology		
ETH Zurich**	1,160	1,160
EPFL Lausanne**	1,266	1,266
Cantonal universities		
University of Basel	1,700	1,700
University of Bern	1,568	1,768
University of Fribourg	1,670	1,970
University of Geneva	1,000	1,000
University of Lausanne	1,160	1,160
University of Lucerne	1,620	2,200
University of Neuchâtel	1,030	1,580
University of St. Gallen	1,226	3,126
Università della Svizzera italiana	4,000	8,000
University of Zurich	1,578	2,548

*Tuition fee information outlined in *Higher Education in Switzerland*, Swiss Federal Department of Economic Affairs Education and Research, 2019.
** As of autumn 2025, the ETH Zurich and EPFL Lausanne will begin to distinguish between domestic and international students.

As noted above, quality standards and accreditation in the sector are overseen by the CSHE. It accomplishes this in consultation with the *Conférence des recteurs des hautes écoles suisses* (CRUS). The CRUS was legislated by the same legislation as the CSHE, the *Loi fédérale sur l'encouragement des hautes écoles et la coordination dans le domaine suisse des hautes écoles*. While politically subordinate to the CSHE, the CRUS is the primary coordinating organization of

Swiss universities. Also regulated by the same legislation that enframes the CSHE and the CRUS, it is the AAQ (*Agence suisse d'accréditation et d'assurance qualité)* that directly administers the procedures of program accreditation and standards oversight in the sector of higher education.

Like Austria, Switzerland's qualification framework is also generally harmonized with the *European Qualification Framework* (EQF). Unlike in Austria, however, the harmonization of the national context with its international commitments occurs quite differently. While in Austria federal legislation sets the legal basis for a national qualification framework, and a federal agency helps coordinate the process, in Switzerland this process takes place through mutual recognition between the various cantons and the federal government, without specific federal legislation outlining a national qualification framework and corresponding national information centre (Swissuniversities 2021). Instead, coordination on frameworks between the cantonal and federal level is still largely framed via Article 63(a) of the federal constitution (ibid.).

5.4.3 Research funding & priorities

The National Institutions for Research and Innovation Promotion, subsumed under the State Secretariat for Education Research and Innovation (SERI), are the principal organizations for promoting and influencing the direction of research conducted in Swiss institutions of higher education. Three organizations are designated national institutions: the Swiss National Science Foundation (SNSF), the Swiss Innovation Agency, and the Academies of Sciences.

The SNSF, established in 1952, is the principal national organization which influences the direction of basic research, providing, on a competitive basis, about CHF 800 million a year in research funding. While the SNSF was founded as a private foundation, ostensibly to protect its independence (SNSF 2022), between 2021 and 2024 it will receive a federal credit of around CHF 4.1 billion from the State Secretariate for Education Research and Innovation (SERI 2022). The SNSF is made up of a national research council with a focus on three principal sectors: Humanities and Social Science; Mathematics, Natural and Engineering Sciences; Biology and Medicine.

While article 41 of the *Federal Act on the Promotion of Research and Innovation* (RIPA) outlines the expectation that the Federal Council will issue funding in a coordinated way, unlike in the case of the CHSE in which joint coordination between the Confederation and cantons has been compelled, there is no stipulation that this coordination must occur with appropriate cantonal authorities. Likewise, in 2020, Cantons provided just under 1/3 of all public research funding in Switzerland (Swiss Federal Statistical Office 2022, 8).

As Switzerland is not an EU member, access to the EU's framework programs and Horizon research funds are a much more complicated process than in neighbouring Austria. Indeed, given the fact that Switzerland is surrounded by EU member states, and that the EU framework programs are the world's single largest pool of research funding for researchers in a variety of disciplines, but especially the health sciences and technological development (European Commission 2021), participation in these programs is a priority for Swiss research policy, notwithstanding Switzerland's third party status vis-à-vis the EU (SERI 2018, 9). To this end, the Swiss participation in these programs is shaped by a variety of association agreements that have been negotiated by the Swiss federal government and the European Commission (ibid.).

Nevertheless, given Switzerland's dual university structure, divided between 10 cantonal universities and two federal institutes of technology, cantons do continue to provide an important research outlay despite the longstanding and significant federal role in the sector. However, given the wide discrepancy of sizes between some cantons, not all cantons benefit from the presence of a university. In practice then, universities in Switzerland thus tend to serve as important hubs for multi cantonal regions, in addition to serving national and international purposes. As a result, Switzerland has developed a network of six Regional Innovation Systems/Systèmes régionaux d'innovation (SRI), which aim to improve existing means of both vertical and intercantonal coordination on a meso level between existing research funding mechanisms in the region (Federal Department of Economic Affairs, Education and Research 2020, 43). These SRIs can thus play an important role in helping leverage and attract private sector financing to universities, while also serving as a means for cantons without a university to influence the direction of university research. To this end, Table 5.6 below outlines the structure of government financed research across Switzerland's universities.

Table 5.6 Breakdown of university-level research funding, by government jurisdiction Switzerland, CHF 2023*

University Class	*Confederation*	*Cantons*	*Central/regional funding split*	*Total government outlay*
Federal Institutes of Technology	1,462,000,000.00	13,000,000.00	99/1	1,475,000,000.00
Cantonal universities	1,006,000,000.00	2,070,000,000.00	33/67	3,076,000,000.00
Total	2 468 000 000,00	2 083 000 000,00	54/46	4 551 000 000,00

*This table is based on Office federal de la statisque Table ind-f-50501 "Dépenses de recherche et développement (R-D) du secteur des hautes écoles." The latter table also outlines university research provided by the business sector, but I have chosen to focus here on government funding alone, which is about 85% of overall research funding in the sector. The remaining 15% is accounted for by business (12%) and foreign financing (3%)

5.4.4 Summing Up

In contrast to other multilingual federations, like Canada, Swiss cantons and the central government have formalized and constitutionally entrenched joint intergovernmental coordination in the higher education sector, precipitated by article 63(a) of the Federal Constitution of the Swiss Confederation. Yet, the institutional and extensive joint coordination involved took time to develop and wasn't present during the immediate post-war period. In this broad respect, Switzerland's situation was not unlike the situation across many of the world's countries, Australia, Austria and Canada included, and the need to develop new forms of intergovernmental policy coordination in the university sector was largely present across all these countries. Nevertheless, Switzerland adapted to the needs of coordination in its own way, reflecting the relationship between the cantons and the federal government.

The Swiss example thus remains distinct from the other three federations studied and confirms many of the expectations laid out in chapters one, two and three. As a federation with a high degree of proportional representation combined with relatively unequal regional representation, Switzerland's reliance on constitutionally formalized forms of joint intergovernmental coordination, with extensive involvement of regional governments, largely conforms to expectations. The role of the regional governments in all aspects of the coordination of higher education in Switzerland is thus formally much more extensive and protected than in the examples of Australia and Canada, where coordination between governments in the sector occurs on a much more ad hoc, unilateral, and less consultative manner. In contrast to Austria, moreover, coordination in the sector occurs with a much more intergovernmental rather than intra-governmental setting.

What further stands out in the Swiss case is the accrual of influence of the central government in the overall coordination of the sector since WWII (Leresche & Benninghoff 2014). While Leresche & Benninghoff maintain that this shift toward greater influence of the Confederation government in the coordination of higher education is due to the greater internationalization of the higher education sector (Leresche & Benninghoff 2014, 125), other factors are also relevant, such as the fact that, for a long time, two of Switzerland's most prestigious universities have been federally chartered universities: the Federal Institute of Technology in Lausanne and the Federal Institute of Technology Zurich.[49]

Unlike in the Australian case, however, the role of the federal government in higher education hasn't come at the expense of the erosion of the participation of the regional level. The process of internationalizing education provides a context for the central government to influence the sector and use the international context as a tool to promote a preferred domestic policy or arrangement. Despite this, the Australian case, however, reveals a willingness of regional governments to delegate policy control to the federal government in areas such as higher education, which are residual powers allocated to the states, prior to the widespread internationalization of higher education beginning in the 1990s. This surrender of policy control did not occur in the Swiss case.

This dissertation explains the difference between Australia and Switzerland in this regard by reference to their contrasting variations on regional representation: one of this dissertation's central hypotheses is that LDFs, like Australia, with its relatively equally represented states but its high degree of malapportioned individual representation, will tend toward a policy architecture that broadly favours policy universalism combined with self-rule. By contrast, this dissertation hypothesizes that LDFs with a more equally apportioned voting districts, but less equal regional representation, will be more likely to favour a policy architecture that emphasizes territorialism and shared rule. Thus, in the Australian example, policy universalism and self-rule were achieved

[49] Indeed, it should be noted that part of the ETH Zurich's reputation is due to perhaps its most illustrious graduate, Albert Einstein, who took a first degree at the ETH Zurich before defending his PhD at the University of Zurich. Einstein would later briefly join the faculty at the ETH Zurich from 1912 to 1914, before moving on to the Humboldt University Berlin, and finally to Princeton, in 1933.

by the central government, taking primary responsibility for the sector, whereas policy territorialism and shared-rule in Switzerland have been accomplished by the continued relevance of the canons in the higher education sector, combined with an increasingly collaborative framework of coordination with the central government in matters of education standards and research funding.

From the perspective of Switzerland's configuration of representation and egalitarian federalism, Switzerland strikes a unique balance. On the one hand, over the period observed, the number of effective regions stayed very constant, leaning even toward a slight uptick (see figure 3.2 above). Likewise, malapportionment, while volatile, did not increase in a meaningful way either. This balance delicate balance between regions and the central government may thus partially help explain the persistence of federal and cantonal universities in Swiss higher education.

Nevertheless, while the configuration of representation may have helped maintain a relative political balance in Switzerland, it is most likely not the principal reason behind the development of all aspects of the political architecture present in this sector, most particularly the development of two federal universities of technology during the 19th century. In many ways, these universities have their origins in the wishes of the liberal reformist classes of the era, who saw many cantons as too traditional in their social, political, and economic outlooks, and looked to the central government to counterbalance this tendency.

In this way, although the presence of such prominent federal universities is a distinct feature of Swiss higher education when compared to peer countries, it remains an exception that confirms the rule that historically higher education has been under the jurisdiction of the cantons. Indeed, prior to the federal technical universities, many cantons were centres of renaissance and Protestant humanist culture. By the 20th and 21st centuries, these classic universities were complemented by mass universities catering to the regional diversity of the country, with the development of the *Università della Svizzera italiana* in 1995 an example of this latter trend.

Given that Switzerland is a country with many, at times contradictory, historical and political layers coexisting within a single state, it is possible several other factors are working alongside the configuration of representation to help shape dynamics in this field. For instance, not every canton has a university. Switzerland has thus developed regionally intermediate, or meso, levels of coordination occupying the space between the central government, on the one hand, and cantons, on the other. Analyzing the dynamics related to these groupings would thus require an explanatory model focused more singularly on the Swiss example. In this way, the overall number of cantons can also play a role in shaping dynamics. Further study is thus required to get a better sense of how all these elements may interact.

5.5 Summary and conclusion

This chapter sought both to describe and explain the architecture of intergovernmental coordination in Australian, Austrian, Canadian, and Swiss higher education, according to the analytical framework developed in part one of this dissertation. Likewise, in the introduction to this chapter, some additional section specific variables were further identified as relevant to an analysis of the political dynamics of intergovernmental coordination in higher education. To this end, Table 5.7 recalls the findings anticipated the outset of the chapter and notes the cases studied generally conformed to the anticipated results.

Table 5.7: Overview of case study results, higher education federalism

	Australia	*Austria*	*Canada*	*Switzerland*
Formal Jurisdiction of Higher Education Sector?	Sub-Central	Central	Sub-Central	Shared
Federally legislated accreditation standards?	Yes	Yes	No	Partial
Degree of tuition rate harmonization?	High	High	Low	Medium
Plurality of University operational funding provided by which jurisdiction?	Central	Central	Regional	Regional
Degree of regional government sponsored research funding, relative to central government?	Low-Medium	Low	Medium-low*	Medium-High
Joint sectoral intergovernmental regulatory and coordinating bodies accountable to central legislature?	Yes	No	No	Yes
Degree of overall central government involvement in the sector	High	High	Low-Medium	Medium-High
# of Hypotheses confirmed	7/7	7/7	6/7*	7/7

*Canadian results were uneven, with some jurisdictions, like Québec outlaying one of the highest observed per capita amounts of sub-central government allocated research funding, and smaller provinces providing among the lowest.

Further supporting the above conclusion, Table 5.8 below highlights the configuration of financing in the higher education sector. As anticipated, the results are generally commensurate with what we would expect based on the configuration of representation in each country and the framework developed in part one of this dissertation. To quickly recall the latter; more equally represented regions will tend to favour higher central government involvement, and more equally apportioned representative districts will tend to favour greater shared-rule. In both instances, the opposite also holds, less equal regional representation will tend to favour regional primacy, and greater malapportionment in representative districts will be more likely to favour self-rule.

Here, Canada exhibits by far the lowest degree of central government higher education financing among the four LDFs, and, as anticipated, Austria has the highest proportion of funding coming from the central government. Likewise, given their place in their middle ground position between Canada and Austria in terms of regional equality, it is unsurprising to see both Australia and Switzerland in the middle. What is additionally telling are the university allocations based on funding from tuition and user fees, which appear to correspond with aspects of self-rule federalism.

Table 5.8: Sources of general university financing[50]

	Australia	*Austria*	*Canada*	*Switzerland*
Central Gov % of Higher Education Financing	52.48%	80.83%	10.50%	47.00%
Regional Gov % of Higher Education Financing	2.20%	0.64%	35.50%	35.00%
Other ancillary fees and income (international student fees, user fees, investments, etc.)	45.32%	18.53%	54.00%	18.00%

While it is impossible to calculate the exact number, in Canada, a significant percentage of user fees are paid indirectly from central government funds via student loans, bursaries, and tax-credit schemes. By contrast, the much lower, but equally comparable proportion of funding that

[50] The data in this table was compiled from the following sources; Australia: *Parliamentary Library of Australia — Tertiary education and COVID-19 Recovery* and the Department of Skills, Education, and Employment Finance tables, 2020; Austria: *EU Commission Eurydice — Higher Education Funding, Austria, and Statistics Austria Public expenditure on education in 2021 by level of education and regional breakdown*; Canada: *Statistics Canada — University finances in the second year of the pandemic 2021/2022*; Switzerland:*, Swiss Federal Statistical Office — Finances and costs of higher education institutions.* For Australia the numbers are from 2020; for Austria, from 2021 and 2020; for Canada, from 2021-22; for Switzerland, from 2021.

comes from tuition and user fees in Austria and Switzerland would likewise seem to conform to the shared-rule-style federalism that corresponds with the relatively more equally apportioned representation present in those two federations. Finally, the share of regional financing in both Canada and Switzerland also conforms to initial expectations, as the two countries lean toward the more regionally unequal side of the comparison, as outlined in part one of this dissertation. Likewise, the regional element of university funding in Australia and Austria is, as anticipated, weak.

Other patterns of intergovernmental coordination within the sector also align with the general configuration of representation in each of the case study countries. Thus, the degree of tuition harmonization is, as expected, lowest in Canada. Not only do tuition rates for a four-year degree vary by province in Canada, but tuition rates are increasingly tiered in Canada, according to in-province, out-of-province, and international residency criteria. By contrast, in Austria tuition fees are consistent for Austrian nationals, regardless of the *Land* in which they study. In Switzerland, there is only a modest variation in tuition fees, based on the status of the university, either federal or cantonal. Finally, in Australia, tuition fees are uniform across states and differentiated according to the program of study.

In matters of accreditation as well, a similar pattern emerges whereby the LDFs, where greater harmonization and mutual recognition of program standards are present, coincide with generally more equal representation arrangements. Thus, it is again in Canada, the country with the most lopsided and unequal representational arrangements in this study, where fragmentation in this subsector of tertiary education is highest, and where no national standards agency exists. This contrasts with the TEQSA (Tertiary Education Quality Standards Agency) in Australia, which ensures common standards across the federation, and the OeAD in Austria, a federal agency which plays a similar role. While in Switzerland there is more explicit vertical cooperation between the central and cantonal governments in overseeing program standards, this cooperation is also a matter of federal legislation resulting from the *Loi fédérale sur l'encouragement des hautes écoles et la coordination dans le domaine suisse des hautes écoles*. In this way, the architecture of intergovernmental coordination in each country's higher education sector reflects the federal equity bargain, i.e., the trade-off between regional equality and individual equality, in each country.

Research spending, by contrast, represents something of a counterintuitive picture at first glance. On the one hand, research funding patterns in Austria and Switzerland largely meet the assumptions set out at the beginning of this chapter; the *Bund* government, and later the EU, are key to research funding in Austria, with a much smaller *Land* involvement, while in Switzerland, despite the central government playing perhaps the most important role in the funding of university research, the canons nevertheless continue to play a sizable role in funding. The situation in Canada and Australia, at first glance, does not appear to entirely match the assumptions set out at the beginning of this chapter. To this end, Australian regions appear to provide a slightly greater share of university funding than their Canadian counterparts do, providing 26.69% of university research funding compared to 18.09% of university research funding in Canada according to Tables 5.3 and 5.4 above, respectively. Indeed, the Canadian regional contribution is even lower than in Switzerland, which would not be initially predicted by this framework, whereas the Australian finding is in line with expectations. What explains this?

While more standalone work is required, this apparent exception, in fact, confirms the framework developed in this dissertation. Why? As we have already seen above, when faced with an increasing vertical fiscal imbalance in the sector, Australian states effectively ceded policy control in the sector to the Commonwealth government. By contrast, this has not been the case in Canada, despite the increasingly constrained nature of regional spending in the sector. Given this continued territorialism, then, federal funding in the research sector thus gives the provinces more fiscal space for university operating expenditures. At the same time, the arrangement also remains an example of self-rule, as there remains no formalized coordination between the provincial and federal governments on these matters.

To this end, publicly funded universities in Canada are facing serious fiscal challenges, with some, like Laurentian University[51], filing for creditor protection in 2021. Major internationally renowned research-intensive universities, like Queen's University[52] and McGill University[53], have also publicly expressed serious concerns about their fiscal position in the face of a decline in international student enrollment and the absence of greater funding support from provincial governments. Yet, as mentioned, Canadian provinces have not ceded policy this policy space to the federal government, as the sector remains a key tool for provincial governments to broadly shape provincial labour markets, in addition to pursuing other policy objectives, like new immigrant integration and, in the case of Québec, to pursue critical language policies as well.

Given these above details and the preceding case studies, we can return to the sliding scale introduced at the beginning of the chapter, and place each of the countries along the scale as follows:

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[51] See: "Laurentian University Commences Proceedings Under the Companies' Creditors Arrangement Act" https://laurentian.ca/news/ccaa-lu-2021. Accessed May 2025.
[52] See: "Queen's projects 2024-25 operating budget deficit" https://www.queensu.ca/gazette/stories/queen-s-projects-2024-25-operating-budget-deficit. Accessed May 2025.
[53] See "Provost Christopher Manfredi says the immediate focus must be on reducing expenses to address McGill's financial challenges" https://reporter.mcgill.ca/i-see-mcgill-coming-out-of-this-process-as-a-stronger-university/. Accessed May 2025.

Figure 5.4: Countries placed along the continuum of sectoral dynamics in higher education

<Convergent—Consolidated—Harmonized—Disaggregated—Fragmented>

Austria Australia Switzerland Canada

Placed on the scale, Austria is identified as highly convergent in the higher education sector; Australia as highly consolidated, verging on convergence; Switzerland as highly harmonized verging on consolidated; and Canada has harmonized, albeit with fragmentary tendencies and aspects.

Compared to the architecture of intergovernmental coordination in the fiscal equalization sector, the overall degree of policy convergence in the higher education sector is greater, and the degree of open political confrontation between governments is less. This is in many ways due to the extensive number of international treaties and accords that have been signed in the sector over the last forty years or so. These agreements help compel regional governments, especially those in LDFs such as Canada and Switzerland, with a more decentralized regulatory framework, to align with international agreements. They allow the central government to maintain a politically aloof posture, which is possible only because they can use an international context, a factor not as prevalent in equalization policies, for instance. In turn, such policy contexts may help alleviate some forms of political pressure when questions of redistribution directly implicate or challenge a sensitive balance of power in the domestic political arena.

Another key finding is that party alternation in government did not have a significant impact on the longer-term trajectory and pattern of intergovernmental coordination in the sector. While each federation studied here evolved in a generally similar manner common to all OECD countries since the 1940s (namely, the development of a system of mass higher education from the

1940s to the 1970s, and the evolution of the latter system into a system of mass higher education organized around the principles of new public management), these general shifts occurred in a unique way within each of the four nations. These unique pathways reflect the particularities of domestic political bargains and arrangements, which this dissertation seeks to explain via the framework developed in part 1.

Looking at the overall picture for the sector then, once again, none of the cases neatly conform to the criteria of egalitarian federalism outlined in chapter 1, but some arrangements appear more promising than others. Australia's TEQSA and commonwealth supported spaces ensure a common tuition and accreditation standard across the federation; the share of Swiss research funding is very evenly distributed between central and regional governments; Canada exhibits some of the most capacitive regional higher education systems, and Europeanization has helped raise the profile of many Austrian universities. More research will nevertheless be required to better understand how jurisdictional and other non-representational factors interact with the configuration of representation to help shape the dynamics of intergovernmental coordination in the field.

To this end, the following chapter will apply this framework to a policy context for which jurisdiction tends to more explicitly shared, or concurrent, between the central and regional governments: the development, maintenance, and regulation of a domestic economic union in the context of a liberal democratic federation.

Chapter 6:
Federalism and Domestic Economic Union

In the previous two chapters, we examined the patterns and architecture of intergovernmental coordination in the fields of fiscal equalization and higher education. Informed by the framework developed in part 1 of this dissertation, the purpose of these case studies was to determine the extent the framework could predict and explain the intergovernmental patterns observed in the case studies. To control differences of constitutional jurisdiction, moreover, the case studies have alternated between sectors normally understood to be under central governmental jurisdiction (vertical fiscal equalization), and sectors normally understood to be under regional government jurisdiction (higher education). Finally, this chapter considers a sector which normally features a very high degree of shared jurisdiction in LDFs, the maintenance of an integrated domestic economic union and the internal market.

This chapter is organized as follows: First, the chapter will elaborate an interpretive framework based on an adaptation of the EU four freedoms to the domestic context of LDFs. Next, the chapter moves into case studies for each country, each prefaced by a brief historical and contextual background regarding its economic union. As with the previous chapters, the focus is on the post-war period, up to the present. Informed by the framework developed in part one of this dissertation, it is generally anticipated that those federations with more unequal regional representation will tend to reveal a more fragmented, territoriallistically oriented domestic economic union, and vice versa, LDF's with more equal regional representation will tend toward greater policy universalism and regulatory consolidation. Second, it is anticipated that LDFs with more equally apportioned representative districts will rely more on legally binding mechanisms of shared-rule to shape intergovernmental coordination, whereas LDFs with more malapportioned representative districts are anticipated to rely more on more politically oriented mechanisms of self-rule to resolve conflicts. The remainder of this chapter's introduction will focus on the EU's four freedoms and their operationalization for this chapter.

6.1 The EU Four freedoms and economic union in the context of LDFs

While not a classical federal state, the EU does nevertheless provide a useful frame of reference and point of contrast for the study of LDFs (Fenna & Hueglin 2015, 5–6). Likewise, LDFs themselves increasingly refer to intergovernmental arrangements in the EU as a point of reference when assessing their own internal market arrangements (Standing Senate Committee on Banking, Trade, and Commerce 2016, 5). Recast in the context of LDFs then, it's possible to apply a modified version of the four freedoms to assess the overall pattern of how individual LDFs coordinate and shape their respective domestic economic unions. In this way then, this chapter thus aims to decontextualize the "four freedoms," in order to apply a modified version in order to qualitatively assess the degree of friction in the domestic economic unions of LDFs.

To this end, it is important to note that the community model, with a single market at its core, did not exist beforehand. It emerged through the political processes of a specific moment and sequence of events (Moravcsik 1998; Parsons 2003). Thus, for scholars like Parsons (2003), the community model was the product of domestic rivalry, particularly within influential countries like France, between competing visions for Europe. Likewise, Moravcsik emphasizes the role of economic interests and larger states in the establishment of the community model (Moravcsik 1998).

This is decidedly not the sense in which the "four freedoms" are adopted for analysis here, however. The framework is adopted entirely post facto for the purposes of analyzing intergovernmental coordination with the domestic economic union of LDFs. Nor does this analysis assume that the "four freedoms" are the only criteria according to which such arrangements may be analyzed and assessed. Indeed, while modifying the four freedoms somewhat for use in the context of LDFs, it is a tacit acknowledgement to that effect. Nevertheless, taking the "four freedoms" as a point of departure is a useful exercise, if only because the basic framework remains relatively widely acknowledged (Barnard 2022).

It is not, in this sense, therefore, intended to be a set of criteria for measuring the ultimate normative validity of the workings of LDFs, but rather a benchmark for analysis and comparison. At the same time, however, as countries have transitioned toward neoliberalism during the post-war period, and as free trade has become an important consideration, not just between countries, but within LDFs as well (see for e.g., The Standing Senate Committee on Banking, Trade and Commerce, *Tear Down These Walls: Dismantling Canada's Internal Trade Barriers*, 2016), the "four freedoms" make for a reasonable starting point for benchmarking LDFs after the prevalence of free trade.

Given the increasing prominence of trade and economic integration during the post-war period then, the cornerstone of the EU's common market architecture became the "four freedoms," which constitute the legal and normative basis of the functioning of the EU common market. First set out in the Treaty of Rome of 1957[54], the EU's four freedoms aim to ensure the free movement of goods, capital, services, and people, with the aim of ensuring that an individual is able to

[54] The treaty of Rome was officially termed the *Treaty establishing the European Economic Community*. The euphemism, *Treaty of Rome*, refers to the eponymous city in which the signing of the treaty took place. Since the coming into force of the Lisbon Treaty in 2009; however, the official title of the 1957 treaty has been amended to the *Treaty on the Functioning of the European Union* (TFEU).

". . .deploy his or her labour and capital, sell or buy goods, and perform or receive services across the Union's 'internal' frontiers without being impeded by national rules maintaining or reintroducing frontiers by means of trade restrictions." The four freedoms are further detailed in Table 6.1 below.

Yet, while there are undoubtedly similarities between the political arrangements of the EU and LDFs[55], the four freedoms cannot be used to evaluate the economic union of individual LDFs without some modification. This is because the EU fundamentally remains an intergovernmental organization, albeit one which features extremely deep and extensive interaction among its member states (Fenna & Hueglin 2015, 116). However, a scholarly precedent has long existed for approaching domestic, internal intergovernmental coordination within LDFs, from the perspective of international diplomacy between governments. Simeon (1973) relies on the standard of bilateral and multilateral diplomatic negotiations between sovereign states as a frame of reference for analyzing the domestic Canadian pattern of intergovernmental coordination in policy sectors of shared jurisdiction between federal and provincial governments. In so doing, Simeon coined the term "federal-provincial diplomacy" to refer to the structure of intergovernmental bargaining in Canada during the early post-war period. Drawing inspiration from Simeon and other authors who followed in his footsteps (Bolleyer 2009, Wallner 2014), this chapter adapts the EU single market's four freedoms to study the internal dynamics of LDFs.

Douglas Brown (2002) indicates that, when translated into the context of LDFs, we can further specify the "four freedoms" as aligning with four key policy areas: internal trade and

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[55] See, for example, Schain & Menon ed. (2006) *Comparative Federalism: The European Union and the United States in Comparative Perspective*, and Nicolaidis & Howse ed. (2001) *The Federal Vision: Legitimacy and Levels of Governance in the United States and the European Union*. Both these edited volumes offer sector-specific contrastive overviews of the federal type arrangements in the EU and the US. While these comparisons are both useful and insightful in their own right, they don't examine the EU's arrangements in relation to smaller LDFs, like the ones studied here.

transportation (movement of goods), labour markets (movement of persons), capital markets (movement of capital), and trades and professional orders (movement of services) (Brown 2002, 26–34). Brown, moreover, notes that, EU integration, beginning in the 1980s, ". . .transformed not only the global economy, but also our understanding of. . .the nature of federal governance. . .the EU's internal market. . .galvanized the reform exercises in Australia and Canada." (Brown 2002, 26).

Table 6.1: EU Four freedoms and their major provisions

EU Four Freedoms	*Major Provisions*
Movement of Goods	• Prohibition of duties on goods exchanged between member states (Articles 28–37, TFEU) • Exceptions are made if restrictions are found to be made in pursuit of an aim in the general interest, and comply with the principle of proportionality (Lenaerts, Van Nuffel, Corthaut 2021, 158).
Movement of Capital	• Prohibition on restrictions on the movement of capital between member states (Article 63, TFEU). • Covers not only investments and loans, but also inheritances and tax deductions based on gifts (Lenaerts, Van Nuffel, Corthaut 2021, 227).
Movement of Services	• Restrictions on the freedom to provide services within the internal market are generally prohibited (Articles 51–55; 56; 62, TFEU). • Exceptions exist, however, and under Article 51, services related to the official activities of the state may be restricted on policy, security and health grounds (Lenaerts, Van Nuffel, Corthaut 2021,211).
Movement of Persons	• Prohibition on imposing restrictions on workers and self-employed persons who are nationals of another member state (Article 45; 49, TFEU). • As is the case in the instance of services, exceptions can be made on public policy, health and security grounds (Lenaerts, Van Nuffel, Corthaut 2021,178).

As hinted at above, the four freedoms of the EU are not just normative ideas. They provide a legal framework for shaping intergovernmental coordination in key policy sectors affected by the imperatives of creating a single internal market across multiple jurisdictions. Brown thus notes that the EU's four freedoms served as a kind of template in the context of LDFs during the period of internal market reform in the 1980s, as LDFs sought to break down internal trade barriers by employing a similar policy toolkit (Brown 2002, 31–32). Yet, while the push toward greater liberalization and globalization beginning in the 1980s did not spare federations like Australia, Austria, Canada, or Switzerland, each developed their own varieties of adjustments despite sharing similar overarching general objectives. From the perspective of this dissertation's core hypothesis, then, this chapter additionally anticipates that each LDFs "variety" of internal market structure, and its subsequent adjustment to globalization, are shaped by the initial federal equity bargain as embedded in the pattern of regional representation constitutionalized in the central legislature. To this end, Table 6.2 presents a model of the four freedoms better adapted to the context of LDFs.[56]

Table 6.2: The Four freedoms adapted to a liberal democratic federal context

EU four freedoms	*LDF Equivalent*	*Characteristics in a Convergent Federation*	*Characteristics in a divergent federation*
Movement of Goods	Trade and Transport Union	• Elimination of quantitative restrictions on trade in goods between jurisdictions. • Streamlining of transportation regulations between jurisdictions	• Presence of indirect or non-tariff barriers to the movement of goods between regional jurisdictions.
Movement of Capital	Common capital markets framework and regulation	• A shared securities regulator for all jurisdictions.	• Regionalized jurisdiction of securities regulation.
Movement of Services	Professions and Trades union	• Accreditation of professional or trade credentials in one jurisdiction is automatically recognized and valid in another.	• Regionalized accreditation of professional and trade orders.

[56] This Table was inspired by Brown (2002, 24) and Smith & Mann (2015, 4), who each present slightly different accounts of the four freedoms in the context of LDFs.

		• Common regulation of non-banking financial services.	• Non-recognition of accreditations • Differentiated non-banking services on a regional basis.
Movement of Persons	Labour Market Union	• Free movement of labour between jurisdictions. • A single, common, minimum wage across all regional jurisdictions.	• Restrictions on hiring labourers from outside of the jurisdiction. • Regionally differentiated minimum wage policies.

Having outlined the basic elements of economic union in the context of LDFs, it is now possible to return to the continuum heuristic introduced in previous chapters for contrasting the general character of intergovernmental coordination in the sector. Based on Table 6.2, three criteria are used to assess intergovernmental coordination within an LDF's economic union: 1) the existence of a single financial and securities regulatory framework, operated by a single regulatory agency; 2) the presence of a unified labour market, based on common labour standards and a common minimum wage, alongside a system of professional orders regulated by a single framework; and 3) a common transportation and communication policy, based on a uniform infrastructure and regulatory standard, allowing for the free movement of goods across jurisdictions. In line with previous chapters, Figure 6.1 below maps a continuum of the overall intergovernmental quality of the economic union of an LDF, ranging from convergent to divergent:

Figure 6.1: continuum of domestic economic union in LDFs

<Convergent——Consolidated——Harmonized——Disaggregated——Fragmented>

<Low friction————————————————————High friction>

In the context of LDFs and economic union, convergence here refers to a low friction domestic market, where standards across jurisdictions are identical. Consolidated here refers to a market where singular political leadership of one government order (usually, but not necessarily, the central government) over the others tends to be the means by which efforts are made to overcome internal jurisdictional differences. By contrast, divergence here refers to a market where internal standards differ significantly between jurisdictions, with little communicability between standards across regions. A disaggregated internal market, while not exhibiting the same degree of divergence in standards, nevertheless maintains regulations that prevent communicability between jurisdictions, particularly in matters of labour market and professional order regulation. Finally, in a harmonized internal market, jurisdictions will adopt different regulations and policy priorities, yet these will be fully recognized and communicable between regions. In this way, practices premised on harmonization and mutual recognition are here understood to represent a middle ground between complete convergence and complete divergence of standards between regions.

Of course, even in the EU, the outcomes and processes shaped by a commitment to the four freedoms have been uneven and contradictory. This is perhaps inevitable, given the EU is an international organization and political union comprised of highly differentiated sovereign countries, each with their own distinct policy legacies. In some instances, the pattern of unevenness may be predicted based on the interaction between different types of states, with different constitutional frameworks or policy configurations. The situation of liberal democratic federation is not so different in this respect, and Table 6.3 above thus outlines the existing jurisdictional configuration in Australia, Austria, Canada, and Switzerland of the sectors key for the maintenance of an economic union in an LDF.

Table 6.3: Existing sub-sectoral jurisdictional breakdown in Australia, Austria, Canada, and Switzerland

	Australia	*Austria*	*Canada*	*Switzerland*
Minimum Wage and employment standards.	Central[57]	Central[58]	Regional/ Disaggregated[59]	Shared[60]
Regulated Professions & Trade orders	Regional[61]	Shared[62]	Regional[63]	Regional[64]

[57] In Australia, there is a single, country-wide minimum wage set via legal arbitration. See the Australian *Fair Work Commission.*

[58] Minimum wages in Austria are set through occupation-specific collective agreements, whose representatives must be recognized by the central government. See their *Federal Ministry of Labour and Economy, Austria*: https://www.bmaw.gv.at/en/Topics/Labour-Law/Salary,-Wages-and-Pay/Collective-Agreements.html (accessed February 2, 2024).

[59] Each order of government has the right to set employment standards and wages within its jurisdiction. In practice, however, most entry-level service sector jobs fall under provincial regulation, giving the latter jurisdiction a high degree of regulatory influence over the entry level of the labour market. See the Government of Canada Minimum Wage Database for more details on regional wage divergence: https://srv116.services.gc.ca/dimt-wid/sm-mw/menu.aspx?lang=eng

[60] As of 2024, the cantons of Jura, Ticino, Geneva, Basel-Stadt, and Neuchâtel have introduced canton-wide minimum wages. The Swiss federal government also maintains a database of collective agreements, available on the website of the Swiss State Secretariat for Economic Affairs website. Aside from the minimum wage in these jurisdictions, wages are set through sector-specific collective bargaining. While no national minimum wage exists, multiple jurisdictional specific minimum wages are set via statutory legislation and collective bargaining.

[61] Regional according to the Australian constitution, but later centralized. See Carlton (2017, 20) *The Forces Shaping the Health Professions in Australia: From "Club Government" to Inclusive Regulatory Institutions*, PhD dissertation.

[62] Under article 11 of the Austrian Federal Constitution, the central government can legislate in matters of professional associations, while the *Land* governments are responsible for the administration and execution.

[63] Section 92(13) of the Constitution Act 1982 allows for provinces to legislate in matters of property and civil rights law in the province. This section has long been understood as justifying provincial jurisdiction in the regulation of professional orders in Canada. See James Casey, *The Regulation of Professions in Canada* (1994). Harmonization between different regional orders within a specific sector tends to additionally take place at a highly variable geometry. See Roberge (2013) for an overview in the securities sector.

[64] Cantonal according to the constitution, many key professions have been additionally regulated by confederal legislation. See for example the *Loi fédérale sur la libre circulation des avocats.* This legislation, passed at the confederal level, outlines common standards for practising law across Switzerland, while simultaneously recognizing that the initial accreditation of lawyers takes place at the cantonal level. https://www.fedlex.admin.ch/eli/cc/2002/153/fr

Capital Markets	Central[65]	Central[66]	Regional[67]	Central[68]
Trade between regions	Central[69]	Central[70]	Central[71]	Shared.[72]
Freight Transportation (Rail & Trucks/Lorys)	Shared[73]	Central[74]	Central[75]	Central[76]

As Table 6.3 above indicates, each of the federations generally resemble each other in the basic legal and constitutional breakdown of responsibility within specific sectors. In practice, however, coordination within these policy sectors requires more than strict obedience to the letter

[65] Again, regional according to the constitution, but increasing centralization during the post-war, and consolidated centralization by the 2000s. See Mees & Ramsay (2008); *Corporate Regulators in Australia (1961–2000): From Companies' Registrars to the Australian Securities and Investments Commission.*
[66] The FMA (Financial Market Authority), established in 2002, is an arm's-length federal institution that has comprehensive regulatory oversight in matters of banking, insurance, and capital markets, among other subsectors.
[67] The *Royal Commission on Banking and Finance* (1964) recommended the implementation of a national securities regulator in Canada, but, as of 2024, no national body with effective regulatory control exists.
[68] Securities regulation in Switzerland was historically regionally fragmented, and numerous competing, regionally based exchanges coexisted until the merger of the Zurich, Basel, and Geneva stock exchanges in 1995 to form the Six Swiss Exchange, Switzerland's preeminent exchange. While other exchanges exist, apart from the Six Exchange, most notably the Berne exchange, these exchanges have come under the regulatory authority of the FINMA (Swiss Financial Market Supervisory Authority) since 2007. The FINMA is an arm's-length regulatory organization, responsible for the Swiss Federal Assembly, and has independent oversight over banking, insurance, and securities exchanges in Switzerland. In addition to its supervisory authority, the FINMA also issues regulations and ordinances in the above sectors.
[69] Section 92 of the Australian constitution has been invoked since at least 1909 (*Fox V. Robbins*) to invalidate interstate trade barriers.
[70] Under Article 10.8 of the federal constitution. After January 1, 1995, the EU plays a bigger role as well.
[71] Section 91.2 of the *Constitution Act, 1867*, is generally understood to imply that the federal government has jurisdiction in any matters regarding trade between provinces. See Lord (2019) for a brief overview, and Lavoie (2023) for a fuller treatment.
[72] Under the Swiss constitution, the principle of concurrency allows each level of government to legislate in almost any matter. In general, unless the federal government has legislated, the cantonal legislation stands in the sector. Even in cases of federal legislative primacy, Article 44 of the Swiss Constitution stipulates that the federal and cantonal governments must cooperate and support each other in the fulfillment of their responsibilities.
[73] Section 51 does not include transportation as one of the enumerated competencies of the federal government, and, as a result, rail and road transport initially developed under state oversight, resulting in sometimes noncommunicable infrastructure between states. Efforts to integrate state transportation infrastructure under the leadership of the Commonwealth Government accelerated after 1945, leading to the establishment of the National Transport Commission in 2003. See Shepherd & Calvert, *The Australian Road Rules—What are They and Where are They Going* (1999)?
[74] Under section 10.9 of the Austrian federal constitution.
[75] These responsibilities are generally laid out in sections 91 and 92 of the *Constitution Act*, 1867; Central (Air, Sea, rail & interprovincial highways); Regional: (provincial highways, municipal roads).
[76] Articles 81–88 of the Swiss constitution outline jurisdictional responsibilities. Key federal ones include Article 84, protecting the Alpine region from the negative effects of freight traffic; Article 85, Heavy vehicle surcharges; Article 87, the legislation and financial burden for rail infrastructure.

of the constitution. To this end, Table 6.4 below outlines the anticipated patterns and configurations of intergovernmental coordination in each of the case study countries.

Table 6.4: Anticipated findings—Intergovernmental Coordination among LDFs in the economic union

	Australia	*Austria*	*Canada*	*Switzerland*
Binding intergovernmental agreements on the Economic Union?	No	Yes	No	Yes
Binding enforcement mechanisms?	Partial	Ambiguous (EU)	No	Partial
Cross partisan policy continuity?	Yes	Yes	Yes	Yes
Degree of economic/commercial/trade policy harmonization across regional jurisdictions.	Medium	High	Low	Medium
Degree of Labour Market, professional order & trades Integration.	High	High	Medium-Low	Medium-High
Degree of conflict or concurrency between governments	Medium-High	Medium-Low	High	Medium

Having now outlined the general framework of the modified four freedoms, effectively allowing us to assess the general quality of an economic union in a liberal democratic and federal setting, we are now able to tie the framework back to the specific hypotheses noted at the beginning of the chapter: it is generally anticipated that those federations with more unequal regional representation will tend to reveal a more fragmented and territorialistic domestic economic union, and vice versa, LDF's with more equal regional representation will tend toward greater policy universality and regulatory consolidation. Second, it is anticipated that LDFs with more equally apportioned representative districts will rely more on legally binding mechanisms of shared-rule to shape intergovernmental coordination, whereas LDFs with more malapportioned representative districts are anticipated to rely more on more politically oriented mechanisms of self-rule to resolve conflicts.

In each of these examples, moreover, policy continuity and commitment to core sectoral paradigms are expected to prevail notwithstanding party alternation in government. In this way, this chapter anticipates that configurations associated with regional representation in the central legislature, and not alternation in power among political parties alternance or ethno-linguistic diversity, can help explain country-specific variations in the intergovernmental coordination federal economic unions.

6.2 Australia

6.2.1 Overview

Like many OECD countries, Australia's post-war commercial policies can be broadly periodized according to two major phases: an initial period beginning immediately after the end of WWII and lasting for about the next 30 to 40 years, which saw the consolidation of a mass welfare state combined with an external tariff, varying degrees of import substitution, and preferential trade with the United Kingdom. A second phase, beginning in the 1980s and continuing to this day, saw a marked drop in tariff barriers and a move away from preferential trade with the United Kingdom in favour of policies which emphasized economic competitiveness and trade openness, in conjunction with domestic economic policy reforms.

Similar to Canada, it was under the auspices of the 1932 Ottawa Agreements[77] that the context for Australia's initial post-war economic paradigm was fashioned. Essentially characterized by a system of preferential trade with the United Kingdom, the establishment of the GATT in 1947 effectively rendered the Ottawa agreements obsolete, and by 1957 Australia and Britain renegotiated the terms of the Ottawa agreement, with Australia reducing preferential terms with the UK (Australian Department of Foreign Affairs and Trade, 2024). By 1973, Britain's accession to the European Economic Community effectively signalled the end of any pretence of post-war preferential trade with Commonwealth countries, given that the Treaty of Rome aimed to establish a single customs union for signatory countries. In this way, Britain's membership in the EEC effectively meant that, as a third party to the EEC, Australia's exports to Britain would no longer benefit from imperial preference and would now be subject to import restrictions.

Indeed, these shifts in the external constitution of Australian trade would set off a period of both internal economic restructuring and external trade reorientation in Australia. From 1973, until the establishment of the World Trade Organization in 1995, Australia sought to reconfigure the institutional arrangements of its domestic economic union, with the aim of facilitating the transition away from British imperial preference, while simultaneously seeking to better position the country for commercial relations within an open and globalized international trading environment, initiating numerous constitutional discussions and negotiations in the process.

Among the most representative documents in this regard was the Advisory Committee on Trade and National Economic Management's 1987 report to the Constitutional Commission

[77] The Ottawa agreements were a series of 12 bilateral trade agreements between the UK and leading commonwealth countries, most notably Canada, Australia, New Zealand and South Africa. The Ottawa agreements served multiple purposes; on the one hand, these agreements sought to counter-veil the effects of the American Smoot-Hawley Tariffs, yet also sought to maintain a global trade area with Britain still at the centre. As a result, these agreements generally saw a lowering of tariffs on British goods and preferential trade with Britain in matters of raw materials. See Drummond (1974) *Imperial Economic Policy 1917–1939: Studies in Expansion and Protection.*

(Brown 2002, 193–194). Significantly, the report called for a constitutional reform via referendum that would include, among others; a constitutional clause recognizing specifically "national matters" in the management of domestic economic affairs; that there is greater harmonization of business practices across Australia's states and territories; that the constitution should be amended to make clear the Commonwealth government's primacy in matters of the spending power; that there is greater uniformity in commodity marketing schemes; and that a uniform regime of consumer protection across Australia is installed (Parliament of Australia 1987, 1–13). Indeed, the political justification for these measures was the removal of "overlap and duplication" within the Australian federal system (Painter 1998, 12).

By the time the World Trade Organization (WTO) was established in 1995, Australia was already engaged in the above-noted ambitious reform program suggested by the Constitutional Commission. At first overseen by the Hawke and Keating Labor governments, the reforms were subsequently furthered by the Liberal-National coalition government under John Howard. While the personal styles of each Prime Minister differed (Brown 2002, 197), each nevertheless remained broadly committed to the general recommendations suggested by the Constitutional Commission, further entrenching a centralized and vertical style of sectoral policy coordination around the institutions of the Commonwealth government. Indeed, this institutional reorganization of the domestic economic union was characterized by the establishment at the Commonwealth level of numerous sector-specific arm's-length regulatory institutions, a process that continues to this day. Major sectoral regulatory institutions developed during this period included the Australian Securities Commission (1990); the National Grid Management Council (1991); and the National Road Transport Commission (1992), among others (Brown 2002, 225-6). These institutions were established at the level of the Commonwealth government and sought to oversee major reforms, which included the wholesale regulatory reform of Australia's freight rail and road transportation networks and a new regulatory scheme for the provision of utilities, among other initiatives (ibid.).

This process was not entirely without contention, however. While all governments broadly shared a commitment to reform intergovernmental coordination in the economic union, differences regarding the details of these arrangements existed between state governments and the Commonwealth government (Painter 1998, 32). The question arose as to whether it should be the central or local level that leads the charge in implementing changes. While the Commonwealth government would eventually gain favour for its program, it didn't occur without concessions to overcome opposition from the states (Painter 1998, 60). In this way, the establishment of Australia's politically (more so than legally) oriented arm's-length regulatory institutions served to channel and structure political contestation between governments, while nevertheless ensuring the primacy of the Commonwealth government (Painter 1998, 190).

6.2.2 Federalism and domestic economic union: jurisdiction

As indicated above in Table 6.4, jurisdiction and practical responsibility for the maintenance and oversight of a common market and economic union in Australia is shared between the Commonwealth and state governments. Nevertheless, Section 51 of the Australian constitution enumerates several key Commonwealth specific legislative powers relevant to the management of the economic union in the country.[78] In particular, sections 51(ii) and 51(ii) give the Parliament of Australia the right to impose taxes and duties common to all states. Legislative power in matters of public borrowing, the financing, issuing of currency, and banking are outlined

[78] Interestingly, Section 51 of the *Commonwealth of Australia Constitution Act* makes identical reference to "peace, order, and good government" as the drafters of the *British North America Act* did, some thirty years prior.

in Sections 51(iv), 51(xii), 51(xiii), 51(xiv), 51(xvi), and 51(xvii). Of further relevance are section 51 (xi), 51(xv) and 51(xviii) which accord Parliament the right to legislate in matters of weights and measures and the collecting of census statistics, in addition to legislating bankruptcy, insolvency and intellectual property standards.

Section 51 thus effectively functions as a positive list, and any residual powers not enumerated under Section 51 fall under, according to Section 107, the legislative authority of the states. Though residual powers have been allocated to the state governments, concurrent powers do exist, most importantly in the area of taxation. Section 109 of the constitution nevertheless stipulates that, in the event of any inconsistency between Commonwealth and state law, Commonwealth law shall prevail (Philimore & Harwood 2015, 45). Notwithstanding the primacy of the Commonwealth government written into the Australian Constitution, however, neither are there any provisions explicitly prohibiting states from potentially duplicating Commonwealth legislation within their own jurisdictions by choosing to legislate and develop policies in areas enumerated under section 51 (Painter 1998, 12–13), thus leading to a degree of policy duplication. Moreover, since Section 109 indicates that, in the event of a potential legislative conflict or duplication, Commonwealth law will prevail to the extent of the inconsistency, this effectively compels a kind of intergovernmental coordination and shared policy making in practice, even if, as some convincingly argue (Galligan 1995, 199), the constitutional design of Australian federalism was never intended to encourage extensive intergovernmental coordination (Galligan 1995, 199).

To this end, while it has been generally understood that Australia sought to design a federation that would not be dominated by the Commonwealth government, this intention was not necessarily fulfilled (Galligan 1995, Painter 1998, Philimore & Harwood 2015). What has, instead, prevailed is that the Commonwealth government has come to predominate in sectors allocated to state governments, as was explored in the previous chapter on higher education. This dynamic, whereby previously state-level policy capacity has come to be absorbed by the Commonwealth government, has also prevailed as far as the maintenance of Australia's common market and economic union is concerned. Unlike in the previous case studies in the fields of fiscal federalism and higher education federalism, however, the Australian constitution does nevertheless explicitly mandate the establishment of a mechanism for intergovernmental coordination in the maintenance of the economic union.

For instance, section 101of the Commonwealth Constitution stipulates the establishment of an "Interstate Commission" with oversight powers in the field of trade and commerce within the country. In this way, Section 101 represents something of an exception given, as noted above, the Australian Constitution does not appear to require the establishment of a similar mechanism for intergovernmental coordination in other policy sectors. Aside then from Section 101, the Commonwealth Constitution is very much silent on matters pertaining to any kind of formal intergovernmental coordination mechanism within the federation (Philimore & Harwood 2015, 45). To this end, it was only during the post-war period that something resembling a more structured and less ad hoc approach to intergovernmental coordination, which was only vaguely hinted at by Section 101, came into greater focus in Australia, to be revived under the Hawke Labor government, beginning in 1983 (Painter 1998, 77).

While Australia had attempted piecemeal sectoral reforms over the course of the post-war period, the Hawke government inaugurated a period of large-scale systematic political centralization throughout the federation, the legacy of which continues to this day (Philmore & Fenna 2017). The slow and steady march toward formal intergovernmental coordination, with a central government bent, was effectively shaped by the way in which Australia's domestic political arrangements interfaced with an evolving international order. Here, the relatively equal configuration of Australia's states meant that no individual state was well positioned to challenge Commonwealth preferences in trade (Borschek & Goff 2020, 249), allowing the Commonwealth government to achieve greater relative primacy over its state counterparts, despite residual powers being accorded to the states under the Australian constitution (Fenna 2018).[79]

How did this come to be? Four key periods help explain this move toward increasing Commonwealth domination in matters of economic union during the post-war period. The initial context for Australia's post-war commercial trajectory is the establishment of imperial preference with Britain in 1932 through the Ottawa Agreement (Australian Department of Foreign Affairs and Trade, 2023). A second key juncture can be identified between 1957 and 1973, which was bookended by Australia signing the Australia-Japan Commerce Agreement in 1957, effectively beginning to formally diversify its trade away from Britain, and Britain's accession to the European Economic Community (EEC) in 1973, ending any pretensions of preferential trade between Britain and Australia.[80] An intermediary period between 1973 and 1983 was characterized by a tepid attempt at domestic institutional reform within the federal economic union. Finally, a fourth period, largely continuing to this day, commenced subsequent to the election of Labor under Prime Minister Bob Hawke. This period consolidated the transition away from preferential trade with Britain and toward a globalized trading regime.

This significant external upheaval in Australia's trade pattern was translated into the domestic context, as well, via the need to establish effective intergovernmental coordination

[79] States may legislate in any area not enumerated under sections 51 and 52 of the Australian Constitution.
[80] Indeed, Britain's accession to the EEC in 1973 and its abandonment of imperial preference simultaneously coincided for Australia, with Japan becoming Australia's top trading partner (Australia, Department of Foreign Affairs & Trade 2023).

mechanisms for overseeing Australia's increasingly diversified economy. To this end, constitutional discussions began to be held between the Commonwealth and state governments regarding the existing and future shape of the federal structures organizing Australia's economic union (Brown 2002, 180). Held between 1973 and 1985 under the semi-formal auspices of the Australian Constitutional Convention, the meetings were organized around appointed delegates from the Commonwealth, state, and territorial legislatures (Ibid). The Convention only met intermittently, however, and was unable to reach any consensus on reforms to the economic union. After this impasse, a new body was struck by the Hawke government, the *Constitutional Commission*, which was comprised of a body of experts appointed solely by the Commonwealth government (Brown 2002, 180). Nevertheless, this Commission also failed to produce any lasting policy or institutional changes beyond an influential report by one of its subcommittees (the Advisory Committee on Trade and Economic Management) that would prove to be the jumping off point for further discussions during the 1990s (Brown 2002, 193–194).

What was notable about the Advisory Committee on Trade and Economic Management's report to the Constitutional Commission, however, was that it explicitly framed its analysis, not in terms of legal and constitutional precedents set in the Australian courts, but rather in ". . . prime regard to the facts that, in 1987, are relevant to the determination of the most appropriate constitutional framework within which trade and economic management policies may be implemented in the best interests of the citizens of Australia" (Parliament of Australia, 26). Its recommendations were explicitly made on the assumption that the Commonwealth government should be granted new Section 51 legislative powers, in particular the authority for the Commonwealth to legislate in matters "affecting the national economy" (Parliament of Australia 1987, 36).

The latter premise—that the Commonwealth Government should have greater policy direction over the shape of the domestic economic union in the context of a globalizing economy—was the basis for reform initiatives undertaken in the 1990s by both Labor and Liberal-National coalition governments, led in turn by Labor Prime-Ministers Bob Hawke and Michael Keating and Liberal Prime Minister John Howard. The political reforms undertaken during this period extensively made use of Special Premiers Conference (SPC) meetings. SPCs are extraordinary meetings of the heads of Australian governments, Commonwealth and state and are an instance of premiers' conferences (Sharman 1977). Nevertheless, under the era's impetus for broad reform, premiers' conferences would eventually become further regularized and institutionalized under the aegis of the Council of Australian Governments (COAG) in 1992 (Smith & Mann 2015, 8).

The move from regular premiers' conferences to a refurbished format under the banner of the COAG sought to address some persistent issues in political coordination between Australian first ministers that, certainly from the perspective of the Commonwealth government, were thought to be preventing concretization of the reforms and discussions that had been taking place over the prior 10–15 years. The COAG thus responded to a persistent contradiction that had hampered premiers' conferences over the post-war period: on the one hand, many of the policy reforms that were being proposed by the Commonwealth government fell under the jurisdiction of the states; on the other, it was the Commonwealth government that had many of the financial and political means available to deal with these issues (Sharman 1977, 4–7). By bringing the first ministers of territorial governments into the fold, the COAG aimed to imbue first ministers' conferences with renewed political legitimacy, while rallying the Australian public to the cause of reform.

In this way, however, the Commonwealth government sought to further reinforce and enhance its role in the overall direction of the economic union, despite the constitution allocating residual powers to the states, and despite the constitution not specifically outlining the character or shape of any formal intergovernmental coordination in the sector. According to Allan Fenna, this tendency toward centralization is the product of a broad “modernization” (Fenna 2012, 590). Yet, friction nevertheless continues to persist within the economic union, perhaps the most notable example being Australia’s notoriously fragmented rail network (Australian Bureau of Transport and Regional Economics 2006, 1).

Indeed, Australia’s highly fragmented rail system is an example of how the effects of interjurisdictional rivalry can persist within what is, relatively speaking, a culturally homogenous federation. Commercial rail transport falls under state jurisdiction if there is no interstate component. Yet, under sections 51 and 92, the Commonwealth has the right to control railways for military purposes (Section 51.32), and under section 92 for the purposes of ensuring free trade within the Commonwealth. According to Brown (2002), Galligan (1995), and Painter (1998), these kinds of jurisdictional and intergovernmental coordination tensions were at the heart of negotiations regarding Australia’s economic union.

6.2.3 Coordinating mechanisms and institutions

As noted above earlier in section 6.2.2, with the possible exception of Section 101 of the Australian constitution, which outlines the need to establish an “Interstate Commission” (which never really materialized), Australia has no formal intergovernmental mechanisms or procedures outlined in its constitution. Barring any binding constitutional amendments then, any intergovernmental agreements, forums, and institutions that have emerged in Australia have thus tended to rely upon crafting political, rather than legal obligations on governments (Phillimore and

Harwood 2015, 63; Hueglin & Fenna 2015, 270). Table 6.5 below lists the sector-specific regulatory bodies specific to the core elements of a federal economic union created in this manner.

In section 6.1.3, we discussed the four distinct periods of intergovernmental coordination in Australia's economic sector: the immediate post-war period up to 1957, marked by the lingering influence of British imperial preferences from the interwar era; the period from 1957 to 1973 was characterized by a gradual shift away from British preferences toward a pluralization of Australian trade; an intermediary period from 1973 to 1983, during which domestic reforms were progressively implemented; and, beginning with the election of the Hawke Labor government in 1983, a concerted effort to restructure Australia's domestic arrangements to better compete in international trade.

Each of these periods featured distinct mechanisms for intergovernmental coordination, while the overall pattern of coordination remained consistent over the post-war period; rivalry between governments in an increasingly Commonwealth centred federation was the dominant expression of federalism in Australia. For instance, during the initial post-war period from 1945 to 1957, intergovernmental coordination in the field of the federal economic union was largely characterized by concurrent federal and state legislation, to which the Commonwealth government largely took a case-by-case approach in matters of conflict between concurrent policies. In the five sectors identified for this chapter (outlined in Table 6.5), the period 1945–1957 featured almost no major sector-specific all-encompassing institution with oversight responsibilities. Indeed, legislation for the key institution indicated in section 101 of the Australian Constitution, the Interstate Commission, was even repealed in 1950 after the institution lay dormant since 1920 (Radbone 1982; Gageler 2017).

Table 6.5: Structure of Sectoral Regulation and intergovernmental coordination in Australia

Sector	Regulatory institution	Year instituted	Coordination modality (particulars)	Pattern of Coordination
Minimum Wage and employment standards.	Commonwealth Conciliation and Arbitration Commission/Fair Work Commission	1956/2009	Political (Federal statute + Tribunal)	Policy universalism + Self-rule
Regulated Professions & Trade orders	Sector specific	N/A	Political (Some sectors regional [Law] others National [Medicine])	Policy territorialism + self-rule
Capital Markets	National Companies & Securities Commission + Regional regulators →Australian Securities Commission →Australian Securities and Investment Commission	1980/1991/ 1998	Political (Federal Statute)	From policy territorialism + self-rule increasingly to policy universalism + self-rule
Trade between regions	Interstate Commission/Industry Commission/Productivity Commission (De Jure) →Council of Australian Governments →National Cabinet (De Facto)[81]	1912/1990/ 1998 & 1992/2020	Political (Intergovernmental Council)	From policy territorialism + self-rule to increasingly policy universalism + self-rule
Freight Transportation (Rail & Trucks/Lorys)	Australian Transport Council →National Transport Commission	1993 →2003	Political (Intergovernmental Agreement + Secretariat)	Policy universalism + shared-rule (initially policy territorialism + self-rule)

Up to that point, the framework for intergovernmental coordination within the economic union largely rested on a series of legal decisions taken by the 1920s that effectively sought to maintain a status quo reading of the Australian constitution, emphasizing the concurrent nature of

[81] See Mann & Smith (2015).

many of the powers enumerated under section 51 (Baier 2003, 44–55; Galligan 1995, 34). During this period, contention between the state and Commonwealth governments prevailed in the form of statutory legislation from either the Commonwealth or state governments. This legislative competition between each order of government featured both offensive and defensive characteristics, aimed at both preserving legislative autonomy and capacity within key policy sectors, while at the same time targeting concurrent measures in the opposing jurisdiction. To this end, in mid 1945 the Labor government of Prime Minister Ben Chifley passed the *Australian National Airlines Act* in an attempt to introduce more lines of interstate transportation, given that interstate travel in Australia remained dominated by regional air and rail carriers (Docwra & Kolsen 1989, 64). The law sought to introduce a Commonwealth monopoly on interstate air travel in Australia by establishing a publicly owned airline, to be overseen by the newly formed *Australian National Airlines Commission* (ibid.).

No sooner was the law passed, when it was challenged in court by the privately held Australian National Airways. The ANA was the product of the merger between Holyman's Airways and Adelaide Airways, the latter firm being held by the Adelaide Steamship Company, itself a privately held transport logistics firm then controlling a large part of the market moving goods and passengers between Adelaide and Melbourne. This court challenge was not the first time an Adelaide Steamship Company entity was implicated in constitutional matters related to federalism. In 1920 the Adelaide Steamship Company was also involved in one of Australia's most important court decisions, commonly referred to as the *Engineer's* case (*Amalgamated Society of Engineers v. Adelaide Steamship Co. Ltd*).

The *Engineers'* case embodied the fundamental trade-off at the core of any LDF, between the equality of individuals, on the one hand, and equality of federated regions, on the other. The issue at hand in *Engineers* was whether a wage arbitration settlement limited to a specific state, Western Australia in this case, could be invalidated by an arbitration decision in the same sector by the Commonwealth government (Galligan 1995, 1974). The case was brought by the Amalgamated Society of Engineers, which sought to challenge an arbitration decision at the state level, arguing that a larger award won at the federal level should take priority. The challenge thus implicated several private and public entities affected by arbitration decisions in Western Australia, some eight hundred and forty-four respondents in total. Among the more notable organizations were the privately held Adelaide Steamship Company, in addition to the Minister of Trading Concerns, Western Australia (Engineers/HCA 54). Consequently, when the courts decided that the Commonwealth did have priority over the states in this matter, it was a major moment in Australian labour relations.

Within the literature on Australian federalism, the dominant reading of the *Engineer's* case has been that the High Court overturned the up to then consensus reading of Australian federalism as organized around "intergovernmental immunities," i.e., the idea that each government in the federation is fully sovereign within its jurisdiction, and that these jurisdictional boundaries are clearly delineated (Baier 2003, 48–50; Galligan 1995). Yet, as Brian Galligan notes, however, the track record of the High Court has been that of a political actor, frequently mediating between competing visions of federalism. The tension between a more regional or nationally integrated federal economic union, exhibited in the Engineers Case, featured again in the politics of the *Australian National Airlines Act*, where familiar entities again sought to pull the federal system in their favour.

This mode of political-economic coordination, shaped as it was by competing concurrent statutes at the Commonwealth and State levels, was ultimately uneven. The ambiguity of parallel jurisdictional regulations made Australia a difficult market to trade in for most countries other than Britain, once the post-war international trading order was oriented around the General Agreement on Tariffs and Trade (GATT) (Caplin, 2001, 39–40).[82] To this end, in so far as Australia was within the system of British imperial preference, domestic fragmentation could be tolerated and protected. Yet, as imperial preference waned, and international trade patterns would become increasingly diversified, Australia was increasingly faced with the need to improve coordination within the economic union to make the country more fit for international trade (Capling 2001, 12–66). Understanding that the post-war period called for Australia to diversify its trade relationships beyond Britain, in 1957 the Menzies government undertook a major milestone in that direction, signing the Australia-Japan Commerce Agreement (Dee 2006, 2). The Australia-Japan Commerce agreement extended most favoured nation status to Japan, implying that Japan would be accorded the same trading privileges with Australia that had previously existed with Britain (ibid.).

In parallel to these developments in Australian trade relations, the competitive back and forth regarding the structure of intergovernmental coordination in matters of the federal domestic economic union continued apace. In the 1956 *Boilermakers' Case* (R. V. Kirby), the High Court considered the question of how sectoral arbitration and wage decisions that applied to more than one state would be applied and enforced. In *R v. Kirby,* The Boilermakers' Society of Australia was found in contempt of an injunction issued by the Commonwealth Court of Conciliation and Arbitration on behalf of the Metal Trades Employers' Association. Contesting the injunction before the High Court, the Boilermakers questioned the authority of the Arbitration Court to make such a finding of contempt.

[82] Ann Capling notes that the Liberal-Country coalition under Prime Minister Robert Menzies faced push back from many regionally and domestically oriented manufacturers, who preferred Australian withdrawal from the recently established GATT. A view, Capling notes, Menzies was somewhat sympathetic too. Capling writes that this latter view was tempered by civil servants in the trade bureaucracy.

At issue was the judicial status of the Arbitration Court; if it were a judicial body, under Chapter III of the Australian Constitution, it should, therefore, not also have the powers to undertake non-judicial functions (R v. Kirby, 1956). To this end, the High Court determined that the arbitration power was not a judicial function, and that as a result, the arbitration court did not have the authority to determine contempt, as it contravened Chapter III of the Australian Constitution, which enshrines judicial independence (Sauders & Stone ed 2018, 363). As a result of this decision, the Menzies government founded the Commonwealth Conciliation and Arbitration Commission in 1956 as a separate arm's-length regulatory institution overseeing non-judicial matters, including wage arbitration (Lewis 2016, 124).

Despite the establishment of an arm's-length Arbitration Commission at the Commonwealth level, intergovernmental coordination continued to remain sporadic, and the economic union still disaggregated during the 1960s. Two major attempts were thus taken, first by the Coalition government of Robert Menzies, and then by the Labor government of Gough Whitlam, to strengthen the Australian Constitution's Section 101 provision for the establishment of an Interstate Commission (ISC) that would oversee the functioning of Australia's economic union (Advisory Committee on Trade and Economic Management 1987, 218–220).

First, under the Menzies Government, *the Committee of Economic Enquiry* was struck in 1963. The committee's report, popularly known as the Vernon report in reference to the Chair of the Committee, James Vernon, had as its terms of reference an enquiry into the overall economic picture of Australia, in light of the government's commitment to a "high rate of economic and population growth with full employment, increasing productivity, rising standard of living, and stability of costs and prices. . ." (Report of the Committee of Economic Enquiry 1965, 7). The report ultimately recommended the establishment of an arm's-length economic advisory council, which would provide the government and the public with non-partisan research and expertise on numerous matters related to the Australian economy (Report of the Committee of Economic Enquiry 1965, 453–454).

No sooner was the Vernon report tabled in Parliament during the summer of 1965 than the Menzies government rejected the committee's recommendations (Nethercote 2015). According to Nethercote, Menzies refused, in no uncertain terms, to commit to an institution that would have the potential to bind the government to its recommendations; "Where the report makes what will doubtless be regarded as advice on political policies, such advice must be regarded, in the well-known legal phrase, as *obiter dicta*, and not as possessing some binding authority" (ibid.). Indeed, the refusal of Australian governments to be bound by the decision of an arm's-length regulatory body strikes at the heart of the reluctance to put the Interstate Commission on firmer footing, despite its establishment being called for under Section 101 of the Australian Constitution.

Until the 1960s and '70s Australian governments, particularly those headed by the more rurally based Coalition, were keen to maintain the Commonwealth government's executive privilege, eschewing the establishment of the Interstate Commission (Gageler 2017). Governments of all stripes tended to see the Interstate Commission as a potential alternative power base, countering that of the political executive, "a curiously anomalous body which might once be an executive department, and a Court of Law. . ." (Gageler 2017, 215). While Prime Minister Menzies cleaved the circumscribed role for the Interstate Commission, the Labor Party took Menzies's rejection of the Vernon Committee's report as an opportunity to push for reform.

Already during the Australian Labor Party Congress in 1963, proposals were made to revive the Interstate Commission (Galligan 1995, 102). Once Gough Whitlam succeeded to the leadership of the ALP in 1967, the party was definitely committed to its program of reforming federalism, without abolishing the federal structure of the constitution altogether in favour of a unitary alternative (Galligan 1995, 105). With Menzies now retired after sixteen years in power, the Coalition's days were numbered. Menzies awkward menagerie of anachronistic monarchism, regionalism, modernization, and slow trade diversification away from Britain was a combination that, according to Stuart Macintyre, could make even partisans ill at ease and the Queen blush (Macintyre 2009, 214).

By 1973, however, a sea change was afoot. ALP leader Gough Whitlam became Prime Minister in December 1972, and Britain formally acceded to the EEC on January 1, 1973. With Britain's entry into the EEC, the preferential trade Australia had enjoyed in its trade with Britain would come to an end. This is because the core aim of the Treaty of Rome, the founding treaty of the EEC, was to establish a customs union among signatory countries. With both a new prime Minister and a new external trading environment, these two events ensured a renewed commitment to reforming the structure of intergovernmental coordination in Australia's economic union.

Between 1973 and 1983, several pieces of sector-specific framework legislation were passed by the Commonwealth government. Key pieces included the *Trade Practices Act* (1974), which sought to promote a competitive domestic Australian market while maintaining common product standards (Advisory Committee on Trade and Economic Management 1987, 110). The Interstate Road Transport Act (1985), the *Companies Act* (1981), and the *Securities Industry Act* (1981) also factor among the more notable examples of attempts to steer intergovernmental coordination in each of these sectors.

Indeed, for much of the post-war period until the 1990s, intergovernmental coordination in Australia's economic union continued to take place in a concurrent manner, primarily via competing statute laws. The essential reasons for this were political: disagreements in the

Australian Parliament between legislators on how to proceed with reform, and a lack of willingness on behalf of state governments to facilitate reforms, helped reinforce the status quo. There was one notable exception during this period, however, as Whitlam secured the passage of a renewed *Interstate Commission Act* in 1975 (Gageler 2017, 216).

Yet, while Whitlam previously championed a revived Interstate Commission as an institution that would help organize Australian federalism to the point of rendering the country more productive (Galligan 1995, 102), the result was rather more modest. Compared to Whitlam's initial aspirations for the institution, opposition from the Coalition controlled Senate watered down any notion of autonomous regulatory powers for the 1975 iteration of the Commission, reducing its autonomous oversight activities (Gageler 2017, 216; Radbone 1982, 323). The new ISC, unlike its previous 1912 iteration, would be exclusively concerned with matters of interstate transport, but it would now conduct its activities at the discretion of the Minister for Transport, rather than of its own accord (Radbone 1982, 323–324).

Indeed, the emphasis on interstate transport was strategic, given its role as the backbone of any integrated economic union, in addition to the fact that the sector remained one of the most fragmented and abrasive within Australia's economic union (Stevenson 1987). Despite its moderated design and accountability to the Minister for Transport, the ISC did nevertheless remain an arm's-length regulatory institution with political authority vested in it. Reports and investigations of the ISC would still need to be made public, and its terms of reference were frequently cast in a wide manner (Radbone 1982, 336). Nevertheless, constitutional tension between Whitlam and Governor General John Kerr, followed by the re-election of the Coaltion under Malcolm Fraser, ensured that the ISC would remain limited in scope, application, and practice.

Fraser's tenure as Prime Minister from 1975 to 1983 was characterized by an attempt to maintain the existing federal equilibrium between the Commonwealth and state governments, but without restoring the fiscal capacity ceded by the states over the prior decades (Galligan 1995, 49). It was only once Labor returned to power under Bob Hawke that a truly wide ranging and lasting reform program that has persisted to this day began to take place. Hawke significantly repealed Whitlam's 1975 *Interstate Commission Act*, and its functions were folded into an expanded Industry Assistance Commission by 1989 (Gageler 2017, 217).

The states did not sit by idly in the midst of these attempted reforms. While there had long been a vertical fiscal imbalance in Australia, the states were not willing to completely subordinate their own political prerogatives to those of the Commonwealth government. During a series of SPCs (Special Premier Conferences) in the early '90s, the states pressed the Commonwealth government to address the vertical fiscal imbalance, such that state governments would be less dependent on grants provided by the centre (Painter 1998, 38). Then treasurer and future Prime Minister, Paul Keating, rather saw the vertical fiscal imbalance as a virtue, preserving the Commonwealth government's policy priorities (Painter 1998, 39). The political back and forth between the state and Commonwealth governments over economic reform ultimately produced novel forms of intergovernmental coordination. With Keating now having replaced Hawke as Prime Minister, the disparate and sector-specific meetings between government heads in Australia became more rigorously formalized with the introduction of the Council of Australian Governments (COAG), in 1992.

The COAG was established as a formal, all-encompassing, intergovernmental body that would consolidate the disaggregated trajectory of the prior decade's attempts at institutional economic union reform and coordination into one politically authoritative institution. All

Australian heads of government would participate in the COAG. By formally bringing state and territorial premiers into decision-making within a key political institution, the assumption was that institutional reform could be approached more rationally, and its results would be more even than had previously been the case with the ISC and other forums for intergovernmental coordination.

Painter (1998) argues that the adoption of the COAG represented a shift toward greater collaboration in Australian federalism (Painter 1998, 7). Yet, in many ways, the advent of the COAG merely formalized tendencies and trajectories, which had long been in place in Australian federalism (Galligan 1995, 211). At a fundamental level, despite its formal aspects (the COAG was intended to meet at least twice a year), many of the core political features of Australian federalism were left unchanged by the COAG. Most importantly, in contrast to federations like Switzerland and Austria, where intergovernmental councils and decisions can acquire legal character, decisions in intergovernmental institutions like the COAG continued to remain political rather than legal in nature (ibid.).

The COAG was intended to serve as the peak political forum for intergovernmental policy coordination in Australia and with the formal participation of all of Australia's First Ministers; moreover, it was hoped that many of the earlier impediments to reform of Australia's economic union would be overcome. Yet, the intergovernmental political challenges which existed prior to the establishment of the COAG were merely rechannelled into the new forum, as the inability to reach consensus between First Ministers in key policy areas further reinforced unilateral action by governments (Galligan 1995, 212).

At an international level, the establishment of COAG coincided with new institutional forms of economic and political coordination globally: the dissolution of communist regimes in Eastern Europe and the USSR; the establishment of the contemporary iteration of the EU via the conclusion of the Maastricht treaty in 1992; and the discussions to reform the GATT, which would eventually lead to the establishment of the WTO. Due to preferential trade with Britain, internal protectionism and a lack of harmonization between the states, just to name some key factors, Australia was seen as out of line with the global trading regime for most of the post-war period (Capling 2001). The global changes of the early ’90s gave new impetus to the need for undertaking domestic economic union reform in Australia and it was very much within this international context that the COAG was initiated.

Over the next few decades, despite continued political contestation between governments in Australia, from the time the COAG was established in 1992 to its eventual displacement by the National Cabinet in 2020 under the Morrison led coalition government, Australia undertook numerous ambitious reforms to its economic union, many of which would become consecrated in the form of new arm’s-length regulatory and coordinating institutions. In the policy areas this chapter considers (minimum wage standards, regulation of professional and trade orders, capital markets, trade between regions, and freight transportation), no less than four new regulatory bodies were established; the National Transport Commission (1992), the Australian Securities and Investments Commission (1998), the Fair Work Commission (2009), with the COAG and its successor, the National Cabinet, serving as the de facto intergovernmental council responsible for the operation of the domestic economic union and internal trade matters. To this end, each of these institutions has been structured somewhat differently based on the policy area’s initial jurisdictional starting point. Despite these differences, however, the spirit of the reforms and coordination affirms the long-term trend toward greater Commonwealth oversight and involvement in numerous, previously state, policy sectors.

Thus, in the case of freight transport, the National Transport Commission (NTC) was established in 2003 as the successor to the Australian Transport Commission via an intergovernmental agreement, the *Intergovernmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport*. Since transportation was not explicitly enumerated as one of the federal competencies under section 51 of the Australian Constitution, and transport infrastructure had already developed a regionalized pre-federal legacy, road and rail transport infrastructure developed in a fragmented manner in Australia, to the point that Australia had adopted no less than three mutually incompatible rail gauges across its territory. As the product of an intergovernmental agreement, the NTC is accountable to Australian transport ministers through the Infrastructure and Transport Minister's Meeting (ITMM), comprised of Commonwealth, state, and territorial ministers responsible for transport and infrastructure. The NTC aims to harmonize incompatible standards across the states by adopting a "national approach to regulatory and operational reform in the rail industry" and to address matters that warrant a "uniform or nationally consistent regulatory or operational approach (Intergovernmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport 2003, Article 2).

The *Intergovernmental Agreement for Regulatory and Operational Reform in Road, Rail and Intermodal Transport*, by supplementing the creation of the NTC with enabling legislation (the *National Transport Commission Act*), goes further than comparable arrangements in Canada (see below). However, the overall architecture of intergovernmental coordination in the sector ultimately does not deviate from the political prerogatives of governments. Despite it effectively being one of the key reasons for the establishment of the NTC (National Transport Commission 2020, 5–6), harmonization and standardization of Australia's rail network continue to be a politically fraught process, with numerous competing states, Commonwealth, private and public sector interests at stake in reform.

The configuration of the intergovernmental coordination in the Australian capital markets sector differs somewhat from what takes place in the transportation sector. On the one hand, there would appear to be a clear constitutional precedent for the Commonwealth government's legislation and activity in this sector. Indeed, section 51(xx) accords the Commonwealth the right to legislate in matters of ". . .trading or financial corporations formed within the limits of the Commonwealth." Despite this clause, in a manner like the situation with rail transport, jurisdiction specific company law already existed in the various Australian colonies that would form the federation in 1901 (Lipton 2007). Mirroring the regionalist economic forces that shaped early rail fragmentation in Australia, regionally specific companies' law in the Australian colonies was designed to help support the capital needs of regionally anchored mining companies (Lipton 2007, 836), an outcome which persisted into the Australian federation, despite section 51(xx) of the Australian constitution.

During the first half of the 20th century, a point of view developed which continued to privilege regionalized interests in the country by insisting on a narrower interpretation of section 51(xx). This argument was upheld at two key moments. First, in *Huddart, Parker & Co Pty Ltd v Moorehead* (1909), it was determined that section 51(xx) did not permit the Commonwealth to make laws controlling *instate* trading operations of corporations. By 1929, during the proceedings of the *Royal Commission on the Constitution*, a similar perspective was upheld, whereby the advantage of a uniform company law was deemed, ". . .undeniable, but at the same time. . .not very considerable" (Saunders 1986, 561).

It was only during the post-war period that a much more concerted effort to standardize company law and securities regulation across Australia took place. This initially occurred in two steps. First, between roughly 1960 and 1980, rather than the Commonwealth government legislation for all states, each state adopted its own legislation, which in large part sought to mirror each other's statutes (ibid.). In a second phase, resulting from the aftermath of a collapse of a mining stock boom during the mid 1970s, the rationale of a single-company law, allied to a national securities commission, became more politically compelling. The 1974 "Rae Commission," named after Peter Rae, Senator for Tasmania, cast greater scrutiny on the lead up to the mining stock collapse and the lack of a national securities regulator in the country (Parliament of the Commonwealth of Australia 1974). The report concludes in favour of the establishment of a national securities regulator, noting, "The evidence has repeatedly established that the securities market is a national market. Each of the stock exchanges functions as part of a national network. A large proportion of the business of the smaller exchanges is transacted in Melbourne and Sydney, and a substantial proportion of the total business in Australia is affected across state boundaries." (Parliament of the Commonwealth of Australia 1974, 16.1). In other words, regional rivalries do not undermine the need for national regulation, they confirm it.

By 1979 then, legislation was passed for the establishment of National Companies and Securities Commission, the precursor to the *Australian Securities and Investments Commission* (ASIC) which ultimately emerged in 1998. To this end, the ASIC functions as a sectoral regulator, and not, as is the case for equivalents in Austria and Switzerland, as a universal regulator for the entirety of financial interactions and their supporting infrastructure. Unlike its more all-encompassing counterparts then, the ASIC is not, for example, focused on regulating counterparty risk between financial institutions, the latter falling under the purview of the *Australian Prudential*

Regulation Authority (APRA). The ASIC and APRA, along with the Reserve Bank of Australia, and the Australian Treasury together form the *Council of Financial Regulators*, which helps coordinate between these various authorities. As a non-statutory body, however, the Council of Financial Regulators has no regulatory or decision-making powers, unlike the ASIC.

To this end, the ASIC is the institutional authority charged with supervising the operation of Australia's capital markets and ensuring confidence in the sector (Stumbles ed. 2016, 9). Political responsibility for ASIC falls to the Australian Treasurer (i.e., Minister of Finance) and is also overseen by no less than four separate parliamentary committees (ASIC Annual Report 2023, 176). As part of its powers, ASIC also has the authority to license financial service providers, in addition to the authority to enforce its decisions and levy criminal penalties (Australian Securities and Investments Commission Act, 2001). Under article 4 of the *Australian Securities and Investment Commission Act, 2001,* the ASIC's jurisdiction applies to the Commonwealth, state, and territorial governments, in a reversal of what had previously been extensive state involvement in the sector for most of the 20th century.[83] At its broadest, the ASIC thus ensures compliance with the *Corporations Act, 2001*, and, more specifically, the Australian Securities Exchange, Australia's most important capital market operator.

In terms of intergovernmental coordination in employment matters, Australia's model stands out in its emphasis on the role of binding arbitration in setting many labour standards. In this way, Australia more closely resembles the Austrian and Swiss models than the Canadian, which is based on legislated employment standards and minimum wages, rather than sectoral

[83] In 2001, all of Australia's states adopted legislation that referred competencies they previously exercised over the regulation of companies and capital markets to the Commonwealth government. This "referred" state legislation is included as an additional note under section 51(xxxvii) of the Australian Constitution. See https://www.aph.gov.au/About_Parliament/Senate/Powers_practice_n_procedures/Constitution/Notes#note-15 (accessed July 13, 2024).

agreements. To this end, section 51(xxxv) of the Constitution of Australia permits the Commonwealth government to engage in "conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one state." Unlike in the transport and securities sectors, however, Commonwealth authority in the sector was upheld early on in Australia's federal history, as exemplified by the *Engineers* Case, highlighted earlier.

Indeed, it is, perhaps, as a result of the longstanding regionalization and fragmentation in other parts of the Australian domestic economic union that labour legislation and employment standards came to become so complex in Australia, as it effectively provided a means through which the Commonwealth government could influence activities in sectors that had become oriented around state governments, sectors like rail transport and mining, in particular. Nevertheless, Australia's 1904 *Commonwealth Conciliation and Primacy Act,* which established the *Commonwealth Court of Conciliation and Arbitration,* was invalidated as a result of a decision in the above-mentioned *Boilermaker's* case, where it was determined that a judicial body of the Commonwealth could also not exercise non-judicial functions, in this case the enforcement of an arbitration order. As a result of this decision, the Commonwealth government established the *Australian Industrial Relations Commission* (AIRC), which was designed in a manner which separated judicial and executive functions. By 2009, the various iterations of the AIRC would eventually evolve into the *Fair Work Commission* (FWC), which aimed to further deepen Commonwealth influence in labour and employment relations by establishing a national employment standard.

Indeed, while the Commonwealth had established its own industrial relations commission for some time, concurrent commissions capable of setting wage standards existed in each of Australia's states (Hamilton 2022, 6–7). Despite the advent of the FWC, however, regional persistence in the sector continues to exist. For instance, unlike in the case of the ASIC, where all states have referred their competencies to the Commonwealth government in the matter of the *Corporations Act, 2001*, only the states of Victoria, Queensland, and South Australia have done so in the case of the *Fair Work Act, 2009*, leaving New South Wales, Western Australia, and Tasmania as holdouts (Parliament of Australia 2024).

As a result, while the implementation of FWC has thus gone some way in harmonizing industrial standards across the country, concurrency within certain sectors prevails. Because all states have referred their competencies in the matter of the *Corporations Act*, *2001,* to the Commonwealth government, it is precisely in those sectors which fall outside of the regulatory purview of the *Corporations Act* that state level industrial relations and employment policy persist. Thus, to take the example of Western Australia, private sector businesses and their employees that operate as unincorporated partnerships, persons employed in not-for-profit organizations, and local and state government employees do not fall under the national system of employment overseen by the FWC (Western Australia Department of Mines, Industry Regulation and Safety 2024).

Lastly, in matters of professional accreditation, greater harmonization between regions or centralization has also been a factor in reshaping intergovernmental coordination in Australia in a more centralized direction. Even in classical liberal professions, like law, which, in LDFs, have generally been more closely linked to regional accreditation boards, and have also been slower to adopt national accreditation standards than many of their counterparts in medicine, a harmonization scheme has been developed that aims to standardize the practice of law and the accreditation of lawyers, across jurisdictions in Australia. This had the result of creating a larger, shared, market for legal services in Australia.

To this end, the *Legal Profession Uniform Law* legislation was adopted by Australia's two most populous states, New South Wales and Victoria, in 2015, and by Western Australia, in 2022 (Law Society of Western Australia 2024). The initial legislation was tabled and adopted by the Parliament of Victoria, and was later adopted with slight modifications in New South Wales and Western Australia. The adoption of the uniform law represents a novel form of intergovernmental coordination in Australia, where harmonization and coordination are led from the bottom up, on a horizontal basis. This contrasts with what has typically been the case in Australia during the post-war period, of top-down Commonwealth led standards. This form of intergovernmental coordination is still in its infancy in Australia, however, and it remains to be seen how it will evolve.

6.2.4 Summary

Australia is notable for the shift toward Commonwealth government dominated pattern of intergovernmental coordination during the post-war period. This dominance is especially stark, particularly when contrasted with the more regionally oriented Canadian example, as we will see in the subsequent sections of this chapter. Likewise, when compared to the Austrian and Swiss examples, the peak political role played by the COAG/National Cabinet stands out, as Austria and Switzerland have greater legal and constitutional formalization of intergovernmental coordination mechanisms. By contrast, the National Cabinet and the COAG before it are explicitly political bodies with limited legal recourse to their decisions and deliberations. Indeed, an online repository of intergovernmental agreements maintained on the National Cabinet website explicitly acknowledges that such IGAs are "not legally binding" (Australia's Federal Relations Architecture 2023).

During the post-war period, intergovernmental coordination within Australia's economic union was characterized by numerous fits and starts, until it took on a more decisive character in the context of the transition to the post-cold-war era of economic liberalization, integration and globalization during the late '80s and early '90s under the Labor governments of Hawke and Keating. It was under these leaders that an ambitious reform of intergovernmental coordination in the operation of Australian federalism was definitively formalized. Nevertheless, these reforms built on and furthered the policy initiatives of predecessors of different partisan stripes, including Coalition Prime Ministers like Robert Menzies and Malcolm Fraser in the '50s and '70s, respectively.

Indeed, what is remarkable about Australia's reforms is the steady and successive centralization that took place in Australia's pattern of intergovernmental coordination across both Coalition and Labor governments. Each party furthered the commitment to centralization during various periods: In 1957, under the Coalition government of Robert Menzies, Australia began setting the groundwork for its move away from imperial preference by simultaneously signing the Australia-Japan Commerce Agreement and renegotiating its terms of trade with Britain (DFAT 2023). In the 1980s and early 1990s, under the successive Labor premierships of Bob Hawke and Paul Keating, Australia engaged in an extensive constitutional rethinking and reshaping of its economic union, with the establishment of the COAG representing a key benchmark in Australian intergovernmental coordination. Finally, under Liberal/Coalition Prime Minister John Howard during the late 1990s and early 2000s, the Labor government's extensive program of interstate policy harmonization was furthered and ultimately led to the establishment of the National Cabinet under Coalition Prime Minister Scott Morrison, helping to consolidate an almost thirty-year period of intergovernmental reform in Australia.

Likewise, what must be further noted in relation to Australia's pattern and trajectory in intergovernmental coordination is that, as regional and proportional representation became more equal in Australia, the country's intergovernmental coordination pattern reflected this fact. Thus, it is no surprise that the major turning point in Australia's intergovernmental coordination was in the 1970s, at the same time during which there was an important increase in both regional and proportional equality in the country.

These moves generally confirm this dissertation's core hypotheses, which are, first, that as regional equality in the central legislature increases, the tendency toward increased policy universalism will become greater, and second, as proportional equality increases, the reliance on shared-rule decision-making will become more important. Indeed, this is precisely what we find in the Australian case: on the one hand, there is a move toward reforming Australia's pre-war paradigm of policy territoriality via the establishment of more universalist and all-encompassing policies in many policy sectors, which were previously much more territorially fragmented: labour arbitration, transportation, securities regulation, to name a few sectors. This tendency also took place via the introduction of slightly more formalized shared-rule-style institutions, most notably the COAG and the national cabinet.

It is important not to overstate the case, however. Australia's post-war patterns of intergovernmental coordination show a trend toward more universal policies and shared decision-making. This trend aligns with the gradual changes in Australia's representation and federal equity bargain. Specifically, the country saw an increase in the effective number of regions (as shown in Figure 3.2, Chapter 3) and a relatively stable evolution of representative district proportionality across regions (as depicted in Figure 3.3, Chapter 3). On a relative basis, however, the practice of shared-rule in Australia remains far behind the practices of much more genuinely shared-rule federations like Austria and Switzerland, but in some respects greater than in Canada, which is about what we would have expected at the outset of this chapter.

To this end, linking these observations to Australia's configuration of representation during this period helps explain some of the broad dynamics of Australia's trajectory during the post-war period. As figures 3.2 and 3.3 indicate, Australia's share of effectively represented regions slowly increased over the post-war period, from just over 60% during the 1940s, to just about 70% by the 2020s, and the degree of malapportionment generally decreased during that same period as well. In chapter 1 it was hypothesized that a higher share of effectively represented regions is associated with greater policy universalism, while higher degrees of malapportionment may be associated with a greater prevalence of varieties of self-rule in intergovernmental policy coordination. By contrast a decrease in malapportionment may be associated with a greater prevalence of varieties of shared-rule in intergovernmental coordination.

In this respect many of the major reforms undertaken in Australia appear to coincide with Australia's configuration of representation. In particular, the sectoral architecture outlined in table 6.5 above shows that many of these reforms were initiated during the 1980s and 1990s, a period when malapportionment slightly decreased, and the share of effectively represented regions increased, thus suggesting a context favouring greater policy-universalism and forms of shared-rule. Indeed, in many respects, these developments do share resemblances with that characterization, as Australia developed new national regulatory institutions, like the COAG most notably, but in ways that preserved state and commonwealth coordination (albeit under the umbrella of the Commonwealth government).

6.3 Austria

6.3.1 Overview

Three distinct political periods shaped Austria's domestic economic union over the course of the post-war period. The first, which began in the immediate aftermath of World War II and took place under the aegis of the allied powers, lasted until roughly 1960.[84] This period spanning some fifteen years was characterized by the following developments: the reconstruction of Austrian industrial capacity under the Allied occupation. The tension between the Soviets and the Western Allies (the US, Britain, and France) leading to Austria's commitment to state neutrality under the Austrian State Treaty of 1955, and finally, Austria's accession to the European Free Trade Area (EFTA) in 1960 (Rathkolb 2020, 61). The second period, shaped by Austria's membership in the European Free Trade Area, lasted from roughly 1960 to 1995, when Austria formally acceded to the European Union, thus marking the third major paradigm undergirding Austrian domestic economic union.

Though the Austrian state treaty of 1955 committed Austria to state neutrality, its economy was very much oriented toward the West. This tension between the commitment to neutrality within a largely Western economic framework placed certain pressure on the political structure of Austria's domestic economic union, which sought a certain kind of mediation and resolution in the EFTA (which also counted other neutral nations, such as Switzerland and Sweden, among its founding members, alongside Austria, as well as non-neutral Denmark, Norway, Portugal and the United Kingdom). Indeed, the Treaty of Rome's more explicit commitments to NATO, in addition

[84] The allied powers officially withdrew from Austria in 1955. 1960 marked Austria's entry into the European Free Trade Area.

to Soviet pressure, made greater political and economic integration into the West difficult for Austria, despite the strong desire by certain segments of Austrian society to become more integrated into Western structures (Rathkolb 2020).

However, it should be noted that some segments within the Western powers were not disappointed with this situation. They desired to ensure Austria would evolve along a distinct path so as to constrain any potential re-emergence of Pan-Germanism, and hence, preferred to keep Austria out of the European Economic Community. In this way, Austrian neutrality further served to define Austria in explicit contrast to Germany, which was split between the two rival blocks (Rathkolb 2020, 29). Thus, while East Germany would join the Soviet-led Council for Mutual Economic Assistance (COMECON) in 1950 and West Germany would join the European Economic Community (EEC) in 1957, Austria stayed out of both and instead joined the European Free Trade Association (EFTA) by 1960. This helped to create conditions for the reinforcement of a distinct Austrian model during the post-war period.

To this end, perhaps the most important feature of the EFTA in relation to the EEC is that the former tolerated a greater variety of tariff regimes among its members, whereas the latter was structured around a common external tariff policy for imports from all non-members.[85] The EFTA likewise had a much less ambitious intergovernmental architecture[86] than was being developed in the EEC (Pelinka 1998, 160), and was additionally made up of numerous (though not exclusively) neutral states, allowing Austria greater latitude regarding its policy of neutrality, while also providing Austria a framework for free trade among member states. Meanwhile, Britain's decision

[85] Indeed, as we saw in the previous section with Britain and Australia, Britain was able to maintain imperial preference as a member of EFTA, but effectively had to abandon the policy, with implications for Commonwealth countries like Australia once it acceded to the EEC.
[86] The EFTA, in comparison to other regional trade pacts, like the North American Free Trade Agreement and later the Canada-United States-Mexico Agreement, is highly institutionalized, with a permanent secretariat headquartered in Geneva, and a council that meets eight times a year, usually at the ambassadorial level. The EFTA's institutional architecture is, nevertheless, is far more modest than that of the EEC and its successor, the European Union.

to join the EFTA ensured the block would, at least initially, have a degree of heft and credibility in relation to the EEC.

However, Britain's commitment to the EFTA was shaky. It tried to join the EEC, both in 1963 and 1967, only to see its application vetoed by French President Charles de Gaulle. Britain finally succeeded in abandoning the EFTA for the EEC in 1973, four years after de Gaulle had left office. This compelled Austria to rethink the long-term rationale of the EFTA for its own economic future. While Austria's commitment to neutrality made it difficult for it to join the EEC due to the latter's strict NATO alignment (Pelinka 1998, 163), the more flexible trade rules of the EFTA meant that many of the trade arrangements EFTA countries had with Britain were translated into trade agreements with the EEC (ibid.). This development would effectively offer countries like Austria a backdoor into the EEC, smoothing the transition of many EFTA countries toward EU membership in the 1990s.

Indeed, during the 1980s, the drive toward EEC/EU membership for Austria was further precipitated by the thawing of the Cold War and greater domestic reflection regarding the political logic and nature of Austria's neutrality. On the one hand, Austria was increasingly dependent on trade with Western Europe, particularly as economic conditions in the East had progressively stagnated (Rathkolb 2020, 202). For many sectors of Austrian society then, it became imperative to find ways in which to formalize closer economic relations with the EEC, while doing so in a way that would accommodate the particularities of Austrian neutrality (Gehler 2002). These overtures toward the West and the EEC would inevitably require Austria to reconsider its internal economic union, and to adopt reforms that would allow Austria to conform to EEC membership criteria. In this regard, the "Waldheim Affair" offered a shocking pretext and rationale for domestic reform.

In 1986, Kurt Waldheim, the former Secretary General of the United Nations from 1972 to 1981, was elected to the largely ceremonial position of *Bundespräsident* (Federal President). Indeed, as Waldheim was one of Austria's most prominent diplomats, having additionally previously served as Foreign Minister from 1968 to 1970, prior to his tenure as Secretary-General, he was largely seen by the public as of sound character and above reproach. In the lead up to this 1986 election, however, it was revealed that his involvement with the Nazis was far more extensive than he had admitted in his recently published memoir. (Rathkolb 2020, 23; Pelinka 1998, 2.) His subsequent victory, despite the revelations, spurred a reckoning in Austria's self-conception as a neutral country that had come to terms with its Nazi past, causing a scandal both at home and abroad (Rathkolb 2020).

Therefore, similar to the impact of Glasnost in Communist-dominated Eastern Europe (Bischof & Pelinka ed. 2004), the Waldheim affair strained Austria's highly factionalized socio-political landscape. Indeed, Austrian society is generally split into two opposing factions, commonly referred to as "lager", traditionally closely associated with either the SPÖ (Sozialdemokratische Partei Österreichs/ Austrian Social Democratic Party) or the ÖVP (Österreichische Volkspartei/ Austrian People's Party). Job prospects in Austria have long been influenced by an individual's affiliation or involvement in these parties, as Rathkolb (2020) attests. Thus, while the ÖVP in the person of Waldheim controlled the presidency, both the National Council (Lower House) and Federal Council (Upper House) were controlled by the SPÖ in late 1986-87 (Luther & Müller 1992 eds. 206–209), in addition to the chancellor's office headed by Franz Vranitzky. Under conditions of political cohabitation then, the situation was ripe for proposing changes to Austria's socio-political bargain.

The Waldheim Affair thus culminated in the loss of the quasi-sacred aura which encased the institution of the Austrian presidency up to that point (Luther & Müller ed. 108). With the partial repudiation of the office of the presidency, and the questioning of the political rationale of Austria's neutrality, by the late '80s, Austria had additionally positioned itself as the vanguard among Western neutral states in terms of its orientation and desire to eventually join the EEC. As if almost to prefigure Austria's adherence to the EEC and taking advantage of the relative reckoning taking place with previously taboo subjects in Austria, the *Länder* proposed a new program for a fundamental redistribution of competencies between the federal and *Länder* governments that would be compatible with EEC criteria (Griffith 2020, 43).

The pressure to reform Austria's federal system would ultimately lead to the so-called *Perchtoldsdorfer Paktum* (Bußjäger, Schramek & Johler 2018, 77), a political agreement signed by the federal chancellor and the Chairman of the Conference of *Land* Governors in 1992 (Griffith 2020, 43–44). Had it been adopted, the *Paktum* would have increased the intergovernmental political influence of the *Länder* in relation to the federal government, yet it ultimately failed to be constitutionally ratified due to a lack of political support in the *Nationalrat* (Bußjäger, Schramek & Johler 2018, 77). At the same time as these domestic intergovernmental reforms were being proposed, externally, Austria was renegotiating its external trade arrangements with the EEC. In June 1994, more than 66% of eligible voters cast a ballot in favour of EU membership, leading to Austria's membership to the EU on January 1, 1995.

Despite the relatively stable internal institutional arrangements of Austria's domestic economy in the lead-up to its accession to the EU, Austria's membership would eventually reorient the pattern of intergovernmental coordination in the country, albeit in a way that would generally reinforce the existing priority of the Bund government in relation to the Länder, while making slight concessions toward greater self-rule for the *Länder*. On the one hand, as Alan Milward (2000) argues, political membership in the EU helped "rescue the nation-state" by creating new cross-national constituencies in defence of the post-war welfare state. Yet, in so far as the EU helped preserve Austria's post-war political consensus, it also provided new opportunities for the *Länder* to engage in policy, particularly in trade and economic policy (Bröschek, Bußjäger & Schramek 2020, 214).

This is largely due to articles 23(a) to 23(k) of the Federal Constitutional Law, which outlines the relationship between Austria and the EU. Of particular importance for domestic intergovernmental coordination, Article 23(d) outlines rules concerning the responsibilities of the *Länder* in relation to the EU measures. In short, subsection 23(d) is structured in a subsidiary fashion, whereby the *Bund* has a responsibility to inform the *Länder* of any EU projects within the autonomous areas of competence of the *Länder*, and, vice versa, if the *Länder* have a unified statement on a particular issue under their competence, the federation is bound by those statements when engaging with the EU. Indeed, as will be shown subsequently, while these latter sections played an important role in the politics surrounding the negotiation and ratification of the Comprehensive Economic Trade Agreement (CETA) between Canada and the European Union during the 2010s, the principal forum for intergovernmental coordination and adjustment remained the Bicameral Austrian Parliament.

6.3.2 Federalism and Domestic Economic Union: Jurisdiction

The Austrian constitution is somewhat distinct[87] in its explicit fourfold distinction of jurisdictional competencies. Articles 10–14 of Austria's Federal Constitutional Law, the Bundes-Verfassungsgesetz (B-VG), define four categories of competencies: 1) exclusive legislative and administrative federal powers; 2) federal laws administered by the Länder; 3) basic sectoral frameworks set out by the federal government with specific legislative and administrative matters falling under Land jurisdiction; and 4) exclusive provincial powers (Bischof & Karlhofer ed. 2015, 14-15). Finally, any residual powers not enumerated under Articles 10–14 are, under Article 15, accorded to the *Länder*.

Of relevance for the coordination of a domestic economic union are articles 10.5 (affairs pertaining to trade and industry, public agencies and private business brokerages, regulation of competition, patents, chambers of commerce); 10.8 (rail, aviation, and motor transport, telecommunications); 10.9 (mining, forestry, and water law); and 10.11 (labour law). These latter competencies fall under the exclusive jurisdiction of the federal government. Article 11 lists competencies for which the federal government may legislate, but their execution is a matter of *Länder* competency. Of relevance here are articles 11.1.2 (professional associations); 11.1.6 (inland shipping, except along waterways like the Danube and Lake Constance); and 11.1.9 (worker protection).

[87] While Austria's fourfold division of competencies is sometimes considered unique among federations (Wheare 1946, 22), similar arrangements, in fact, exist in federations considered to practise an opposite variety of "watertight compartments" federalism like Canada. For instance, while it is often assumed that in Canada there is a division of legislative competencies between federal and provincial governments, and a corresponding administrative power to match, criminal law in Canada, while an exclusive legislative competency of the federal government, is largely administered by the provincial governments.

While, in practice, residual powers available to the *Länder* are limited (Bußjäger 2015, 85), perhaps the most important exclusive powers held by the *Länder* are the policy levers overseeing urban and rural planning (ibid.). Austria's indirect system of administration also means the *Länder* is effectively responsible for administering federal law and jurisdiction in areas such as water management, forestry, and industry (ibid.). Finally, under the Article 15 residual powers clause, the *Länder* have the right to undertake "voluntary agreements" with each other and the *Bund* government in matters of their competency. Yet, for these agreements to have a legally binding character, they must be ratified by both the *Land* and *Bund* legislatures.

The distinction between legislative and administrative competencies tends to create a hierarchy and asymmetry in the relation between the *Länder* governments and the *Bund* government, particularly since there is no jurisdiction for which the *Land* is competent to legislate, but for which the administration or application of these laws is the responsibility of the *Bund* government. Yet, the advent of the EU in Austrian political affairs helps offset these matters somewhat. As noted above, Article 23d of the *B-VG* stipulates that the *Bund* must inform the *Länder* "without delay" about EU projects which fall under the competencies of the *Länder* or which may otherwise be of interest to the *Länder*. Likewise, Article 23d additionally stipulates that if the *Länder* is of a uniform opinion on a particular matter related to the EU, the *Bund* may only deviate from that position in so far as there is a foreign policy prerogative at stake. In this way, then, the presence of the EU has helped rebalance somewhat the political relationship between the *Bund* and the *Länder*.

6.3.3 Coordinating mechanisms and institutions

Intergovernmental coordination in Austria's domestic economic union has historically been mediated by the imperatives of Austria's corporatist "social partnership" model (Fitzmaurice 1990, 140). In short, the "social partnership" is a form of interest mediation, moderated by the state, which attempts to determine the general needs of business and society in the form of mutually acceptable compromises for each side. Under this model, the political parties, in particular the ÖVP and the SPÖ, were the critical organizations coordinating this process via the tight institutional and legal integration between the *Land* and *Bund*. Under this system, the role of the upper house of the central legislature, the *Bundesrat* (Federal Council), played an important role in constructing political legitimacy by directly implicating the *Land* in the development and adoption of federal law (Bussjäger 2015, 15–16).

To this end, the patterns and mechanisms of intergovernmental coordination in the subfields above (wage standards, professional orders, capital markets, interregional trade, and freight transport) were primarily coordinated through a combination of pre-federal legacies (in the example of the regulation of professional orders) and the Federal Council. These latter forms of coordination in particular have a binding characteristic that horizontal coordination between the *Länder*, in the form of the *Landeshauptleutekonferenz* (Conference of *Land* Governors), does not (Bussjäger 2015, 16). With Austria's accession to the EU, Austrian coordination mechanisms oriented around statute law and the Federal Council became supplemented by EU directives which aimed to harmonize standards across the EU. This has, in turn, reinforced the vertical dimension in sectoral intergovernmental coordination with the *Länder,* since, as mentioned above, Article 23 of the *B-VG* requires the *Bund to* inform the *Länder* of any EU projects which may impact their jurisdiction. To this end, Table 6.6 below outlines the general structure of these arrangements.

Table 6.6: Structure of sectoral regulation and intergovernmental coordination in Austria

Sector	*Regulatory institution*	*Year instituted*	*Coordination modality (Particulars)*	*Pattern of Coordination*
Minimum Wage and employment standards.	Austrian Constitution (Article 10.11) →Federal Conciliation Office of the Federal Ministry of Labour + Sectoral wage settlements	N/A	Legal	Policy universalism + Shared-rule
Regulated Professions & Trade orders	Austrian Constitution (Article 11.2) + Sector Specific + EU Directive on the recognition of professional qualifications.	2005 (EU Directive)	Legal + Political/Extra-governmental (EU)	Policy universalism + Shared-rule
Capital Markets	Financial Market Authority (operating with a degree of autonomy from the Ministry of Finance)	2002 (FMA)	Legal + Political/Extra-governmental (EU)	Policy universalism + Shared-rule
Trade between regions	Austrian Constitution (Article 10.8) + EU	1995 (EU)	Legal + Political/Extra-governmental (EU)	Policy universalism + Shared-rule
Freight Transportation (Rail & Trucks/Lorys)	Austrian Constitution (Article 10.9) + the EU	1995 (EU)	Legal + Political/Extra-governmental (EU)	Policy universalism + Shared-rule

Indeed, vertical forms of coordination became especially relevant during the EU negotiation of the Comprehensive Economic Treaty Agreement (CETA) with Canada

(Bröschek 2023), testing coordination mechanisms in the sector. While Article 23 does require the *Bund* to consult the *Länder* on matters within their jurisdiction, this consultation is invariably two-sided, as the *Bund* must represent at the EU level any *Länder* position for which there is unanimous consensus. On at least two occasions during the CETA negotiations, the *Landeshauptleutekonferenz* rendered a uniform opinion to the federal government regarding the status of the CETA agreement, making known their position that economic growth should not be the exclusive criterion for concluding trade agreements, and that environmental and social considerations should be given similar consideration (Bröschek & Goff 2020, 217-8).

The *Land* governors maintained their position throughout the negotiating process, and eventually demanded the federal government withhold its consent for the agreement until their environmental and social concerns were met (Bröschek & Goff 2020, 218). While the *Bund* has the obligation to present this position at the EU level, the *Bund* nevertheless has the prerogative to deviate from this position if a foreign policy prerogative is at stake, which was indeed the case during the CETA negotiations. In the end, the federal government opted to go ahead with the CETA agreement, despite the concerns raised by the *Länder* and proceeded to give consent to the provisional application of the CETA, with both chambers of the Federal Parliament ratifying the agreement in June 2018 (ibid.). This pattern of coordination confirms, on the one hand, the role of the central *Bund* government in orienting policy coordination within the sector and an overall commitment to policy universalism. On the other, this coordination also occurs within a context of extensive consultation with the *Land* governments, framed and informed by the legal framework and requirements of the *B-VG*, thus also reinforcing a pattern of shared government.

The CETA example isn't the only instance in which legal frameworks and *Bund* coordination have played a coordinating role in trade matters. For instance, in *Commission V.*

Austria, the *Land* government of Tyrol was found to have acted contrary to EU law when it imposed a traffic ban on the movement of heavy lorry trucks through an environmentally sensitive portion of the Austrian Alps (Enchelmaier 2013, 183–184). Despite this, in consultation with the federal government, the *Land* government of Tyrol was able to maintain the restrictions, albeit with some modifications. Indeed, as recently as in 2021, Tyrol's continued restrictions placed on truck traffic through its portion of the Alps continue to receive attention in the European Parliament.[88]

This generalized pattern of centrally dominated consultative processes framed by legal provisions within the *BV-G* largely holds within other subsectors of Austria's economic union as well. For instance, in the field of professional orders, Article 11.2 of the *BV-G* makes professional association a matter of federal legislative competence and *Länder* execution. Liberal professions, such as lawyers and medical doctors, are thus members of their regional body and via them, are also members of a national umbrella organization, which, unlike in the Canadian example, for instance, does have regulatory authority and can enforce professional rules.[89] This domestic framework has been further supplemented by the EU directive on recognition of professional qualifications, which aims to harmonize the recognition of professional qualifications across the EU, such that professionals recognized in one jurisdiction have the right to be recognized and practice in another EU jurisdiction.

The EU has become similarly involved in Austria's capital markets sector as well. On the one hand, while there is yet to be a full-fledged capital markets union in the EU. However, on the

[88] See, for example, the following: Question for written answer E-005500/2021, Commission's failure to react to Austrian restrictions on lorry traffic, https://www.europarl.europa.eu/doceo/document/E-9-2021-005500_EN.html (Accessed May 18, 2023).
[89] See, for instance, the Austrian Bar Association (https://www.oerak.at/en/bar/austrian-bar/organisation-and-structure/), in contrast to the Canadian BAR Association, which is essentially an advocacy group, with no regulatory authority over the profession (https://www.cba.org/Who-We-Are/About-us).

other hand, the European Securities and Market Authority (ESMA) was established in 2011, following the financial crisis of 2007-09, to encourage greater supervisory convergence among EU member states' national regulators. In Austria, the competent authority for capital markets is the Financial Market Authority (*Österreichische Finanzmarktaufsichtsbehörde*). Established in 2002, the FMA functions as an integrated regulatory authority, overseeing regulation not just in the capital markets sector, but in the financial sector more broadly as well, thus also including banking and insurance regulation under its purview as well (Veil 2022, 150).

The impetus for greater capital market integration in Europe dates to the 1960s with the *Sagré report* in 1966. The EEC had commissioned the report by independent experts with the goal of identifying the requirements for establishing an integrated European capital market within the framework established by the Treaty of Rome (Veil 2022, 4). This impetus by the EEC would have an impact on the entire continent, including Austria, even though it was not an EEC member at the time. By the early 1980s, the EEC was seeking greater coordination between national stock exchanges, with the aim of harmonizing national laws on securities markets (Veil 2022, 5). Still to this day, however, numerous competing national and transnational stock markets exist across the Eurozone (and Europe more broadly). The *Wiener Börse*, as Austria's principal stock exchange, stands outside the big three (mostly) Eurozone stock market networks (The Euronext, the *Deutsche Börse*, and the Nasdaq Nordic)[90]. Nevertheless, it is within the context of this broader push for European capital market harmonization and integration that the Austrian FMA emerged.

[90] As of 2024, there are three major competing stock Bourses providing trading and clearing market infrastructure among Eurozone countries; The Euronext group, which notably provides securities market infrastructure for French, Italian, and Dutch markets; the Nasdaq Nordic, which provides market infrastructure for the Nordic and Baltic countries with the exception of Norway, which is aligned with the Euronext; and, finally, the Deutsche Börse, which operates markets in Germany. Outside of the Eurozone, but within Europe, major stock exchanges include the London Stock Exchange and the Swiss Six Exchange.

According to Article 1.1 of the Financial Market Authority Act (*Finanzmarktaufsichtsbehördengesetz*), the FMA is designed as an arm's-length regulatory institution of the *Bund*, which operates autonomously from the Austrian Ministry of Finance and without political directives. It must nevertheless, when called upon, provide the Ministry of Finance with information regarding its activities. The FMA is primarily a supervisory body recognized by the Capital Market Act as the competent authority to monitor compliance within the sector. To this end, at the most general level, the activities of the FMA range from providing non-binding interpretive guidance to market participants (Veil 2022, 79), to directly supervising institutions operating in the capital markets sector (FMA Annual report 2023). According to Austria's Capital Market Act, the FMA must also consider European convergence and ESMA directives in undertaking its supervisory activities.

To this end, capital market regulation operates as somewhat of an exception in the general structure and pattern of intergovernmental coordination in Austria's economic union, given capital market regulation is an almost exclusively *Bund*, and, latterly, an EU competence. Wage standards follow the more typical standard of Austrian intergovernmental coordination in that there is a higher degree of coordination and interaction between the *Bund* and the *Länder* on both a vertical and horizontal basis. Nevertheless, there is no legislated minimum wage in Austria. Instead, wage standards are set with the help of the Federal Conciliation Office, which maintains a directory of collective agreements and organizations entitled to conclude collective agreements.

To this end, the Federal Conciliation Office does recognize regionally based economic actors as competent to conclude collective agreements. Likewise, public sector unions recognized by the Federal Conciliation Office embedded a tightly integrated federal structure within their own organizations. The most prominent union featuring this structure is the *GÖD* (*Gewerkschaft* *öffentlicher Dienst*/Union of public sector workers), which represents public sector workers from across jurisdictional levels. For instance, elementary and secondary schools are a *Land* competency, but many teachers are represented by the *GÖD*.

6.3.4 Summary

Increasingly, scholars have identified the growing role of horizontal cooperation between *Land* governments in shaping intergovernmental coordination within Austria's economic union, and, in particular, the role of the *Ländhaupkonferenz* (Bussjäger 2015, Bröschek 2021). Nevertheless, from a comparative perspective, the effective influence of the *Konferenz* continues to appear modest, due to the highly circumscribed contexts within which it can exercise effective influence, in addition to the continued importance of Austria's "Social Partnership," which privileges vertical forms of intergovernmental coordination. Nevertheless, horizontal forms of coordination have been becoming more prominent of late, and, interestingly, at the same time as regional and proportional inequality has been slowly increasing in Austria. Indeed, if the *Land* continues to slowly diverge from one another in their relative size and share of overall representation, it seems likely that horizontal forms of coordination between *Land* and greater political contestation between *Land* governments and the *Bund* government will gradually become more frequent.

Despite these recent trends, however, the overall trajectory of Austria's post-war economic union confirms the dominant anticipated pattern, which is that of the primacy of the *Bund* in intergovernmental coordination, albeit with shared-rule from the *Länder*. The record of the *Länder* governors acting as an effective counterweight to the central government, as in, for example, Canada, has thus been mixed, even when new constitutional provisions requiring the *Bund* to consult with *Länder* on EU matters are taken into account. Unlike in Canada and Australia, the ability of the *Länder* to influence central governmental policy purely via *Land* self-rule is mitigated by the fact that, on the one hand, and unlike in Canada, no individual *Land* is capable of standing on its own as a counterweight to the central government. Meanwhile, and on the one hand, a highly integrated political-legal connection between the *Länder* and the *Bundesrat*, reinforced by Austria's Social Partnership model, ensures *Länder* does have an important influence on the overall direction of the federation, if not always politically acted upon via intergovernmental forums like the *Ländhaupkonferenz.*

Linking these observations to Austria's configuration of representation, one finds that these developments coincide with an increase in the share of effectively represented regions in central legislature of Austria over the post-war period (see figure 3.2 above). Recalling the hypotheses outlined in chapter 1, a greater share of effectively represented regions is associated with greater policy universalism. Indeed, during the period under study, the share of effectively represented regions in the Austrian Parliament rose from about 65% during the 1940s, to about 78% by the 2020s, implying representation among regions had become more evenly distributed during this period.

To this end, a greater policy universalist orientation may be observed in the development of the political architecture overseeing Austria's domestic economic union during this period. For instance, the FMA (Financial Market Authority) which oversees capital markets regulation in Austria, is entirely under the purview of federal jurisdiction. As we will see in some examples that follow, the kind of political architecture surrounding the FMA is not necessarily the norm, as in peer federations like Canada, no equivalent federal institution exists.

At the same time, the role of Austria's EU membership since the mid 1990s has considerably shifted the dynamics of intergovernmental coordination in Austria. Indeed, the consultative processes of the EU have helped ensure the *Länder* are consulted on a number in an increasing number of policy sectors. These processes, while still very much resembling varieties of shared-rule, do feature glimpses of greater self-rule for the *Länder*. Linking these elements to the pattern of malapportionment (Figure 3.3 above), we do find that malapportionment has been increasing slightly in Austria over the past few decades. While this kind of association does align with the hypothesis outline in chapter 1, it is hard to disentangle such a phenomenon from the shift in jurisdictional structure represented by Austria's membership in the EU, as both the shift in representation and Austria's accession to the EU take place simultaneously. More work will thus be necessary in order to determine if these variables may be meaningfully disentangled from each other.

6.4 Canada

6.4.1 Overview

Canada's federal economic union has been a major point of intergovernmental contestation, beginning almost immediately after Canada formally adopted federal arrangements in 1867 (Bakvis, Baier & Brown 2009). From the outset, peripheral regions seeking to join Canada as provinces between 1867 and 1873 sought rail links with central Canada almost as much as financial interests in Toronto and Montréal sought to expand their own networks. Indeed, negotiations over the nature and cost of these linkages to central Canada were major considerations shaping the way in which New Brunswick, Nova Scotia, Prince Edward Island, and British Columbia would soon join the Canadian Confederation in 1867, 1871 and 1873, respectively (Bakvis, Baier & Brown 2009, 30).

The political tensions and legacies over the nature of the Canadian federal economic union continue to reverberate to this day. Harold Innis, perhaps one of Canada's most original and insightful social scientists, commenting on the manner in which Canada's federal economic union came to be stitched together, wrote: "Western Canada has paid for the development of Canadian nationality, and it would appear that it must continue to pay. The acquisitiveness of eastern Canada shows little sign of abatement" (Innis 1923, 294). The development of a modern welfare state during the post-war period, alongside a growing information and services economy, increasingly became a critical component in the maintaining a federal economic union, alongside the more capital-intensive projects of the late 19th and early 20th centuries. With this gradual transition also came a shift in the pattern of political contestation among Canada's regions, shifting away from contestation between Canada's peripheral Anglophone provinces and the interests of Central Canada (Stevenson 1993), to one additionally based on language and nationalism polarized around the province of Québec and the rest of Canada (Gagnon & Iacovino 2009, 32–36).

In this way, the general pattern of intergovernmental coordination during Canada's post-war federal economic union can broadly be divided into two periods: the first lasting from about 1945 until the end of National Energy Policy and the signing of the Canada-United States Free Trade Agreement under the leadership of Progressive-Conservative Prime Minister Brian Mulroney in the late 1980s was characterized by the development and conflict over the federal structure of the welfare state. A particularly symbolic policy divide during this era was the development of Canada's public pension system, which became partially divided along territorial lines, with the province of Québec opting to develop its own pension system, with the remaining provinces committed to supporting the federally organized scheme (Simeon 2006).

The second period, which can be dated from entry into force of the Canada-United States Free Trade Agreement to the present, was characterized by domestic adjustments to shifts in the international trade environment. This period very much parallels the experience of the three other countries in the case study, yet, as always, with its own unique idiosyncrasies. Much like in Australia with its Constitutional Commissions, and in Austria with its discussion of political reform during the constitutional crises of the 1980s and the lead-up toward eventual EU membership, Canada signalled the spirit of a potential willingness to undertake reform of the domestic economic union via one of the country's most wide-ranging and ambitious Royal Commissions (Inwood 2005); the *Royal Commission on the Economic Union and Development Prospects for Canada*, popularly known as the *Macdonald Commission*.

The commission, named after its chair, the former Liberal Minister of Finance under Prime Minister Pierre Trudeau, Donald Stovel Macdonald, sought to investigate and report on "the long-term economic potential, prospects and challenges facing the Canadian federation and its respective regions, as well as the implications that such prospects and challenges have for Canada's economic and governmental institutions, and for the management of Canada's economic affairs" (Royal Commission on the Economic Union and Development Prospects for Canada 1985, xvii). While the commission made several recommendations regarding Canada's commitment to international economic orders like that of the GATT, the commission was also notable for the domestic political-institutional reforms it proposed (Banting 1987, 221). In particular, the commission recommended a reform of the representational structure of Canada's Parliament, recommending an increase in regional representation in the Senate (Royal Commission on the

Economic Union and Development Prospects for Canada Vol. 3, 1985, 389–390). Had the reforms been adopted, the consequence would have been an increase in equality between Canada's regions, potentially transitioning Canada's pattern of intergovernmental coordination to more closely resemble either the Australian or Swiss pattern.

In the end, however, Senate reform wasn't adopted in Canada, but one of the Commission's other themes under consideration: a free trade agreement with the United States would eventually be taken up by Progressive Conservative leader Brian Mulroney, initiating an election on the implementation of the agreement some three years later in 1988. Likewise, another major theme and recommendation of the Commission was for Canada to remain committed to a global outlook and to support a new round of GATT negotiations (Royal Commission on the Economic Union and Development Prospects for Canada Vol. 3, 1985, 416). Thus, by the late '80s and mid '90s, Canada effectively undertook two successive free trade agreements with the United States: the Canada-United States Free Trade Agreement (CUSFTA), effective in 1989, and the North American Free Trade Agreement (NAFTA), effective in 1994. These agreements took place in parallel with a new round of GATT negotiations in which Canada was an important participant and which ultimately led to the establishment of the WTO in 1995.

Yet, while the adoption of the WTO heralded the introduction of a novel international dispute resolution mechanism for resolving trade disagreements between member countries, Canada did not domestically undertake the development of a similar "Code of Economic Conduct" recommended by the Macdonald Commission, which would have streamlined or simplified the non-tariff trade barriers still in place between provinces (Royal Commission on the Economic Union and Development Prospects for Canada Vol. 3, 1985, 392). By the time NAFTA and the WTO had been established then, Canada had granted international partners greater access to provincial markets than each province had granted each other (Brown 2002, 120–121). Canada had thus committed internationally to the removal of non-tariff trade barriers along the principles set out in the Uruguay round of GATT negotiations leading to the establishment of the WTO, while being equivocal about removing those same barriers between provinces domestically. Sub-central policy was thus able to persist, despite Canada's external posture, leading to the somewhat embarrassing perception that jurisdictions like the EU and the US had fewer internal domestic trade barriers than Canada, while also having greater access to Canada's domestic market than was the case for the provinces themselves (Doern & MacDonald 1999, 6).

The federal government and the provinces sought to remedy the situation by formally adopting a domestic intergovernmental agreement that aligned the conditions of the domestic economic union with the standards of global free trade. Two agreements, largely corresponding to the evolution of free trade arrangements in North America, were established. The first, signed in 1995, after the coming into force of NAFTA and the WTO, was the Agreement on Internal Trade (AIT). The AIT established a modest secretariat to help coordinate the implementation of the agreement, which was broadly structured around a distinction between general principles and sector-specific rules (Doern & MacDonald 1999, 9–10). Nevertheless, the numerous exceptions included in the agreement undermined its effectiveness of the agreement in so many areas of the domestic economic union, such that the agreement was in many ways merely cosmetic (Leidy 1998).

The AIT was succeeded by the CFTA (Canada Free Trade Agreement) in 2017. In contrast to the AIT, which sought to align its terms with those of the recently ratified WTO, the CFTA sought to match its precepts to those of the recently concluded CETA agreement between Canada and the EU (Hederer & Leblond 2020, 64–66). Despite a second iteration, however, both economists and legal scholars found that the CFTA still did not rid the Canadian federal economic union of the significant trade barriers that continued to persist under the AIT (Alvarez, Krznar & Tombe 2019, 31; Lavoie 2023).

A major reason why the *MacDonald* Commission reforms, in addition to the two subsequent internal trade agreements, have been slow to initiate change in Canada's domestic economic union arrangements is to be found in the non-justiciable nature of such agreements in the Canadian federation. While the AIT and the CFTA did set up a secretariat with a dispute resolution process, the decisions taken in dispute resolution are not enforceable, and adherence to the decision is entirely based on the political goodwill of the jurisdictions (provincial or territorial) involved. Doern & MacDonald (1999) refer to these arrangements as akin to a side deal on the constitution. In this sense then, without underlying constitutional change or committed government engagement, the AIT and CFTA arrangements have been somewhat redundant within Canada's existing political, judicial, and constitutional structure.

6.4.2 Federalism and domestic economic union: jurisdiction

Canada's economic union is criss-crossed by a variety of overlapping, and sometimes contradictory, jurisdictional boundaries, both on the vertical dimension between the federal government and the provinces, and on the horizontal dimension, between provinces, as well. On the one hand, each level of government has constitutionally delineated economic jurisdiction in several sectors, for which each government is often accorded both legislative and executive authority. Key, "exclusive" powers of the Parliament of Canada in this regard are listed under section 91 of the *Constitution Act, 1867*, and include public debt and property, regulation of trade and commerce, unemployment insurance, direct and indirect taxation, census and statistics, navigation and shipping, coastal and inland fisheries, currency, weights and measures, bankruptcy, patents, and infrastructure connecting provinces.

Relevant competencies of the provinces are listed under section 92 of the *Constitution Act, 1867*. For the purposes of maintaining a federal economic union, the following section 92 provisions stand out: direct taxation within the province, the management and sale of public lands belonging to the province (often referred to as "Crown" land), property and civil rights, incorporation of companies, and natural resources. As well, section 92(16) grants the provinces responsibility for "[g]enerally all matters of a merely local or private nature in the province." A power that would have important implications when courts began to interpret the 1867 constitution.

In addition to sections 91 and 92, which outline specific legislative competencies of the federal and provincial governments, respectively, another key section of relevance to the maintenance of Canada's federal economic union is section 121, which regulates the entry of goods from one province into another. This latter section has indeed been controversial, as some scholars consider that judges have interpreted the section in a way that undermines a commitment to free trade between the provinces. This recently came to a head in the case of *R. V. Comeau,* where Gerard Comeau contested a police fine of $300 for possessing liquor not purchased from the New Brunswick Liquor Corporation, and thus in contravention of the province's Liquor Control Act.

Since the beer he possessed was bought in the neighbouring province of Québec, the fine was disputed based on the principle that Section 121 guarantees complete freedom of goods between provinces. Despite Comeau's effort to contest the provincial regulations, the Supreme

Court of Canada ultimately determined that section 121 does not impose absolute free trade across Canada, and provinces do have a right to maintain non-tariff trade barriers, so long as the primary purpose of these barriers is not the hindrance of trade between provinces. In this way, the Supreme Court decision upheld the status quo in Canada regarding the right of the provinces under section 92 to exercise exclusive legislative powers in the areas outlined.

In addition to such constitutional technicalities, the way other key elements necessary for the maintenance of a federal economic union are entwined and layered between jurisdictions adds additional frictions to Canada's economic union. For instance, legislation of minimum wages is generally a provincial concern[91], and no common minimum wage exists across jurisdictions in Canada. This is because relations between employers and employees were found by the courts to generally be a "private matter" and, hence, due to Section 92(16) a provincial concern. Likewise, section 92(16) affords provinces the authority to make laws in relation to property and civil rights, which extends to the regulation of professions. To this end, jurisdictional statutory authority for professions has tended to remain disaggregated around jurisdictional lines. Unlike in Austria, for instance, peak professional organizations at the national level in Canada do not have country-wide formal statutory authority for their members.[92] A similar kind of fragmentation exists for the regulation of securities and capital markets in Canada, as no country-wide authority exists, and statutory regulation takes place at the provincial level in Canada, due to the courts allocating the power to regulate securities and capital markets to the provinces, based on their authority over

[91] While the federal government does legislate a minimum wage for private sectors under federal regulation (notably air transport, banks, postal service), the federal public sector, and private sector firms in the three Canadian territories, the federal government also defers to the provincial minimum in these sectors if the provincial minimum is greater than the federal minimum. See "list of federally regulated industries and workplaces" for further specification. https://www.canada.ca/en/services/jobs/workplace/federally-regulated-industries.html (accessed May 2025).

[92] A good example in this regard is the Canadian BAR Association, which doesn't exercise statutory authority over its members. Instead, statutory authority for the legal profession in Canada rests in the provincial law societies.

property and civil rights, as well as over matters of a private nature (Sections 92(13) and 92(16) of the Constitution Act, 1867). A position that was affirmed as recently as 2011 in a unanimous Supreme Court Decision (*Reference re Securities Act,* 2011 SCC 266).

The AIT and the CFTA have attempted to reconcile incompatible provincial regulations by including language about regulatory reconciliation between jurisdictions (CFTA Agreement 2024, 27–80). To this end, the responsibility for implementing the CFTA belongs to the *Committee on Internal Trade,* whose presidency rotates yearly among the signatories (CFTA Annual Report 2023). The committee meets annually, yet day-to-day activities of the committee are overseen by a secretariat, which facilities dispute resolution and other issues which arise with the implementation of the agreement. As part of this process, the *Regulatory Reconciliation and Cooperation Table*, whose participants are often senior sector-specific bureaucrats from the member governments, aims to facilitate regulatory harmonization between signatory governments (Regulatory Reconciliation and Cooperation Table Annual Report, 2023).

Despite these attempts at the formalization of political dispute resolution, and the institutionalization of intergovernmental agreements between governments in Canada, the status of these arrangements remains essentially ad hoc, and at the leisure of the member governments. The work of the secretariat is not as present in the minds of the Canadian public as may sometimes be the case of the Australian COAG or National Cabinet is in Australian public consciousness. Unlike the latter; moreover, first ministers' engagement with the AIT/CFTA has been uneven and inconsistent, at best. The lack of committed involvement of Canada's first ministers additionally adds to the somewhat redundant political character of the AIT/CFTA, as the forum is not necessarily the sole forum in which intergovernmental coordination in Canada's economic union takes place.

For instance, the AIT/CFTA doesn't necessarily encompass the entirety of the complexities of coordinating Canada's federal economic union, and similar arrangements have been attempted in adjacent policy sectors, the most notable example of which was the *Social Union Framework Agreement* (SUFA) initiated by the Liberal government of Prime Minister Jean Chrétien in 1999. The SUFA was based on the idea that, in the context of economic union, equity, and integration, a successful LDF must additionally maintain harmonized social standards and programs (Brown 2002, 57). Notably, the SUFA sought to extend the labour and personal mobility provisions of the AIT (Lazar 2000), yet the agreement ultimately proved notable for the unwillingness of the Government of Québec, under then Premier Lucien Bouchard, to sign on.

6.4.3 Coordinating mechanisms and institutions

The fact that regulatory authority remains distributed across numerous jurisdictions operating at different scales has created distinct challenges and patterns in the coordination of Canada's economic union. As mentioned above, while there are some permanent resources devoted to overseeing matters across Canada's federal economic union, the scale of coordination required and number of sectors involved largely exceed the parameters established by the AIT/CFTA and was one of the reasons why the SUFA was introduced in 1998-99 within a few years of the establishment AIT in 1995. To this end, agreements like the AIT/CFTA, which aim to harmonize and reconcile differences across jurisdictions in Canada, continue to be political, not legal, agreements (Lazaar 2000, 12). As such, the penalty for failing to respect such agreements is fundamentally a matter of political calculus between governments and not legal sanction (ibid.).

Table 6.7 below presents a general overview of the patterns of intergovernmental coordination in the subfields under review.

Table 6.7: Structure of sectoral regulation and intergovernmental coordination in Canada

Sector	*Regulatory institution*	*Year instituted*	*Coordination modality (Particulars)*	*Pattern of Coordination*
Minimum Wage and employment standards.	Government specific minimum wage legislation	N/A	Political	Policy Territorialism + Self-rule
Regulated Professions and Trade orders	Provincial Licensing bodies + Forum of Labour Market Ministers/Labour Mobility Working Group	N/A + 1983/2017	Political	Policy Territorialism + Self-rule
Capital Markets	Provincial Regulatory Bodies + Canadian Securities Administrators	N/A + 2003-04	Political	Policy Territorialism + Self-rule
Trade between regions	Canadian Agreement on Internal Trade →Canadian Free Trade Agreement.	1995/2017	Political + Sector-Specific Secretariat	Policy Territorialism + Self-rule
Freight Transportation [Rail and Trucks/Lorys]	Federal and provincial jurisdiction specific regulation + Council of Ministers Responsible for Transportation and Highway Safety	N/A + 1960s	Political	Policy Territorialism + Self-rule

Given the highly political nature of intergovernmental coordination in Canada, substantive sectoral consensus beyond the lowest common denominator has been difficult to achieve, often resulting in either the affirmation of a redundant consensus, or the continued toleration of sectoral regulatory fragmentation [Fan & Heminthavong 2022, 8–11]. The immediate political interests of governments have thus tended to dominate the patterns of intergovernmental coordination in

Canada's domestic economic union [Cairns, 1977; Smiley 1965, 1971, 1974], and a robust institutionalization of intergovernmental coordination remains weak in Canada [Bolleyer 2009]. Indeed, the contrast with Australia can be stark in this regard, as Canada hasn't developed a highly formalized body for facilitating peak political coordination in the field equivalent to the Australian COAG or national cabinet, where premiers and prime-ministers meet on a regularly mandated, rather than ad hoc, basis.

To this end, across the sectors noted above, with the possible exception of the AIT/CFTA, there is no single, integrated body overseeing all aspects of Canada's economic union. Likewise, unlike in the Australian case, Canada's federal government has faced greater political pushback than Australia's when trying to leverage the vertical fiscal imbalance to lead sectoral policy initiatives by incentivizing regional governments to cede policy space due to the inferior revenue raising capacity of the regional governments relative to the central government. In other words, despite Ottawa's significant financial levers, it has still faced significant challenges in leading intergovernmental coordination in Canada's economic union. One of the more notorious examples in this respect was that of the National Energy Policy [NEP].

The NEP had its origins in the oil crisis of the 1970s. During this period, many state-owned oil companies emerged around the world to help reduce volatility and stabilize prices in global energy markets. Given these circumstances, the federal government sought to increase its policy capacity in the field of oil and gas exploration and retailing in Canada, especially as a counterweight to the production capacity of the western provinces, whose industries had been dependent on the presence of foreign multinationals [Fossum 1997, 268–269]. Yet, this policy was increasingly perceived by the western provinces as a means of undercutting their industries and provincial revenue, given that under section 92 of the *Constitution Act, 1867*, provinces have the right to exploit and earn revenues from the sale of their natural resources. Governments in Western Canada, hostile to the federal government's policies in the field, began to accuse the federal government of undertaking policies solely for the benefit of Central Canada at the expense of Western Canada. While this impression was actively cultivated by political elites in the western provinces, summed up by the popular bumper sticker approvingly proclaiming to "let the eastern bastards freeze in the dark" [Janigan 2013, 338–339], Ottawa had, in fact, structured the NEP in a manner that was well within its constitutional rights.

Ottawa was able to do this through a variety of means, some of the most important of which were related to constitutional provisions allowing for the creation of laws under Section 91 of the *Constitution Act, 1867* for the "Peace, Order, and good Government of Canada" and Ottawa's right to regulate interprovincial and international trade [ibid.]. More specifically, the federal government developed a crown corporation, *Canada Lands,* to facilitate oil exploration projects by purchasing and exercising land rights. The federal government then undertook the refining and retailing of oil and gas via a second Crown Corporation, *Petro-Canada* [Fossum 1997, 7]. In practice then, both the provincial and federal governments engaged in unilateral forms of coordination, with each government able to legitimately point out that their policies were well within their constitutional jurisdiction.

Despite this, the competition between the two layers of government created friction at both the political and economic levels, and this was the immediate context within which the Macdonald Commission was struck, with the aim of resolving such contradictions in the Canadian political system. The fallout from the NEP and the commission's recommendation that Canada remain committed to free trade, both domestically and internationally, revealed the complex network of intersecting jurisdictions, organizations, and institutions that help coordinate domestic economic matters in Canada.

Intergovernmental coordination hasn't deviated much from this pattern in other parts of the economic union. For instance, labour market coordination has been equally disaggregated and politicized. On the one hand, minimum wage legislation is specific to each government in Canada, with no overarching common or cross jurisdiction minimum wage. Unlike in Australia, there is no commission which arbitrates minimum wage across the country, and unlike in Austria, collective bargaining agreements are limited by the jurisdiction in which they take place.[93] To this end, Figure 6.2 below shows the long-term trajectory of legislated minimum wages by jurisdiction in Canada.

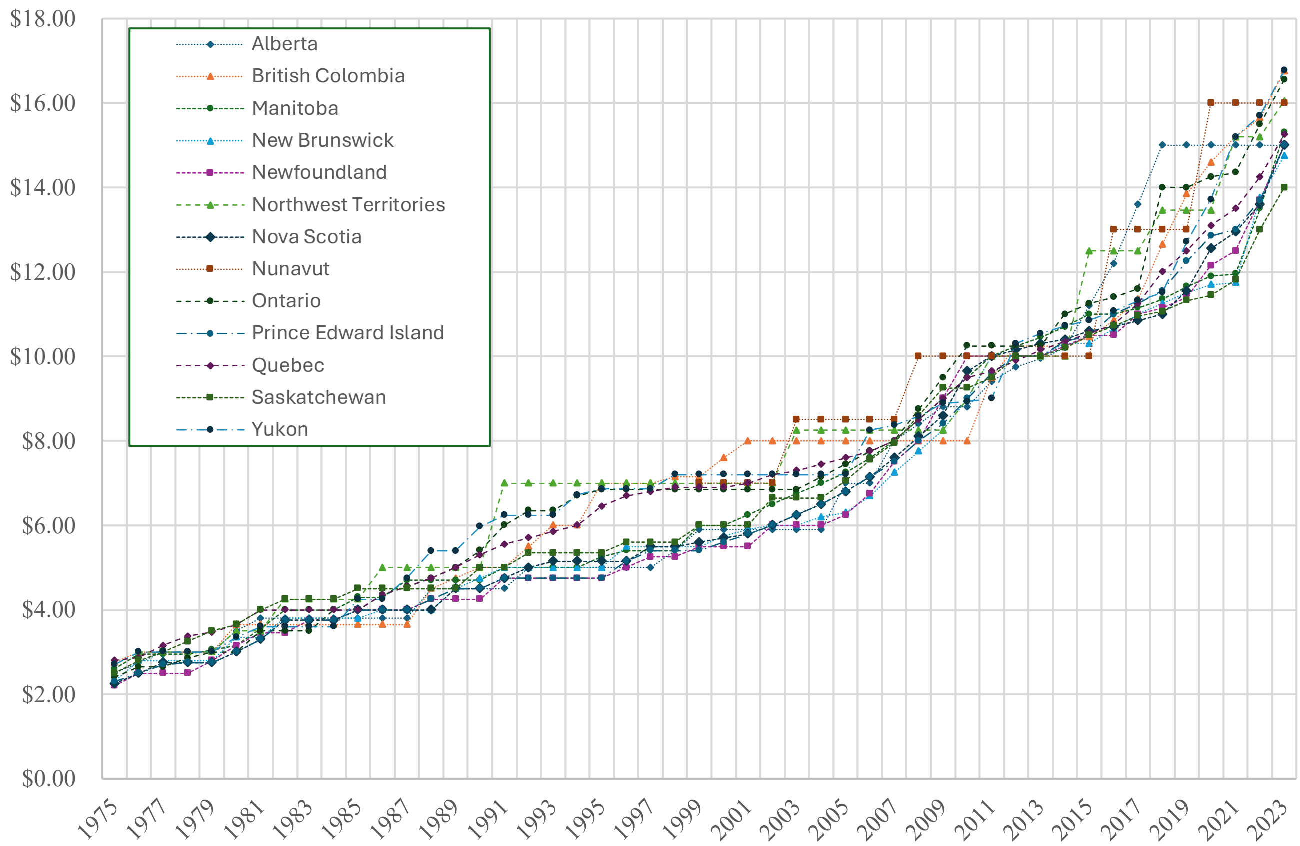
Labour market mobility is further disaggregated in Canada by the existence of important exceptions to regional mobility for certain regulated or certified trades or professions. While the AIT/CFTA includes an entire chapter [Chapter 7 of the CFTA] ostensibly dedicated to the reduction of labour market friction across Canada, each province has carved out important exceptions, notably within the field of law, many types of dental hygienists, various types of nurses and medical technicians, paramedics, and social workers, among others [Labour Mobility Working Group 2024].[94] To this end, the AIT/CFTA allows for numerous exceptions to the mutual recognition of trade certifications for reasons of public safety and security, environmental, animal

[93] Similar to what was indicated above in footnote 92, the exceptions here are federally regulated workplaces like banks, railroads, aviation, postal services, and telecommunications, which are subject to federal labour standards. Bargaining and arbitration decisions reached at the level thus do not apply to Canada as a whole, only to those workplaces that fall under the direct jurisdiction of the federal government.

[94] As of June 2024, the Labour Market Working Group, established by the Forum of Labour Market Ministers, is made up of representatives from each of the CFTA's signatory governments and helps coordinate the labour mobility provisions of the CFTA. The working group maintains the following website: https://workersmobility.ca/

and consumer protection, and to ensure remote regions continue to have access to services [Labour Market Working Group 2018, 20].

Figure 6.2: Minimum wage by regional jurisdiction in Canada, 1975–2023



Source: Compiled from Canada's Minimum Wage database [https://minwagesalairemin.service.canada.ca/en/index.html]

Intergovernmental coordination in this field is further mediated by the *Forum of Labour Market Ministers*, composed of representatives from each government's ministries of labour or equivalents, including the federal government's. The *Forum* additionally maintains the *Labour Market Working Group,* which helps coordinate the Chapter 7 labour market mobility provisions in the CFTA. Like Canada's larger and more comprehensive intergovernmental forums, however, the *Forum of Labour Market Ministers* doesn't have any formal legal authority, and only maintains a small secretariat, in this case based in Winnipeg [Forum of Labour Market Ministers 2024].

Despite these mechanisms, which are largely centred around the AIT/CFTA, some licensed professions, like medicine, which fall outside the scope of the CFTA, continue to lack a framework for seamlessly recognizing licenses across the country. To this end, the Canadian Medical Association has been advocating in favour of a "Pan-Canadian Licensure," which would allow physicians licensed in one province to freely and independently practise in another without having to acquire an additional license or pay an additional licensing fee [Canadian Medical Association 2024]. The situation for medical licensing is not all that different from those of other licensed professions which fall outside the AIT/CFTA, as it is up to the provinces and the professional orders themselves to recognize the credentials of another jurisdiction. This situation again stands in contrast to Australia and Austria, which, as described in the above sections, both maintain greater national level oversight of professional licencing. Similar professions, like dentistry, have moved toward a pan-Canadian system of skills assessment via the National Dental Examining Board of Canada, yet licensing remains under the prism of provincial regulation [National Dental Examining Board of Canada 2004].

Freight transportation within Canada's domestic economic union also represents a series of overlapping, intersecting, and mutually exclusive regulatory competencies. On the one hand, the situation with air, rail, and sea travel is relatively clear, as under Section 91 of the *Constitution Act, 1867*), navigation and shipping fall under federal jurisdiction (Shultz 1980, 1). Nevertheless, freight trucking represents a somewhat more complicated picture. On the one hand, many basic traffic regulations, under Section 92, fall under the jurisdiction of the provinces in Canada, but given that freight trucking often crosses provincial boundaries, however, federal jurisdiction becomes equally invoked.

To this end, the AIT/CFTA doesn't specifically address freight standards in the country. Instead, the *Council of Ministers Responsible for Transportation and Highway Safety*, with representation from the sector-specific deputy ministers from each of Canada's federal, provincial, and territorial governments, facilitated coordination within the sector (Council of Ministers Responsible for Transportation and Highway Safety 2008, 9). Here, intergovernmental coordination very much resembles that in the other sectors of Canada's economic union; largely ad hoc and driven by the political imperatives of governments. The council has no legal or regulatory authority and doesn't have the political legitimacy to independently advocate for sectoral interests apart from member governments.

As such, road freight transportation in Canada continues to be fragmented along key inter-jurisdictional regulatory lines, despite the establishment of intergovernmental councils in the sector. The *Task Force on Trucking Harmonization*, a subgroup of the *Council of Ministers Responsible for Transportation and Highway Safety*, has recently identified some fifteen outstanding issues which continue to cause friction in the sector. Some of the more notable issues outstanding include a lack of harmonization between jurisdictions on legal weights and measurements; variance in the adoption of common safety standards across jurisdictions and lack of common standards for driver qualifications based on certain vehicle sizes; lack of mutual recognition about the costs and impact of fuel and sales tax rates across jurisdictions; and inconsistent enforcement and policing of trucking regulations across jurisdictions, including for drug and alcohol testing (Task Force on Trucking Harmonization, 2018). Without the acquiescence of the federal and provincial governments in these matters, progress in regulatory and policy harmonization in these matters will be slow to achieve.

Finally, the situation in Canada's capital markets sector is effectively the same as the above-mentioned sectors as far as the general trend in Canadian intergovernmental coordination goes. Under section 92(13), the property and civil rights clause of the *Constitution Act, 1867*, as well as section 92(16), provincial authority over local and private matters, capital markets, i.e., financial markets for company equity and debt obligations, fall under provincial jurisdiction. This means that statutory, regulatory, and enforcement powers in the sector are at the provincial level in Canada. Unlike in Australia, Austria, and Switzerland, where the federal level arm's-length organization exercises regulatory oversight, Canada thus remains somewhat of an outlier in comparison to the other three cases in this regard.

Despite ultimate regulatory authority resting at the provincial level, however, the demands of the broader international transition toward free trade in the 1980s and 1990s necessitated Canada to adopt an institutional structure in the sector that would serve to reassure both domestic and foreign investors in Canada that they would not be dealing with 10 separate provincial regulatory agencies. By 2004 a body called the Canadian Securities Administrators was established, with a permanent secretariat in Montréal, to serve as an umbrella organization encompassing all provincial securities regulators (Canadian Securities Administrators 2024). The terms of reference of the CSA, which are themselves not legally binding (CSA Terms of Reference 2022, 1), stipulate that the aim of the organization is to facilitate coordination among Canada's provincial securities regulators with the aim of achieving a "national system of harmonized security regulation, policies, and practices" (ibid.).

Lacking a direct enforcement mechanism, however, the CSA only has the authority to refer relevant additional information to the presiding provincial regulatory authority (CSA, The Four Stages of Enforcement 2024). In essence then, the CSA effectively helps reinforce provincial statutory regulators by ensuring the four biggest (Ontario Securities Commission, Québec's Autorité des marches financiers, the British Columbia Security Commission, and the Alberta Securities Commission) have an additional pool of resources at their disposal when necessary. As a capital markets regulator then, the structure of the CSA differs quite markedly from those of equivalent regulators in Australia, Austria, and Switzerland.

Despite this relative fragmentation, Canada has nevertheless developed one of the world's largest and most liquid capital markets (World Bank 2024). It has done so largely via the overwhelmingly dominant position of Ontario in Canada's capital markets landscape, and through a slow process of competitive consolidation, as competing regional stock markets in British Columbia, Québec, and Ontario eventually came to form Canada's largest capital markets consortium, the TMX group, in 2008. The head office of the TMX group is in Toronto. However, it has regional offices, specialized in serving different types of capital markets anchored in other jurisdictions. Thus, the head office of Canada's main stock equity exchange, the Toronto Stock Exchange, is in Ontario; Canada's main exchange for derivatives and options trading, the Montréal Exchange, is based in Québec, and a "junior" stock exchange focused on raising early phase capital is based in Calgary, Alberta (TMX group 2023).

As an operator, each of the TMX group's subsidiaries functions according to the capital markets regulations of the jurisdiction in which it is located. Indeed, the operational structure of the TMX group very much reflects both the continued importance of provincial regulation in Canada's capital markets, while also reflecting the relative dominance of Ontario within that structure, supported as it is by niche markets based in Québec and Alberta. While other market consortiums do exist in Canada, the TMX Group is by far the largest and most important. Indeed, the advent of the TMX Group in 2008 allowed a single entity to be present at various stages, both upstream and downstream, across the full value chain of the capital formation process. Despite its presence, however, there is still no universal entity for capital market regulation in Canada.

6.4.4 Summary

At the outset of this chapter, it was anticipated that Canada's pattern of intergovernmental coordination would be the most disaggregated and reliant on government self-regulation of the four cases. A closer look at the structures and patterns of intergovernmental coordination in Canada's federal economic union confirms important parts of this hypothesis. While several subsector specific intergovernmental councils have been developed to help coordinate various segments of Canada's federal economic union, these councils lack the regulatory and legal capacities observed in the Australian and Austrian cases, as well as will be seen below, the Swiss case. While Canada did undergo the broad shifts from the politics of establishing a post-war welfare state in the decades immediately following the Second World War, to the transition toward globalized free trade during the 1980s and 1990s, some Canadian patterns and idiosyncrasies stand out.

For one, domestic reforms complimenting Canada's adjustment to free trade during the 1980s and 1990s were in many ways less thoroughly adopted than was the case in Australia and Austria, despite similar scales and ambitions. Certainly, in Austria, this transition was much more explicit, represented by Austria's move away from the EFTA to the EU, which also involved the eventual adoption of the Euro, and all related EU regulatory reforms. Likewise, in Australia, formalized constitutional discussions eventually led to the adoption of numerous arm's-length regulatory bodies and agencies throughout the 1990s and 2000s (Galligan 1995, Painter 1998).

The Canadian experience is not quite as coherent, by contrast. On the one hand, Canada's adherence to the CUSFTA in 1988 and later NAFTA in 1994 can be imperfectly compared to Austria's transition to the EU. Similarly, Canada's Macdonald Commission also resembled somewhat Australia's own constitutional negotiations, many of which also dealt with questions of how to better organize domestic intergovernmental coordination to better position Australia in the context of globalized free trade. Despite these parallels, however, there remained a highly redundant element to much of Canada's domestic economic union reforms during this period, which did not lead to a rationalization and consolidation of existing forms of regulation and coordination, but rather "side deal[s] on the constitution" according to public policy scholars Doern and MacDonald (Doern & MacDonald 1999), and "institutionalized ambivalence" according to Carolyn Tuohy (Tuohy 1992).

Indeed, the issue with Canada's reforms was that while many post 1980 s developments in Canada's domestic economic union, such as the AIT/CFTA in 1995/2017, or the CSA in 2003, have ostensibly all claimed to have the same objective of harmonizing regulations across jurisdictions and prevent duplication of work and resources (CSA Terms of Reference 2022, 1), such "side deals on the constitution," to use Doern and MacDonald's term of art, have merely resulted in new forms of duplication. Thus, for instance, when the CSA attempted to institute a "passport" system that would allow securities registration in one jurisdiction to be recognized across all jurisdictions, the largest and most important jurisdiction for capital markets in Canada, Ontario, refused to join (Roberge 2013). In this example then, the presence of the CSA merely added another layer institutionalization on top of Canada's already existing arrangements, effectively just helping to reinforce the existing status quo (ibid.).

To a certain extent, the demand for this additional institutional layer of intergovernmental coordination since the 1980s comes from Canada's attempt to demonstrate compliance with external commitments, particularly in the form of free trade with the United States, the WTO, and the CETA, yet numerous international organizations, such as the WTO (2019), IMF (2019), firms like Deloitte (2021), and others (Tombe 2021) regularly point out that numerous internal frictions continue to persist in the operation and coordination of Canada's domestic economic union. Thus, while the development of various councils and coordinating institutions certainly appears to imply the development of a greater ethos of shared government in Canada, these arrangements, unlike similar arrangements in Australia, Austria, and Switzerland, lack any truly effective enforcement mechanisms. The same underlying pattern of fragmentation and competing governmental prerogatives thus continues to exist despite the numerous measures and agreements, which aim to facilitate harmonization or mutual recognition between jurisdictions, thus apparently confirming some of this dissertation's core hypotheses about LDFs with higher degrees or regional inequality and lower degrees of electoral district equality, like Canada.

When placing this trajectory in the context of Canada's configuration of representation, we find that it coincides with both a decrease in the share of effectively represented regions (Figure 3.2) and an increase in malapportionment (Figure 3.3). Based on the framework developed in chapter 1, these characteristics are hypothesized to be associated with both policy territorialism and self-rule, respectively. Indeed, many of the elements of the political architecture of intergovernmental coordination in Canada's post-war domestic economic union may be explained in part by this association.

What particularly stands out in this regard are elements related to capital markets regulation in Canada, a form of regulation which remains fragmented despite attempts to remedy the situation. Likewise, in contrast to the peer LDFs studied in this dissertation, minimum wage laws tend to vary across jurisdictions in Canada. By contrast, in federations like Australia, the fair work commission aims to ensure a shared wage standard across the country. Likewise, in Austria, and as we will see in the case of Switzerland, these wages are set through sector-specific collective bargaining. In this respect then, Canada exhibits some of the higher degrees of regional variation and overall policy fragmentation, an outcome that the framework developed in this dissertation would predict based on Canada's configuration of representation. In terms of egalitarian federalism then, while Canada may be interpreted as adhering to regional capacity criteria outlined in chapter 1, it nevertheless falls short on the more universalizing criteria.

6.5 Switzerland

6.5.1 Overview

Switzerland's domestic economic union had long been, along with Canada's, among the more disaggregated among federal countries, yet has been undergoing a gradual consolidation under the increasing influence of the federal government since the 1980s (Kriesi & Trechsel 2008; Dardanelli & Mueller 2017). Like Austria, Switzerland was a founding member of the EFTA, the European Free Trade Association, yet, unlike Austria, Switzerland has not joined the EU and has instead undertaken bilateral agreements with the EU across several sectors of importance to Switzerland's domestic economic union. In turn, this has meant that, like Canada, Switzerland has also relied on external trade agreements to help spur domestic reforms within the economic union.

Switzerland has long been home to two conflicting tendencies. Its small size and shared borders with major 19th-century world powers France, Germany, and Italy, countries with whom Switzerland shares numerous cultural and linguistic attributes, have meant that urban centres, such as Geneva and Zurich, have developed an outsized influence in political and economic affairs over the decades. Switzerland is today home to the headquarters of numerous international organizations (notably the Red Cross, the World Health Organization, the WTO, and the International Labour Organization) and is also a major global banking centre. At the same time, Switzerland's elaborate federal arrangements have also reinforced strong local and cantonal identities, often historically rooted within an agrarian culture and worldview. This bifurcation in the structure of the Swiss economy in the post-WWII era has led to what Kriesi and Trechsel refer to as the distinction between the "exposed" and "sheltered" sectors of the Swiss political economy (Kreisi & Trechsel 2008, 112).

This distinction between the "exposed" and "sheltered" sectors of the economy meant an important minority of Swiss firms grew to become truly major global players—far exceeding what one would normally expect from a country as small as Switzerland—existing alongside some very old and traditional local industries, highly resistant to change (Kreisi & Trechsel 2008, 140; OECD 2006). Like all the federations under study in this comparison, two broad periods in the development of the Swiss economic union can be identified, corresponding roughly to the initial post-war development of the welfare state and to the transition toward globalized free trade. In Switzerland's case, the first period can be said to have ended with the Uruguay round of GATT negotiations (1986–1994). This period was characterized by a few extremely large quasi-monopolistic firms (Codding 1965, 132) and regional protectionism, particularly at the level of agriculture and services.

After the Uruguay round and the establishment of the WTO, Switzerland took steps to liberalize its internal market. In 1995, it enacted the *Loi fédérale sur le marché intérieur* (LMI) and the *Loi fédérale sur les cartels et autres restrictions à la concurrence* (LFCCR). Following the dissolution of the USSR, German reunification, the establishment of the EU and its enlargement to include now-former EFTA members Austria, Finland and Sweden as well as the emergence of the WTO, global trade expectations were changing, and in Europe, regional economic integration was on the uptake. These new laws aimed to align Switzerland with the new reality by creating institutional structures to increase domestic competition, remove internal trade barriers, and ensuring greater freedom of mobility and transportability for persons and services (Kreisi & Trechsel 2008, 132).

Yet, despite these developments, considerable friction still exists within Switzerland's economic union, with the competing demands for regional protectionism and protection of large monopolies that characterized the earlier period remaining in place (Mach 2006). For instance, regional barriers for services and agriculture continue to persist (OPCA 2000), and preferential treatment for Switzerland's largest global firms continues apace (Kriesi & Treschel 2008, 138). Likewise, as the merger between the Union Bank of Switzerland and the Swiss Bank Corporation to form the UBS group in 1998, and the vitamin cartel scandal, which included Swiss pharmaceutical giant Roche,[95] demonstrated to many that the law against cartels was toothless (ibid.).[96]

By the 2000s and 2010s, the main question facing the structure of Switzerland's economic union was the relationship with the EU. While several trade and mobility agreements exist between

[95] And which the subsequent merger between Crédit Suisse and UBS in 2023 further confirms.
[96] To this end, such events are seen by observers as an inability to reform matters of internal trade and thus hampering the achievement of a free trade agreement between Switzerland and the United States (Dümmler & Anthamatten 2019).

Switzerland and the EU, referenda held on the question of closer integration with the EU have been rejected in Switzerland. Unlike Austria then, which became an EU member in 1995, Switzerland has indirectly become increasingly integrated into the EU, but without any institutional participation (Church 2007): "an engagement without a marriage" (Dupont & Sciarini 2001). This situation largely results from the attempt to preserve the delicate political balance in Switzerland between numerous, densely related political constituencies, which nevertheless have differing political and economic interests.

6.5.2 Internal Trade and Domestic Economic Union: Jurisdiction

There have been two constitutional modalities under which Switzerland was governed during the post-war period, with some important distinctions between them. The constitution, which served Switzerland for most of the country's post-war history, has its origins in the late 19th century, adopted as it was by referendum in 1874. The 1874 constitution is particularly notable for enshrining the Swiss practice of direct democracy into constitutional law. By 1999, however, a revised version of the 1874 constitution was adopted by popular vote. The 1999 constitution was the culmination of some 125 years of constitutional evolution in Switzerland and among its most important features, in contrast to the 1874 text, was its enshrining of Switzerland's political status as a federation of 26 cantons (Haller 2016, 13–14). The 1999 constitution is seen as attaching much greater value to cooperation between the federal and cantonal governments. This stands in contrast to the 1874 constitution, which was structured around a more classic "watertight compartments" view of each government's sphere of competence (Haller 2016, 32).

Despite its greater emphasis on a kind of compelled cooperation in the 1999 constitution, the separation between federal and cantonal authorities is not always neatly delineated. For example, while Title 3 of the Federal Constitution of the Swiss Confederation does outline a broad relationship between the constituent governments of Switzerland (the Confederation, Cantons, and Communes), it does not, however, do so according to the same enumeration of legislative and administrative competencies outlined in the Australian, Austrian, and Canadian examples.[97] Instead, the Federal Constitution relies on outlining principles and duties each government must respect, a principle the Swiss Confederation refers to as the principle of subsidiarity (Swiss Federal Department of Foreign Affairs 2024).

In practice, however, this kind of implicit subsidiarity can create challenges for intergovernmental coordination across the economic union. For instance, while article 44 indicates that the cantons and federal government must collaborate and support each other in the fulfillment of their tasks, article 49 nevertheless provides for the primacy of federal law in all matters and accords the federal government responsibility to ensure cantons comply with federal laws. At the same time, Article 49 is nevertheless balanced by the fact that the residual authority under the Swiss constitution belongs to the cantonal governments. Subsidiarity thus means placing greater emphasis on interpreting the language of the article in question when determining the ultimate scope of a federal or cantonal competency (Haller 2016, 66–67). It can also require greater need for intergovernmental negotiation and bargaining, and it is precisely its structured ambiguity that the 1999 constitution can be understood to “compel cooperation” between governments that have responsibilities and duties to each other, but without always having clearly outlined jurisdictional boundaries.

[97] These are section 51 of the *Constitution of* Australia; sections 10–14 of the Austrian *B-VG*, and sections 91 and 92 of the *Constitution Act, 1867* in Canada.

Despite this emphasis on the specific formulation of a particular article when determining the scope of governmental competencies within a particular sector, several unambiguously delineated competencies do nevertheless exist. In terms of the coordination of a federal economic union, monetary policy is among the most unambiguously federal competencies. Article 99 stipulates the right to mint coins and issue bank notes belongs "exclusively" to the federal government.[98] Likewise, under article 99, the Swiss National Bank is to be administered under the supervision of the federal government, which, as we shall see later in this section, proved relevant in the establishment of the *Swiss Financial Market Supervisory Authority* (FINMA).

Beyond such instances, however, it is much more common for competencies to be elaborated in a complimentary manner, where either the federal government is mostly responsible for administering and legislating for a particular sector, or by putting in place framework legislation for the cantons to act upon. The following competencies crucial for the coordination of the domestic economic union are variously shared according to the manner indicated above: road infrastructure and transportation (articles 81–87); the regulation of professions (Article 95); trade between regions (articles 94, 100); the oversight and regulation of capital markets (Article 98); labour markets and employment standards (Article 110). Unlike in the Australian and Canadian cases then, these subsectors of the domestic economic union are *de jure* shared competencies.

[98] From the official French-language version of the Swiss Constitution, article 99.1 reads, "La monnaie relève de la compétence de la Confédération ; le droit de battre monnaie et celui d'émettre des billets de banque appartiennent *exclusivement* à la Confédération." Emphasis my own.

6.5.3 Coordinating mechanisms and institutions

While the Swiss constitution compels cooperation between the central government and the cantons, it's generally silent on the form in which this cooperation and coordination between governments are to take place. On the one hand, numerous intergovernmental structures and forums exist in Switzerland, but these are often limited to the participation of the cantonal governments, without the participation of the federal government (Schnabel & Mueller 2017). Here, perhaps the most important cantonal formation is the *Conférence des gouvernements Cantonaux* (Conference of Cantonal Governments), which aims to present the perspective of the cantons to the federal government on issues of concern to them (ibid.).

At the same time, however, the absence of the federal government effectively limits the authoritative scope of such councils over the domestic economic union. To this end, the federal government passed a statutory law, the *Loi fédérale sur le marché intérieur*, to help frame and bound the parameters of Switzerland's domestic economic union. While a cursory glance at the title of the law invokes a certain resemblance to Canada's Agreement on Internal Trade/Canadian Free Trade Agreement, the *Loi* is a legally enforceable statute, unlike the AIT/CFTA, which, as intergovernmental agreements, are not subject to judicial review. Table 6.8 below outlines the structure of Switzerland's intergovernmental coordination within the domestic economic union.

Table 6.8: Structure of sectoral regulation and intergovernmental coordination in Switzerland

Sector	*Regulatory institution*	*Year instituted*	*Coordination modality (Particulars)*	*Pattern of Coordination*
Minimum Wage and employment standards.	Regional Government Jurisdiction Specific & Sector-Specific collective bargaining agreements, *Association des offices Suisses du Travail* (AOST)	N/A	Legal + Political	Policy territorialism + shared-rule
Regulated Professions and Trade orders	Cantonal professional bodies	N/A	Legal + Political	Policy territorialism + shared-rule
Capital Markets	Financial Market Supervisory Authority	2007	Legal + Extra-governmental	From policy territorialism to policy universalism + Shared-rule
Trade between regions	Internal Market Act, *Accord intercantonal sur l'élimination des entraves techniques au commerce*	1994/1998	Legal + Political	Policy territorialism + shared-rule
Freight Transportation (Rail & Trucks/Lorys)	From cantonal specific regulation to increasing federal oversight.	N/A	Legal + Political	From policy territorialism to policy universalism + Shared-rule

Adopted in 1995, the *Loi fédérale sur le marché intérieur* (LMI) was a precursor to the adoption of Switzerland's 1999 constitution. Indeed, in 1995, as part of the process for the adoption of a new constitution, the Swiss government began to present the public with a series of reform packages for the 1874 constitution (Haller 2016, 13). These proposals were intended to initiate a broad consultation of the Swiss public (Haller 2016, 14). It is also important to note that this was taking place at the same time as neighbouring Austria was transitioning away from the EFTA membership it had long shared with Switzerland, and toward EU accession, in addition to the broader international turn toward globalized free trade.

In pursuit of these objectives, the main goals of the LMI include facilitating employment mobility within Switzerland, standardizing regulations among cantons, enhancing Switzerland's competitive edge, and strengthening its internal economic unity. As predicted by the framework laid out in the introductory chapters of this dissertation, when regional representation is more unequal, the largest regions are in a better position to challenge the prerogatives of the central government, and indeed the LMI was met with firm opposition from many of Switzerland's largest cantons. Three of the four largest cantons—*Zürich*, *Berne*, *Aargau*—representing roughly 38% of the seats in the National Council, rejected the law outright in the name of "cantonal sovereignty" (Rey 2005, 50.). Many of the smallest cantons, like Uri, Glarus, and Nidwalden, among others, accepted the law in its entirety (ibid.). Ultimately, the Conference of Cantonal governments sought an additional legal opinion relating to ultimate constitutionality of the new law (ibid.).

In the end, roughly three equal groups emerged; nine cantons which rejected the law in toto, seven accepted it, but with reservations, and 10 which accepted the law outright (ibid.). Switzerland's system of compelled cooperation nevertheless meant that the federal government could not outright ignore the concerns raised by the cantonal governments. Thus, several amendments were proposed to the LMI in the National Council. While this back and forth between the federal and cantonal governments did result in some compromise, the ultimate logic of an internal free market was eventually accepted by the cantons (Rey 2005, 51).

It is also important to note that, in addition to the LMI being a legal statute at the federal level, agreements signed between cantons in intergovernmental forums, called concordats in Switzerland, are legally binding according to the Swiss constitution under Article 48

(Bolleyer 2009, 175; Parker 2015, 138). While federal law does nevertheless have primacy over intercantonal law in matters where a conflict between the two orders may arise (Haller 2016, 58–59), intergovernmental agreements signed between regional governments also have a legal, and not just a political character, unlike in Canada or Australia. Because of this dual character, however, numerous redundancies can arise between canons, however. In the event of a conflict or an abeyance, such agreements must meet two standards: they must be consistent with federal law on all levels, including statutory law and ordinances, and they must conform to federal and democratic norms. In effect, this latter standard effectively implies that concordats must not undermine the constitutional rights of other cantons, and that cantonal citizens must respect the outcomes of referendums that recommend the renegotiation of amendment of specific concordats if they so wish (Haller 2016, 59).

These nuances are nevertheless crucial because the concordats have often complemented existing federal frameworks or laws, rather than representing a truly adversarial or divergent position in relation to the central government. The Accord intercantonal sur l'élimination des entraves techniques au commerce (AIETC) serves as an excellent exemple, in this regard. In contrast to the federal LMI, AIETC compliments many of the measures outlined in the LMI by focusing on the elimination of technical barriers to trade. Since 2004, all cantonal governments have agreed to the AIETC (Conférence suisse des directeurs cantonaux des travaux publics, 2024).

While the AIETC resembles somewhat more the Canadian AIT/CFTA (with the important caveat that the latter are intergovernmental agreements, not legal instruments, as is the case with the AIETC, and the fact that the Canadian government is a signatory of the AIT/CFTA, whereas the Swiss federal government is not a signatory to the AIETC), Switzerland's pattern of intergovernmental coordination in matters of the labour market resembles more so the arrangements in Austria, given the importance of sectoral bargaining in determining wage standards in Switzerland. To this end, Switzerland does not have a national minimum wage. While individual cantons are free to legislate a minimum wage, not all have elected to do so. Broader coordination in this policy area is also mediated by the intercantonal *Association des offices Suisses du Travail* (AOST), and the Federal State Secretariate for Economic Affairs (SECO).

As just noted above, in general, minimum wages in Switzerland are determined by sectoral collective bargaining (Kriesi & Trechsel 2008, 106). When studied more closely, however, the determination of wages is complicated by numerous factors, shaped by, in a manner similar to Austria, the Swiss social partnership between labour and business interests (ibid.). Here, the distinction, again, between the “sheltered” and “exposed” parts of the Swiss economy factors not just into the determination of wage levels, but also the geographic concentration of higher and lower wages. This is because the more “exposed” parts of the Swiss economy have been subject to greater international competition and wage pressures, whereas “sheltered” parts of the Swiss economy, like construction, have been able to command higher wages (Kriesi & Trechsel 2008, 108).

These pressures have thus compelled certain forms of intergovernmental coordination within the Swiss labour market. To this end the *Association des offices Suisses du Travail* (AOST), an inter-cantonal conference, and the Federal State Secretariate for Economic affairs (SECO) are the principal intergovernmental coordination bodies mediating this part of the domestic economic union. The AOST and SECO complement each other’s objectives based on the division of competences between the federal and cantonal governments. In general, the federal government legislates, and the cantonal governments implement the law. The AOST and SECO thus share responsibilities for overseeing two key elements of labour markets in Switzerland: the free circulation of labour within the country and employment insurance (SECO 2023; AOST 2023).

The situation for the licensing and recognition of professional orders is somewhat different than that of coordinating labour market standards, as no intercantonal body is solely concerned with the recognition and harmonization of professional orders across jurisdictions in Switzerland. Instead, in 1999, Switzerland signed a series of bilateral agreements with the EU and its member states on the free movement of persons (Accord entre la Confédération suisse, d'une part, et la Communauté européenne et ses États membres, d'autre part, sur la libre circulation des personnes, 1999). This agreement introduced into Switzerland the basic rules of free movement of persons, which had been in use in the EU (SERI 2024), effectively paralleling the EU system of recognition between the cantons. To this end, the Swiss Federal Department of Economic Affairs, Education, and Research maintains a compendium of regulated professions in Switzerland and their regulatory framework (SERI 2024). Here, the recognition framework is quite fragmented and can vary based on the profession. In general, legal professions are regulated according to the corresponding canton authorities (ibid.). By contrast, many health professions, like dentistry, medicine, and pharmacology, are regulated at the federal level, according to the MEBEKO (the medical professions commission, or *Medizinalberufekommission*), the commission for medical professions (ibid.).

Like the evolution in many sectors of Switzerland's domestic economic union, freight transportation has moved from a much more fragmented regulatory environment to one that has arguably become more consolidated than Canada's in some respects.[99] This trajectory is partially due to the increasingly indirect regulatory influence the EU exercises on Swiss intergovernmental

[99] See Dardanelli et al., 2018 for a general overview of this tendency.

coordination. Coinciding with the 1999 constitutional reforms, Switzerland also signed a bilateral agreement with the EU on land transport between the EU and Switzerland (Agreement Between the European Community and the Swiss Confederation on the Carriage of Goods and Passengers by Rail and Road 1999). Informally termed the *Land Transport Agreement* on the Swiss side, the Article 7 of the agreement committed Switzerland to the progressive adoption of technical standards equivalent to those of EU law. Likewise, the EU was also granted a quota for freight traffic crossing across Switzerland's borders (Agreement Between the European Community and the Swiss Confederation on the Carriage of Goods and Passengers by Rail and Road 1999, Article 8).

In return, Switzerland received two important concessions from the EU, namely, a ban on lorries travelling at night and on Sundays, and the right to impose a Heavy Goods Vehicle Charge (HGVC) for every lorry transiting across Switzerland (Federal Office of Transport 2024). The HGVC is ostensibly intended to finance the cost of maintaining the infrastructure to allow for lorries and rail freight traffic to cross Switzerland. Under the scheme, cantons receive 1/3 of the HGVC, while the remaining 2/3 is allocated to the federal government (*Loi fédérale concernant une redevance sur le trafic des poids lourds liés aux prestations* 2018, Article 19).

The bilateral land transport agreement with the EU is thus a major pillar in Switzerland's transition toward greater federal government direction in the regulation of freight transport across the country. Indeed, the adoption of regulatory equivalence between the EU and Switzerland and the harmonization of freight transport regulation within Switzerland are a far cry from the initial circumstances in which Switzerland's rail transport sector developed under the tutelage of the cantons, as during the later 19th century the latter provided much of the initial capital stock and land concessions in order to foster regional development (Kirchhofer & Steinmann 2008, 39–40).

To this end, by the early 2000s, the 2/3 of the HGCV is set aside for the federal government and dedicated to the financing of rail projects (Loi fédérale concernant une redevance sur le trafic des poids lourds liée aux prestations 2018, Article 19). The remaining 1/3 is to go to compensate the cantons for the externalities and costs associated with heavy truck traffic across their territory (ibid.). In the year 2022, Switzerland collected revenue amounting equivalent to 1.7 billion Swiss francs through the HGCV program. In a way somewhat reminiscent of the Australian example, then, the federal government has become more present in the freight rail sector, a policy area that had historically developed under the initiative of cantonal governments.

Finally, intergovernmental coordination in the field of capital markets has equally experienced progressively greater federal government oversight in the sector over the post-war period. Much like in other sections of the Swiss domestic economic union, an initial distinction must first be made here between the "exposed" and the "sheltered" sections of capital markets coordination in Switzerland. While Switzerland is famous for its leading banks, an approximately equal amount of assets are held by Switzerland's more "sheltered" banking institutions; cantonal, regional, and cooperative banks (Swiss Federal Statistical Office 2024). These financial institutions have less name recognition outside of Switzerland yet are an important part of the fabric of Swiss economic life. Many of these organizations have histories which date back to the 19th century, and their greater regional dispersion and closer proximity to cantonal governments accord these institutions significant influence in the overall coordination of the domestic parameters of Switzerland's economic union. Indeed, unlike Switzerland's highly capitalized global investment banks, which are very active on the international stage (UBS and the now-defunct Credit Suisse), cantonal banks tend to be state-owned by the cantons where they operate (Banque Cantonal 2024).[100]

Despite this difference in the orientation and ownership of these financial institutions, both classes of banks today fall under federal statute. This was not always the case, however, as the cantonal banks have their origin in cantonal law (Meier, Marthinsen & Gantenbein 2013, 57). This essential difference in the orientation of Switzerland's principal financial institutions has meant that cantonal banks, which are not just focused on the domestic market but even more so on their respective cantonal markets, do not always have the same regulatory interests as their larger counterparts (Banques Cantonales 2024). Cantonal banks were historically driven by cantonal development policies focused on small business and later mortgage lending, rather than outright profit maximization (Bauer & Blackman 1998, 137; Meier, Marthinsen & Gantenbein 2013, 66). As a result of their historical cantonal legal statutes and their regional policy prerogatives, cantonal banks had long escaped some of the federal regulatory oversight reserved for Switzerland's big banks. This regulatory environment decisively changed in the context of Switzerland's 1999 constitutional reforms, which separately fostered changes to Switzerland's banking law (*Loi fédérale sur les banques et les caisses d'épargne*) that dissolved many historical freedoms of the cantonal banks previously enjoyed (Meier, Marthinsen & Gantenbein 2013, 65).[101]

To this end, cantonal banks, and the quasi entirety of Swiss financial institutions and capital markets, would eventually come under the regulation of the *Swiss Financial Market Supervisory Authority* (FINMA), established as the arm's-length regulator in the sector. Unlike counterparts in

[100] Although many of these banks, which previously played an important role in cantonal economic development, are being increasingly subject to market discipline and are now listed on the Swiss stock market.
[101] A series of cantonal banking scandals during the mid 1990s, centred on excessive lending and lack of oversight, led to significant capital loss. This led to greater scrutiny over cantonal bank practices, and in 1995, the Canton of Solothurn became the first canton to lose its bank due to mismanagement, eventually being acquired by a Swiss Bank Corporation, a precursor to UBS (Meier, Marthinsen & Gantenbein 2013, 66).

Canada, FINMA is a universal regulator that has licensing, supervisory, implementation, and regulatory oversight authority over Switzerland's financial institutions and capital markets (Meier, Marthinsen & Gantenbein 2013, 17). Created by federal legislative statute in 2007 (*Federal Act on the Swiss Financial Market Supervisory Authority*), FINMA was the product of the merger of three previously distinct and separate entities: the Federal Office of Private Insurance, the Swiss Federal Banking Commission, and the Anti Money Laundering Control Authority (Meier, Marthinsen, Gantenbein & Weber 2023, 267). FINMA's mandate is to ensure confidence in Switzerland's financial infrastructure by protecting clients from institutional insolvency and ensuring the proper functioning of markets (Swiss Financial Market Supervisory Authority 2023).

To undertake its mandate, FINMA is granted significant independence and autonomy from daily politics. Nevertheless, its governing statute indicates that at least once a year, it must review its supervisory strategy with the Swiss Federal Council via the Swiss Federal Department of Finance. Both the National Council and the Council of States (i.e., the lower and upper houses of the federal legislature), respectively, additionally exercise oversight responsibility (Federal Act on the Swiss Financial Market Supervisory Authority 2024, Article 21). Since coming into operation in 2009, any entity seeking to operate a stock exchange or alternative trading facility must be authorized by FINMA (Financial Market Infrastructure Act, Article 4). Once authorized, market operators are granted self-regulation.

While numerous exchanges do exist in Switzerland, the principal operator, the Zurich-based SIX Group, like the TMX Group in Canada, has its roots in the consolidation of several regional market operators, the Geneva, Zurich, and Basel stock exchanges, respectively. Unlike the TMX Group, however, which accommodates federalism by operating according to the regional jurisdiction in which its subsidiary exchanges are located, the SIX exchanges, under the supervision of the FINMA and based almost exclusively in Zurich, are much more operationally concentrated and subject to a single regulator. The SIX Group's ownership structure is somewhat distinct, however, as it is an unlisted publicly owned entity, whose major shareholders are the numerous classes of banks which make use of the group's services (Meier, Marthinsen, Gantenbein & Weber 2023, 13). Here, there is some concession to intergovernmental coordination, as cantonal and Swiss regional banks control approximately 25% of the group's common equity (SIX Group 2023, 34).

In this way, then, intergovernmental coordination within Swiss capital markets has moved from what was initially a cantonal matter, to progressively coming under increasing federal oversight. As a result, intergovernmental coordination has become internalized within federal structures, whether via cantonal banks' insistence on differentiated financial regulation for their operations, or the ownership structure of Switzerland's principal capital markets operator, rather than as in the case of Canada, where capital markets regulation continues to require significant horizontal intergovernmental coordination, despite similar kinds of operational consolidation in the operation of capital markets.

6.5.4 Summary

Switzerland's domestic economic union is characterized by a high degree of federal and cantonal concurrency, coexisting alongside a series of federal regulatory agencies recently layered onto pre-existing constitutional arrangements and cantonal customs, leading some to call Switzerland a "compound republic" (Pfisterer 2015, 379). In practice, this has meant that while the federal government has gradually increased its presence in Swiss politics and in relation to the cantons over time (Kriesi & Trechsel 2008, 34–36), cantons have nevertheless found new ways of coordinating with or contesting the position of the federal government. Indeed, it is perhaps unreasonable to expect that the political arrangements and conditions of 19th century federalism should have persisted into 21st century Switzerland, and the adoption of the 1999 constitutional reform is an indication of how both the Swiss Confederation and the practice of Swiss federalism have evolved and adapted to changing circumstances over time.

Indeed, the extensive concurrency structured into the Swiss constitution has meant that, in practice, there is almost no policy sector in Switzerland's domestic economic union that escapes extensive coordination between the central and cantonal governments. The pattern and trajectory of Switzerland's compelled cooperation in the domestic economic union can, nevertheless, be explained by the federal equity bargain, which is the trade-off between equality between regions and equality between individuals, which has been particular to Switzerland.

On the one hand, as it was already pointed out in part 1 of this dissertation, Switzerland has remarkably maintained a steady state in matters of regional representation and equality during the post-war period. Nevertheless, pressures placed on the Swiss social model, and the distinction between the "exposed" and "sheltered" parts of the Swiss domestic economic union have meant that those sectors, which have been most acutely "exposed" to global pressures, have also been the sectors which have seen the greatest increase in the presence of the federal government. Therefore, the extensive institutional framework of FINMA is justified by the significant impact of the financial sector on the Swiss economy relative to the country's overall size.

By contrast, in policy areas that are generally more sheltered from outside pressure, like employment standards or professional accreditation, regional policy persistence has been stronger. This is not to say that in those most "exposed" sectors, like finance and capital markets, regional policy persistence has been absent. It is more the case that the configuration of this kind of intergovernmental coordination has instead become more internalized within the regulatory institutions themselves rather than, as during the more classically federal conditions of the 19th century, between governments.

But these patterns can also be explained by the configuration of regional representation in Switzerland, which, despite being less equal than Australia or Austria, is nevertheless more equal than Canada. Indeed, at the outset of this dissertation, it was hypothesized that, under conditions of greater regional equality, the central government will come to increasingly occupy more policy space in relation to the regional governments, and this has certainly been the case in Switzerland. Likewise, in relation to Austria and Australia, it is still fair to conclude that, despite the increasing role of the Swiss federal government in the coordination of the domestic economic union, Swiss cantons still play an important role in shaping what federal policy looks like.

Indeed, many scholars (Dardanelli & Mueller 2017; Vatter 2018) correctly bring attention to the increasing role of the central government in Switzerland, particularly during the post-war period. When contrasted with other LDFs, however, the cantons continue to play an important role in influencing the overall direction of the federation. Switzerland's system subsidiarist "compelled cooperation" ensures that the federal government must consult with the cantons in virtually every emerging policy area. It remains to be seen, however, the extent to which the delicate federal equity bargain Switzerland has cultivated can remain steady into the future, particularly as the gap between the largest and smallest cantons comes under increasing pressure under the strain global political developments.

Placing these developments in the context of Switzerland's federal equity bargain and configuration of representation, we observe that the share of effectively represented regions, and the degree of malapportionment have remained stable over the course of the post-war period (Figures 3.2 and 3.3). In this respect, Switzerland has generally maintained a delicate balance between the central and regional governments, while also maintaining numerous practices of shared-rule. Nevertheless, it has been noted that there has been a general trend toward increasing "centralization" in Switzerland (Dardanelli and Mueller 2017) over the course of the post-war period. A closer look at the trajectory of Switzerland's federal equity bargain suggests that some of this trend may be attributable to shifts in the configuration of representation.

For instance, institutions and legislation, like the Internal Market Act (1990s) and the Financial Market Supervisor Authority (2000s), emerged during a period when the share of effectively represented regions was at the highest point during the period observed (see figure 3.2). Recalling the theoretical framework developed in chapter 1, a higher share of effectively represented regions is associated with a greater tendency toward policy universalism. Certainly, some of these trends may be associated with these developments. At the same time, when placed within a broader comparative frame with peer federations, the relative centralization and trend to policy-universalism in Switzerland are still not as pronounced as federations in which there is a higher share of effectively represented regions, like Australia and Austria, but remains higher than in federations with a lower share of effectively represented regions, like Canada.

From this wider comparative perspective then, the Swiss federal balance does appear to more closely approximate the definition of egalitarian federalism set out in chapter 1. Cantonal jurisdiction remains the basis for overseeing many elements of the domestic economic union, particularly in regard to establishing wage standards, and the regulation of professional orders in Switzerland. By contrast, those areas where the central government does appear to have taken on a larger role, for instance in the areas of capital markets regulation, there does appear to have been a shift, despite cantonal governments formally having jurisdiction in these areas as well. Thus, for instance, the cantonal banking system has increasingly come under a more universalist framework, with these banks increasingly converging on a central government led model.

Certainly, more work is necessary to determine the role and influence of specific variables in shaping particular shifts. While the configuration of representation may be playing a role in broad dynamics of intergovernmental coordination in the domestic economic union, matters related to capital markets regulation, among others, are also influenced by external factors. For instance, the United States has long pressured Switzerland to be more transparent about how this sector is regulated via instruments like the Foreign Account Tax Compliance Act. Indeed, during the Obama administration, the US commitment to tax its citizens abroad was upheld and reinforced. Such variables may thus also be at work in shaping the dynamics of intergovernmental coordination in Switzerland.

6.6 Summary and Conclusion

This chapter sought to analyze the patterns and configurations of intergovernmental coordination in the domestic economic unions of Australia, Austria, Canada and Switzerland, by first looking at the normative preconditions required for the maintenance of a federal, domestic, economic union. Taking inspiration from the EU's "four freedoms," this chapter sought to adapt and apply those principles to an analysis of the domestic economic arrangements in Australia, Austria, Canada, and Switzerland. Four subsectors were then identified as key to the establishment of a specifically *liberal democratic* federal domestic economic union:

- a trade and transport union, a professional order and trade certification union, a labour market union, and lastly, a common capital markets framework and regulation.

Table 6.9 below summarizes where each of the case study countries falls on that count, with a score of 1 indicating an entirely fragmented and incommunicable federal arrangement, and a score of 5 indicating identical standards and norms across the federation (i.e., a convergent situation). Figure 6.2 then takes the average score for each of the countries across all four subsectors (found at the bottom of Table 6.9) and places each of the countries along the same continuum used in the previous two chapters, which stretches from a fragmented economic union to a convergent one.

Table 6.9: Relative integration of domestic economic union in Australia, Austria, Canada and Switzerland. (Higher score means more integrated.)

	Australia	*Austria*	*Canada*	*Switzerland*
Trade and Transport Union	2.5	4.5	3	3.5
Capital Markets Union	4	4.5	3	4
Professional Certification and licensing Union	3.5	4	3	3.5
Labour Market Union	4	4.5	2.5	3
Average	3.5	4.38	2.88	3.5

Figure 6.3: Case study countries on a continuum of domestic economic union in LDFs

<Convergent——Consolidated——Harmonized——Disaggregated——Fragmented>

<Low friction——————————————————————High friction>

Austria Australia Canada

Switzerland

In addition to outlining the preconditions for what a liberal democratic federal domestic economic union is, this chapter further sought to assess the principal research questions animating this study: what patterns and configurations of intergovernmental coordination characterize this policy sector for each country, and what explains why the patterns are the way they are. To this end, the chapter applied the hypotheses developed in part one of this dissertation, anticipating that those federations with more unequal regional representation will tend to reveal a more fragmented domestic economic union, and vice versa, LDF's with more equal regional representation will tend toward greater regulatory consolidation. Second, it is anticipated that LDFs with more equally apportioned representative districts will tend to rely more on legally binding mechanisms of shared-rule to shape intergovernmental coordination, whereas LDFs with more malapportioned representative districts are anticipated to rely more on more politically oriented mechanisms of self-rule to resolve conflicts. Table 6.10 below outlines the extent to which these hypotheses were confirmed by the research presented in this chapter.

Framed as the trade-off between regional equality and individual equality in LDFs as described in part one of this dissertation, intergovernmental coordination in each of the four case study countries largely confirmed our initial hypotheses. In each case, coordination is very much shaped by the federal equity bargain between the imperative of maintaining a degree of regional equality, on the one hand, and individual equality, on the other. Facing such trade-offs, it is no surprise that each of the case study countries settle somewhere roughly in line with the expectations set from their respective representational configurations.

Table 6.10: Structure of intergovernmental coordination among LDFs in the economic union

	Australia	*Austria*	*Canada*	*Switzerland*
Binding intergovernmental agreements on the Economic Union?	No	Yes	No	Yes
Binding enforcement mechanisms?	Partial	Ambiguous (EU)	No	Partial
Cross partisan policy continuity?	Yes	Yes	Yes	Yes
Degree of economic/commercial/trade policy harmonization across regional jurisdictions?	Medium	High	Low	Medium
Degree of Labour Market, professional order & trades Integration?	High	High	Medium-Low	Medium-High
Degree of conflict or concurrency between governments?	Medium-High	Medium-Low	High	Medium
Number of hypotheses confirmed?	Yes 5/6	Yes, but the EU adds a new dimension 5/6	Yes 6/6	Yes 5/6

Thus, Austria, which is the most regional equal and has the most equally apportioned representative districts, is also the LDF with, relatively speaking, the least amount of friction in its intergovernmental coordination in comparison to the other countries in our study. Even when Austria's EU membership required that *Länder* be consulted on matters that affect their policy competencies, vertical political conflict between the *Bund* and the *Land* remained relatively restrained, and the record of *Land* governors cooperating in order to challenge or undermine the federal government's policies has at best been mixed.

Canada, by contrast, stands very much at the opposite end of the spectrum from Austria, being both the most unequal in terms of regional representation, while also featuring the most malapportioned representative districts among the four case study countries. Unsurprisingly then, Canada's domestic economic union is the most fragmented of the four countries studied: it has fewer all-encompassing oversight institutions with enforceable regulatory authority, and its intergovernmental councils in key sectors of the domestic economic union, like transportation, are thinly institutionalized with little salience for Canada's public. Despite the general lack of political salience and understanding among the public, however, intergovernmental coordination in matters of the domestic economic union continues to be a political flashpoint among governments in Canada, as coordination over the SUFA suggests. Likewise, where greater forms of cooperation do appear to prevail, as in the AIT/CFTA and, with the possible exception of Ontario in capital market regulation, intergovernmental agreements and institutionalization come across as redundant, merely serving to reinforce the political position of governments in relation to each other. This suggests these agreements are merely "side deals on the constitution" rather than substantial reforms (Doern & MacDonald 1999).

The Australian experience, when contrasted with Canada, is very instructive in this regard. While Australia and Canada are both the product of very similar political traditions, Australia has been better able to overcome the limitations of its historically fragmented domestic economic union to a much greater extent than Canada. Indeed, this is not surprising, given Australia exhibits both more regional equality in representation within its national legislature and less malapportioned representative districts than Canada does. This is in general conformity with the initial hypotheses, both that there will be a greater push toward policy universalism in several sectors, and that Australia ought to exhibit a greater likelihood of shared or cooperative intergovernmental coordination. Indeed, this general pattern largely describes the Australian trajectory over the post-war period, as not only has the Commonwealth government come to play an increasingly important role in intergovernmental coordination, but Australian states have also been willing to refer numerous policy sectors that they previously controlled to the federal government through formal means under section 51(xxvii) of the Australian constitution, as the example of the *Corporations Act*, *2001* suggests. In these examples, Australia has thus gone considerably further than Canada in avoiding simply constructing yet another "side deal on the constitution."

Nevertheless, while Australia has moved down this path to a much more considerable degree than Canada, there have still been exceptions. For one, representation in Australia is not as equally distributed as it is in Austria, suggesting that we should expect that its domestic economic union exhibits more friction, and its patterns of intergovernmental coordination will be more conflictual. Two key areas in the domestic economic union where this is evident in Australia are in the transportation sector and in parts of its labour market coordination. In transportation matters, Australia has gone considerably further than Canada in both formalizing its sectoral intergovernmental agreements, and in creating salient oversight institutions in the sector. This is suggested by the establishment of the National Transportation Commission. Nevertheless, the underlying architecture of intergovernmental coordination in the sector remains similar to what exists in Canada, where the short-term political imperatives of governments prevail, and sectoral fragmentation persists, introducing a degree of political redundancy into matters of intergovernmental coordination.

Likewise, in the matter of establishing a labour market union in Australia, there has been slightly more friction than in the capital markets sector, as not all states have elected to refer their employment and industrial relations competencies to the Commonwealth government. As a result, while considerably strengthened in relation to its predecessors, the *Fair Work Commission* does not have the same jurisdictional reach across the states as the *Australian Securities and Investments Commission* does. Thus, in some states, such as New South Wales, Western Australia, and Tasmania, some employment sectors remain outside of the purview of the FWC.

Switzerland, like Australia, is another LDF that has gone some way in attempting to overcome sectoral fragmentation over the course of the post-war period. It has done so despite being, much like Canada, an officially multilingual federation with regionally concentrated linguistic majorities. While Switzerland is more regionally equal than Canada, it is slightly less equal than Australia, and certainly less equal than Austria. Likewise, though its representative districts are more equally apportioned than in Australia and Canada, they're not as equal as in Austria. Therefore, we would expect a relatively higher degree of regional policy persistence or fragmentation in Switzerland, though not as much as in Canada, and given its relatively more equally proportioned representative districts, we would expect to find more shared-rule and legally binding forms of intergovernmental coordination than is the case in Australia or Canada, while nevertheless exhibiting more intergovernmental political conflict than in the Austrian case.

Indeed, the preceding generally explains the Swiss pattern and architecture of intergovernmental coordination in the domestic economic union, albeit with some minor caveats owing to the wide disproportionality between regions in the Swiss economy, given its overall size. Indeed, as noted above, the basic distinction between the "exposed" parts of the Swiss economy and the "sheltered" parts goes some way in explaining some of the policy contradictions in the Swiss political economy. Perhaps nowhere was this more evident than in Switzerland's capital markets architecture. Indeed, the Swiss FINMA is likely the most powerful of all the capital markets regulatory agencies studied in this chapter, and this is in large part due to the size and global footprint of many Swiss financial institutions relative to the overall size of the Swiss economy. It is thus undeniable that in this sector, there has been a considerable increase in the regulatory and coordinating presence of the central government, perhaps, in excess of what can normally be expected by the framework developed in this dissertation.

Nevertheless, this exceptional outcome should not be understood to undermine the general rule in at least two ways: First, while more and more parts of financial regulation have come under the purview of the federal government over the post-war period, cantonal financial structures, as represented by cantonal banks, remain strong. While their regulation has nevertheless come under the FINMA, cantonal banks have successfully fought to ensure financial regulations suitable for only the largest Swiss banks are not applied to them. Second, the highly cooperative and shared aspects of Swiss intergovernmental coordination have meant that even in sectors that clearly fall under federal competencies, such as import duties and border taxes, cantonal governments have been able to secure a portion of those proceeds. This is suggested by the sharing of revenue that the federal government collects on heavy trucks transiting Switzerland under the Switzerland-Eu land transport agreement and the *Loi fédérale concernant une redevance sur le trafic des poids lourds liés aux prestations*. About 1/3 of the money paid to the federal government is transferred to the cantons.

From the perspective of egalitarian federalism, while each of these LDFs exhibited developments favourable toward egalitarian federalism as defined in chapter 1, some developments may be more promising than others in this respect. To this end, intergovernmental coordination in the Canadian examples appears to be the least favourable toward the continued development of egalitarian federalism. Over the period studied, Canada had exhibited the most unequal and malapportioned configuration of representation, and this may be associated with the comparatively more limited nature of the reforms undertaken in the domestic economic union during this period.

Developments in Australia and Switzerland appear more promising in this regard when considering the balance between individual and regional equality on which the definition of egalitarian federalism is based. This is not to suggest the Australian and Swiss models are the same, as each one still privileges certain forms of intergovernmental coordination over others: Australia remains by and large oriented around self-rule, while Switzerland relies far more on mechanisms of binding shared-rule.

To this end, there are a number of other factors that might also be influencing these dynamics. For instance, in matters of domestic economic union, these countries haven't been exempted from powerful global trends over the post-war period, with each country undertaking similar reform efforts to better adapt to globalized trade and the transition from the GATT to the WTO, and other trade arrangements, like NAFTA and the EU. Despite these shared trends, the configuration of representation does at times appear to be associated with broad national varieties of adjustment to these conditions, as the example of Austria within the EU makes especially clear. In this respect, the federal equity bargain may help us better understand how the configuration of representation shapes how these global trends are internalized and politically approached by central and regional governments.

PART 3:

CONCLUSION

Chapter 7:
The Structure of (Un)equal Representation in LDFs and some possible consequences

This dissertation empirically focused on the political architecture of intergovernmental coordination among LDFs during the post-war period. It developed a conceptual framework that quantifies the configuration of representational (in)equality of the central legislatures and applied the framework to a comparison of four LDFs (Australia, Austria, Canada, and Switzerland) across three policy sectors (vertical fiscal equalization, higher education, and domestic economic union). The dissertation also developed some new ways for studying LDFs by adapting the effective number of parties index to determine the effective number of regions.

It also identified a large variation in the rules for determining regional seat allocation and legislative apportionment between the federations studied. It showed that each LDF developed distinct national variations of intergovernmental policy coordination. It identified a co-occurring relationship between these distinct patterns of intergovernmental policy coordination and the configurations of representational (in)equality in the central legislatures of these LDFs. The dissertation observed a relationship between these national variations and each country's "federal equity bargain"—the way each federation resolves the constitutive tension at the core of liberal democratic federalism.

The aim of this concluding chapter is thus to summarize the key empirical findings of this dissertation while also attempting to draw some theoretical implications (and limitations) from these observations. The first part of this concluding chapter will thus briefly review and summarize this dissertation's empirical findings. The second part will focus on some possible theoretical implications following from the dissertation's findings. The third part considers some potential limitations of these findings. Part 4 focuses on future paths for study. Finally, the fifth section presents some brief concluding remarks and key takeaways.

7.1 Overview of empirical findings

This dissertation's empirical findings are in two parts. In part one of this dissertation, we found that, among our case study countries, the constitutional rules of seat allocation in each of the countries reveal a considerable concession to regional representation in the lower houses of the central legislatures of LDFs.[102] Indeed, the finding is significant given that the lower houses are generally considered to be focused on popular rather than territorial representation. Likewise, each of the countries under study here also typifies varying degrees of concessions to proportional representation in the upper houses of representation, despite the latter usually considered as bastions of territorial representation. In practice, what this means is that considerations of regional equality and individual equality cannot be disentangled in LDFs. To this end, we also found that each of the LDFs studied here exhibited distinct and entrenched configurations of representation over the post-war period.

The second part of the dissertation presented case studies of three policy sectors across the four countries: fiscal equalization, higher education, and the domestic economic union. Here, it was judged that, in general, the case studies largely conformed to the assumptions built into the conceptual framework in chapters 1 and 3 of the dissertation. In general, as anticipated by this conceptual framework, the political architecture of self-rule was most present in countries with a greater degree of malapportionment and an unequal number of representatives per capita between

[102] For the purposes of clarification, moreover, additional apportionment rules allocating seats on a minority national or linguistic basis were not found or explicitly stated in among the constitutional criteria outlining apportionment.

regions. Likewise, shared-rule generally appeared to be more present in LDFs, with a more equally apportioned number of seats per capita. On the spectrum between policy universalism and policy territorialism, the assumptions built into the framework were also generally confirmed: the LDFs with a higher share of effectively represented regions leaned more toward policy universalism, and those with a lower share of effectively represented regions leaned more toward policy territorialism.

Table 7.1 below compiles the number of sector-specific hypotheses confirmed across the three case studies for each of the countries. While these results were already indicated at the end of each case study chapter, they are presented in summary fashion here. Again, in general, the cases were deemed to conform to the hypotheses set out in part one of this dissertation, and to the sector-specific hypotheses outlined at the beginning of each respective chapter. Indeed, some counterintuitive results were discovered in a few instances, but this is to be expected when working with ideal types. In cases where these results were discovered, like in the case of fragmented rail in Australia, or central government led higher education research financing in Canada, the situation in many ways confirmed the general trends: Australia has been working to centralize and consolidate its freight rail network over the post-war period and the dominant role of the Canadian government in research spending at the university level is partially a reflection of how overextended provinces have become in the sector.

While all the countries studied presented distinct patterns of intergovernmental coordination, an interesting, but not initially anticipated finding was the way each of the countries sought to adjust domestic patterns of intergovernmental coordination in response to shifting global priorities during the post-war period. Thus, for each of the countries studied, there was a shift that took place around the 1980s whereby increasing emphasis was placed on institutional and organizational structure, both insulating society from certain elements of global adjustment, while simultaneously seeking to reorient and restructure modes of intergovernmental coordination for the sake of improving competitiveness and productivity. Each of the countries, moreover, underweight a self-conscious attempt at reform, embodied in initiatives like the *Royal Commission on the Economic Union and Development Prospects for Canada*, or the Dawkins report on higher education in Australia.

Table 7.1: Compilation of case study hypotheses confirmed

	Australia	*Austria*	*Canada*	*Switzerland*
Fiscal Equalization	4/4	3/4	4/4	3/4
Higher Education	7/7	7/7	6/7	7/7
Economic Union	5/6	5/6	6/6	5/6
Total	16/17	15/17	16/17	15/17

Other examples of this broad shift can be seen in the turn away from the more preferential trade regimes, which characterized the distinct development pathways of Australia (preferential trade with the U.K.); Austria and Switzerland (neutrality in the context of the European Free Trade Association); and Canada, caught as it was between the Sterling area and its proximity to the United States during this period. By the 1990s these countries had each transitioned beyond this initial post-war context in order to diversify its trade with neighbouring Japan, and later China, in the case of Australia; difficult debates about EU membership, which ultimately led to Austria joining the EU, while Switzerland elected to maintain a bilateral relationship; and with Canada extensively reconsidering the political organization and orientation of its internal market in favour of an extensive trade agreement with the United States.

In this way, each country presented distinct pathways of intergovernmental policy coordination during this period, while nevertheless all broadly converging on the same general aims and objectives of the policies being pursued, without converging on the endpoint. Thus, the ultimate depth, scope and means of reforms continued to diverge for each country studied. Table 7.2 below outlines a qualitative assessment of the overall balance of individual vs. regional equality in each federation over the course of the post-war period, for each of the policy areas studied. This measure is based on a simplified and aggregative reading of the case studies observed in part two of this dissertation. A score of 1/5 would suggest no communicability between regions, and a score of 5/5 would suggest the quasi-irrelevance of regional boundaries. A score of 3/5 would inadequate a relative balance regional and individual equality.

Table 7.2: General degree of policy communicability between regions and governments*

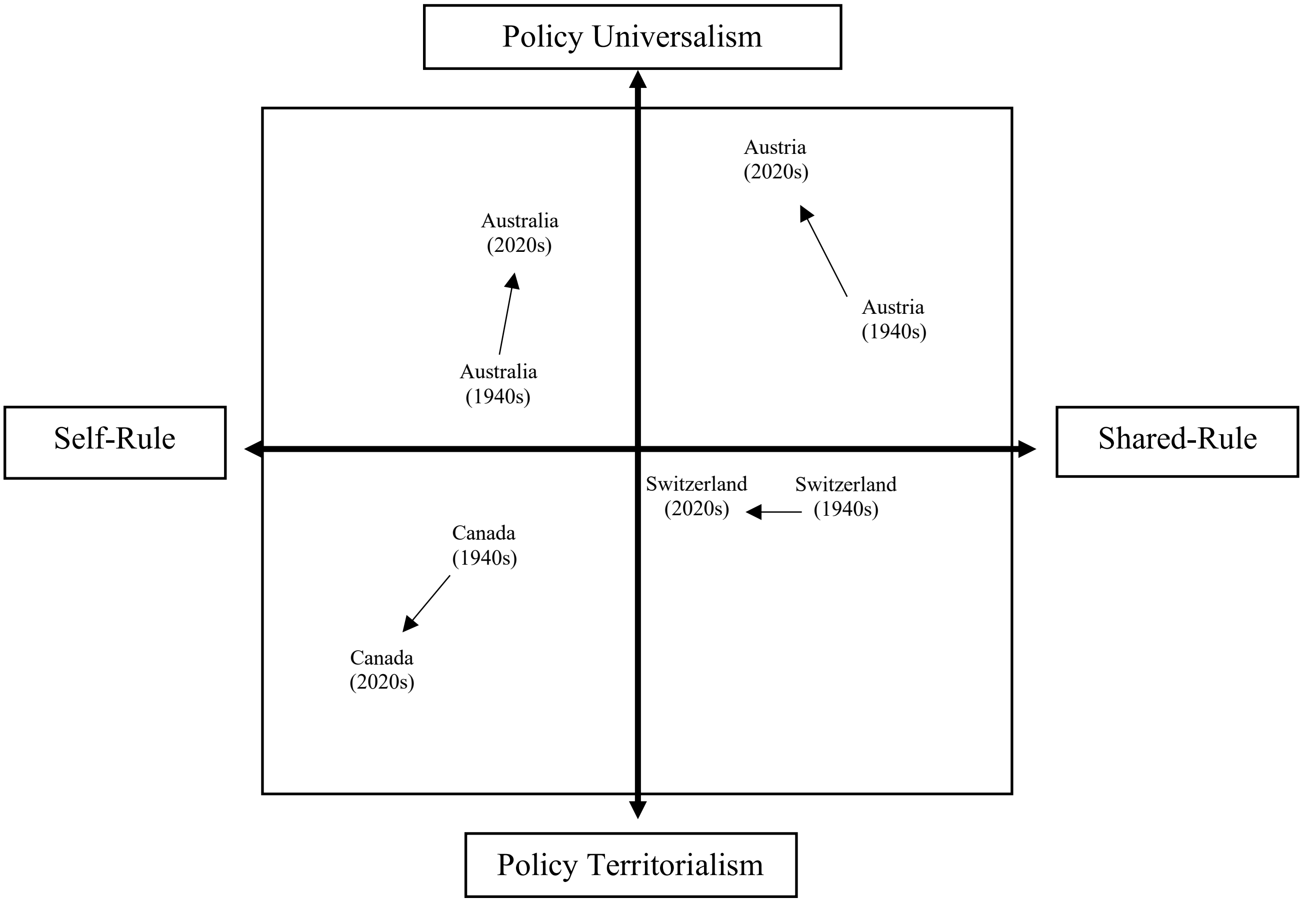
	Australia	*Austria*	*Canada*	*Switzerland*
Fiscal Equalization	3	4	2.5	3
Higher Education	3.5	4.5	2.5	3
Internal Markets	3.5	4.38	2.88	3.5
Average	3.33	4.29	2.63	3.17

*Scores derived from summaries in chapters 4, 5, and 6. Higher score equals greater convergence, lower equals greater fragmentation. Range of scores is from 5 (convergence) 4 (consolidated) 3 (harmonized) 2 (disaggregated) to 1 (fragmentation).

Table 7.2 above presents a general—even simplified—summary and assessment. While useful as a quick shorthand, in practice the case studies aimed to show that intergovernmental policy coordination can continue to remain fraught, even in settings where there might appear to be an amiable balance between considerations. Likewise, while rendering a score out of 5 has the benefit of simplicity, taken on its own, it vastly underspecifies how politically challenging it would be for one of the countries to move up or down the scale. Moreover, while countries may appear close to each other based on their score, in practice, the actual gap between them can be much larger, with real-world consequences.

To this end, Figure 7.1 below helps give a sense of the general direction of change in the political architecture of intergovernmental policy coordination during the period observed. For all the countries, apart from Australia, there was a general tendency to move toward more self-rule as a means of intergovernmental policy coordination. Thus, while no country converged on specific endpoints, and each country remained with the broad parameters that were anticipated based on an assessment of the configuration of political (in)equality, their situation did not remain static. By contrast, a clear trend toward policy universalism or territorialism was less pronounced. While there was a clear trajectory toward greater policy universalism in Australia, and toward territorialism in Canada, a move in either direction was less pronounced for Switzerland. While Austria was already quite oriented toward policy universalism to begin with, EU admission seems to have had a universalizing effect on Austria, while also introducing more instances for self-rule for the *Länder*.

Figure 7.1: Direction of change in Australia, Austria, Canada & Switzerland



Thus, while the LDFs under review remained generally anchored to the broad parameters of their respective federal equity bargains, there is subtle movement beneath the surface. There are numerous possible explanations for the fundamental causes precipitating this movement under the surface, including, but not limited to, global macroeconomic and political factors, regional economic booms and busts, and distinct immigration waves. It should also be noted that part of these shifts may also be policy induced, given the extensive policy tools available to most of the regions which comprise the LDFs studied. Nevertheless, Table 7.3 below thus summarizes, within the parameters of the framework developed in this dissertation, a quick explanation for the shifts identified in Figure 7.1. To this end, this dissertation has also been concerned with understanding how and what the effect of these configurations on intergovernmental policy coordination has been. Given the data presented then, it is possible to identify some of the limitations of the hypothesized causes of change in federal dynamics and intergovernmental policy coordination put forth by alternative explanations and frameworks in comparison to the one developed here.

Table 7.3: Explanation for shifts in patterns of intergovernmental coordination 1940s–2020s

	Shift	*Explanation*
Australia	Expanding policy-universalism and a slight shift toward more shared-rule governance.	Faster growth of peripheral and new regions (Western Australia + Australian Capital Territory) combined with slower growth in the two largest states (New South Wales and Victoria) has helped make regions both more equal, and stabilized malapportionment.
Austria	Greater policy-universalism and a slight move toward more self-rule	Broadly equally dispersed growth among all the *Länder* due to the Social Partnership model yet slowly increasing malapportionment is putting pressure on the institutions of shared-rule and is increasingly evident in the political rise of right-wing populism.
Canada	Greater policy territorialism and self-rule	Both regional inequality and malapportionment have increased under the weight of the growing dominance of Ontario and the rapid growth of BC and Alberta, and seat apportionment for the remaining provinces is increasingly a function of grandfather and Senate clauses.
Switzerland	Similar levels of policy territorialism combined with a shift toward more self-rule.	Degree of regional equality has stayed the same, but malapportionment has increased during the period observed, putting pressure on the political institutions of shared-rule.

To understand the value added of the approach developed in this dissertation then, it is useful to return to some of the claims regarding federal dynamics and intergovernmental coordination put forward by Greer et al. For Greer et al., the presence of multinationalism in states ranks as the most important variable in shaping the dynamics of any federal configuration (Greer, Béland, Lecourd, Dubin 2023, 23). On numerous occasions, moreover, the authors suggest that without the presence of Québec, Canada and Australia would be almost identical countries if not for the presence of Québec (Greer, Béland, Lecourd, Dubin 2023, 25).[103] The assumption would therefore seem to suggest that, in the absence of a true counterfactual against which to compare, at the very least, a decrease in the weight of Québec in Canada should be matched with a corresponding move toward what this dissertation would term as greater policy universalism.

What the framework developed in this dissertation is able to show, however, is that the decrease in the relative weight of Québec in Canada has not been met with a corresponding, or complimentary move toward greater policy universalism (or centralization as indicated in other frameworks), as Figure 7.1 above indicates. More specifically, as the case study chapters explored, in policy areas like higher education and the domestic economic union, Canada appears to remain very oriented toward policy territorialism. Indeed, in some policy sub-areas, moreover, Canada appears to have moved in an even more territorial direction, particularly in matters of tuition fee policy and the source of operational funds. Likewise, in matters of domestic economic union, Canada hasn't gone as far as Australia has in consolidated oversight for the economic union under

[103] A variation of the claim is made on at least four occasions: "Australia and Canada would be very similar countries, but for the influence on Canada of the need to accommodate challenges from Quebec" (Greer, Béland, Lecours, Dubin 2023, 25); "Canada would probably resemble Australia were it not for Quebec" (Greer, Béland, Lecours, Dubin 2023, 64); "Comparing Canada to Australia, for example, shows how much more centralized Canada might be were federal leaders not constantly faced with issues of multinational state management that are frequently resolved through extensive power for provinces" (Greer, Béland, Lecours, Dubin 2023, 121); "The thought experiment of comparing Canadian and Australian political development makes this clear—Australian history is almost a counterfactual for the history of a Canada with no Quebec and vice versa" (Greer, Béland, Lecours, Dubin 2023, 201).

the purview of a single government, with regulatory frameworks continuing to remain much more of a patchwork than in Australia.

Table 7.4 below thus shows Québec's share of Canada's population over the course of the post-war period. It shows that its share of the Canadian population dropped from about 28.5% during the 1950s to about 22% of the Canadian population during the 2020s. Seen in isolation, the figure will come as no surprise to scholars of Québec and comparative federalism (McRoberts 1993). What stands out, however, is when it is compared to the Australian example. Indeed, in contrast to Canada, both of Australia's largest states lost population share during this period. By contrast, in Canada, while Québec lost population share, Ontario gained significantly in contrast to New South Wales. Thus, while Australia's two largest states, New South Wales and Victoria, lost population share over the course of the post-war period, they also grew at a rate below the Australian average. Of the four, only Ontario grew at a faster pace than the national average. Québec's growth rate during the period, while not as high as Ontario's, was nevertheless respectable and comparable to that of New South Wales.

Table 7.4: Population evolution, two largest regions Canada and Australia

		Population Share in 1951	Population Share in 2024	Change 2024-1951	Population growth during the period.
Canada					190.28%
	Ontario	32.85%	39.00%	+6.15%	245.49%
	Québec	28.91%	21.95%	-6.96%	120.27%
Australia					221.95%
	New South Wales	38.92%	31.37%	-7.55%	158.57%
	Victoria	27.03%	25.56%	-1.47%	204.43%

Sources: Table: 17-10-0009-01 (formerly CANSIM 051-0005); Australian Bureau of Statistics Table 3105.0.65.001

Likewise, when one compares the two countries more broadly, it becomes clear that Canada's population growth has been much more concentrated, in contrast to Australia's, which has been more evenly distributed among states. Table 7.5 outlines the basic growth trends for the remaining Australian and Canadian regions. What we find is that, on the one hand, though not having historically grown as fast as Alberta, British Columbia, and Ontario, Québec has grown faster than the other provinces and at a rate comparable to many Australian states during this period. The other standout is that Australia's two largest states each lost population share during the period. Likewise, the relative decline of New South Wales is sharply contrasted with Ontario's almost singular dominance of the Canadian federation.

Table 7.5: Population evolution in Canada & Australia outside the core regions

		Population Share in 1951	Population Share in 2024	Change 2024-1951	Population growth during the period.
Canada (Tier 2)					393.57%
	British Columbia	8.31%	13.80%	+5.49%	381.85%
	Alberta	6.71%	11.75%	+5.04%	408.15%
Australia (Tier 2)					370.75%
	Queensland	14.57%	20.46%	+5.89%	351.92%
	Western Australia	6.60%	10.93%	+4.33%	410.59%
Canada (Tier 3)					64.94%
	Saskatchewan	5.94%	3.01%	-2.93%	47.10%
	Manitoba	5.54%	3.62%	-1.92%	89.59%
	Nova Scotia	4.58%	2.62%	-1.96%	66.12%
	New Brunswick	3.68%	2.07%	-1.61%	63.33%
	Newfoundland	2.58%	1.33%	-1.25%	49.67%
	P.E.I.	0.70%	0.43%	-0.27%	78.10%
Australia (Tier 3)					140.84%
	South Australia	8.70%	6.93%	-1.77	156.49%
	Tasmania	3.40%	2.12%	-1.28	100.88%

Canada (Tier 4)					1,358.10%
	Territories (Yukon, N.W.T. Nunavut)	0.06%	0.32%	+0.26%	1,358.10%
Australia (Tier 4)					1,720.31%
	Australian Capital Territory	0.30%	1.76%	+1.46%	1,817.68%
	Northern Territory	0.19%	0.96%	+0.77%	1,565.04%

Sources: Table: 17-10-0009-01 (formerly CANSIM 051-0005); Australian Bureau of Statistics Table 3105.0.65.001

Indeed, this latter dynamic confirms some of the core hypotheses of the conceptual framework developed in this dissertation, namely that policy universalism tends to correspond with a more equal distribution of representation, less concentrated at the top. By contrast, a greater concentration of representation among a few regions at the top will tend to have an opposite consequence, namely greater policy territorialism. One element of this dynamic is the idea that, in a more competitive self-rule environment, like in Australia, a large region with a shrinking share of the pie would rather cede authority to the central government before conceding an advantage to a regional rival; whereas in a situation like in Canada, where a large region is in a position to definitively eclipse a rival, there may be less incentive to seek out policy solutions that would equalize, and thus nullify, an advantage.

Another element of difference between Australia and Canada is to be found in the dynamics of the "tier 3" regions for each of the countries. While in Australia and Canada, these classes of regions declined in their overall share of the population, the decline was much more dramatic in Canada than in Australia, with the group's share of the overall population declining more than Québec's during the period under review, along with the slowest rate of population growth among all classes of Canadian provinces and Australian states. As a result, combined with the rules of apportionment that are part of the Canadian federal equity bargain, this has introduced significant imbalances in the configuration of representation, as the "tier 3" regions tend to be the most overrepresented on a per capita basis in Canada's central legislature. By contrast, in Australia, while "tier 3" regions are overrepresented on that basis as well, particularly in Tasmania, their decline in the relative share of the population has been less dramatic than in Canada, while their overall population growth over the period has also been more robust.

In all these senses then, it would appear fair to conclude that Australia and Canada would probably still not entirely resemble each other in the absence of Québec. While policy legacies related to multinationalism will undoubtedly influence the Canadian state, policy legacies are also always multiple and very noisy, intersecting in complex ways, with many policy legacies also related to the other conditions described in this dissertation simultaneously weighing on federal dynamics. Thus, in addition to the unique position of Ontario in the Canadian federation, another important point of difference between Canada and Australia that hasn't received as much attention as it should in comparisons of the two countries is Canada's shared political history with the United States. To this end, while Australia and Canada both began to undertake metrication in the late 1960s and early 1970s, Canada has for all intents and purposes abandoned metrication[104], allowing for an almost incoherent mixed usage of metric and imperial, while Australia has undertaken what is essentially a successful and complete transition to the metric system.

Given all the preceding considerations, to borrow the language of variable or multispeed integration from the EU studies literature, this dissertation thus also finds that the strong imbalances between different classes of regions in Canada may also contribute to greater policy

[104] See for example "As Canada marks 50 years of Celsius, country still measuring in mash-up of metric and Imperial" CBC: https://www.cbc.ca/news/canada/edmonton/as-canada-marks-50-years-of-celsius-country-still-measuring-in-mash-up-of-metric-and-imperial-1.7421117 (Accessed July 31, 2025).

territorialism. Indeed, this multivariable form of policy integration and coordination, where both some regions are much more central in the federation, in combination with an uneven centralization of policies, is another reason why this dissertation avoids the use of the dichotomy of centralization/decentralization and instead makes use of the distinction between policy universalism and policy territorialism. This is because, in a multi-speed or variable speed federation like Canada, elements of centralization and decentralization coexist simultaneously, often in the same policy space.

An excellent example observed in this regard are the differentiated student loan programs available across the country based on either province of study or province of residence, which combine varying elements of "centralization" and "decentralization," as some provinces have established "integrated loans" where students apply through provincial agencies and receive a single, jointly financed disbursement. Other provinces offer "parallel" programs where students must apply at the federal and provincial level in order to receive disbursements, which must be separately repaid; finally, for some regions, the N.W.T. and Québec federal government student loans are not available. These policies thus combine varying elements of "centralization" and "decentralization" with the practical effect that policies are territorially differentiated. This contrasts with Australia's Commonwealth Supported Places grant system, which applies on a much more universal basis.

As such, according to the framework developed in this dissertation, Canada is broadly categorized as an LDF organized around policy territorialism and self-rule, while Australia is categorized as organized around policy universalism and self-rule. Indeed, self-rule is applicable to both the central and regional governments. Thus, in Australia, greater policy universalism was achieved in the sector through political bargaining and political agreements that, in some instances, appear to be completely contrary to the legal tenets of the constitution. Thus, despite the fact that the Australian Constitution allocates residual powers to the states, with education and higher education in particular being one such residual policy area, the Commonwealth government has relied on means of self-rule to use constitutional provisions indirectly related to higher education, like Section 96, which permits the Commonwealth to ". . .grant financial assistance to any State on such terms and conditions as the Parliament thinks fit" (Cumming & Mawdsley 2012). Like in Canada then, agreements reached between the Commonwealth government and the states are primarily political rather than legal instruments, which may be unilaterally amended. Indeed, the Australian states have historically politically contested the overtures of the Commonwealth government (ibid.). Yet, as observed above in chapter 5, this process can go in both directions, depending on the broader political balance of power at the time, in addition to global conditions.

The two varieties of self-rule prevalent in Australia and Canada are found to contrast with shared-rule as a means of coordination, with the Swiss example instructive in this regard. Switzerland is distinct among the countries studied, as it has prominent federal and cantonal universities, which coexist within a broader framework for higher education in the country.[105] At the same time, despite policy territorialism in the sector, there is a broad commitment to maintain relatively equal tuition rates across jurisdictions, and in a manner that is not administered by the central government, like in Australia. Instead, the *Conférence suisse des haute écoles* (CHSE), a joint institution with representation from federal and cantonal authorities oversees coordination in the sector. Unlike the more political arrangements in Canada and Australia which may (again, in theory) unilaterally amend agreements as deemed appropriate, the CHSE operates according to a legally binding intercantonal agreement the *Accord intercantonal sur le domaine suisse des haute*

[105] As mentioned earlier in chapter 5, while Canada does administer "federal" universities in the form of its military colleges, they, unlike in the Swiss example, are chartered under provincial laws.

écoles, and the *Loi fédérale sur l'encouragement des hautes écoles et la coordination dans le domaine suisse des hautes écoles* (LEHE).

Switzerland was thus also found to simultaneously combine elements of "centralization" and "decentralization" in a way that creates differentiated policy areas on a regional basis. The degree of universalism in the policy area is a function of the policy in question, thus, elementary and high school education remains strictly territorialized in Switzerland, with, for instance, linguistic rights in education strictly tied to the official language of the canton in question. By contrast, there is a greater degree of universalism in the higher education sector, partly due to a recognition of the broader aims served by higher education. Importantly, however, the appropriate scale is determined through shared-rule means. The various governments of Switzerland have decided these policy arrangements appropriately balance both policy and political objectives, and governments have thus legally committed themselves to these arrangements.

In Austria as well, legally binding agreements between governments were also found to be an important means of coordination between governments. The organization of the higher education sector in Austria was nevertheless found to differ in important ways from Switzerland, with the *Bund* government playing a much more dominant role in the coordination of the sector. Indeed, *intra*-rather than *inter*governmental means were found to be more prominent in this sector in Austria. While the *Länder* have more direct oversight over technical and vocational schools, higher education remains an almost exclusively *Bund* responsibility. The latter is thus another example where the Social Partnership model becomes an important consideration. While different in structure than in Switzerland, the model nevertheless does combine elements of subsidiarity with the varying considerations at work in the social partnership, determining an almost exclusive *Bund* oversight of the sector most appropriate.

As such, tuition fees for universities are uniform across Austria, and were found to be the most uniform among the countries studied. This universalist outcome was achieved in a considerably different manner than in Australia, however. While the Australian government achieved this arrangement through a contentious intergovernmental negotiation process that spanned several decades, the Austrian states' ability to designate representatives to the *Bundesrat*, the upper house, may contribute to policy legitimacy by providing the *Länder* with indirect oversight of the sector.

Finally, while more work is certainly necessary to explore all these dynamics still, the evidence studied here has suggested there is some validity to the intuitions and predictions suggested by framework developed in this dissertation. While it has already been contrasted with the configuration framework (Greer, Béland, Lecours, Dubin 2023), and the independent effects framework (Gibson ed. 2004), when contrasted with other frameworks, like the De/centralization framework developed by Dardanelli et al. (2019), there appears to be some value added as well.

The De/centralization approach attempts to identify long-term changes in the federal dynamics of LDFs by focusing on shifts in the centralization or decentralization in the legislative and administrative levers of LDFs across twenty-two policy sectors (Dardanelli, Kincaid, Fenna, Kaiser, Lecours, Singh, Mueller, Vogel 2019). Indeed, there is some general overlap with some of the findings presented here, which are corroborated by certain findings in the de/centralization framework, primarily regarding the overall direction of the federations:[106] centralization for Australia, slight decentralization for Canada, and something in the middle for Switzerland. What the approach developed here additionally specifies, however, is an additional axis focused on self-rule and shared-rule in shaping policies, with the aim of contextualizing the relations between

[106] Austria wasn't studied as part of their project.

governments in the federation, in addition to identifying how policies interact and cohere with each other. This differs from the De/centralization framework, which instead measures shifts in the location of legislative and administrative authority rather than the overall coherence of policies across jurisdictions. As mentioned as well, this dissertation has found that "centralization" and "decentralization" can be misleading criteria for the comparative study of LDFs, as policies within individual sectors can be simultaneously centralized and decentralized. The distinction between self-rule and shared-rule thus helps further specify the means of coordinating the depth and scope of policies, with the framework developed here preferring instead to rely on the distinction between policy universalism and policy territorialism.

Likewise, the approach developed in this dissertation is much more sensitive to the role of (in)equality and political in/exclusion in shaping the dynamics of intergovernmental coordination, and has attempted, through the course of this dissertation, to tease out how these elements can shape policy across LDFs. Thus, this dissertation has focused more specifically on the organization of individual policy sectors, with an aim toward understanding how policies are organized and coordinated across jurisdictions. Likewise, while legislative institutions are considered vital on this approach, they are additionally considered so in terms of their representative characteristics.

In contrast then to approaches that focus on the presence or absence of key variables in shaping dynamics and outcomes, the approach developed here focuses instead on the relative balance and relation between these variables in shaping dynamics and outcomes. Thus, the federal equity bargain broadly aims to capture the configuration of representational and political (in)equality in the federation by focusing on how the trade-off between the equality of individuals, and the equality of regions, is institutionalized in the central legislature of federations. This dissertation has found that there are strong grounds for believing there may be an important link between these configurations and the patterns and dynamics of intergovernmental coordination among LDFs. In the following section then, more attention will be paid to the theoretical aspects and implications of the approach developed here.

7.2 Some potential theoretical implications resulting from the empirical findings

The core normative and regulatory ideal shaping this study has been the concept of egalitarian federalism. This concept was defined earlier in chapter 1 but is reproduced here for reference: egalitarian federalism is a variety of federalism where: 1) every individual has access to the same share of legislative political representation, unconditioned by region of residence; 2) every individual has equal access to high quality public programs and services across the federation, unconditioned by their regional residency status; 3) every region has an equal political status and share of representation at the legislative centre; 4) every region has the political autonomy and capacity necessary to be able to pursue meaningfully different policies in matters of substantive interest; 5) the central government endeavours to ensure the integrity of these conditions through policies which aim to recalibrate any imbalances that may emerge. Finally, egalitarian federalism also adapts to changing circumstances by continually encouraging the brokering of new political coalitions committed to the maintenance and improvement of egalitarian federal conditions.

In this respect *none* of the LDFs studied in this dissertation conform to the concept of egalitarian federalism here defined. Indeed, regarding condition number 1), each LDF exhibited strong discrepancies in per capita seat allocation among regions. For number 2) policies, programs, and services across many sectors remained broadly contingent on a combination of actual residency or regional residency status. For number 3) in none of the LDFs observed do the federated regions have an equal political status: there is either a distinction between states/provinces and territories, the latter of which enjoy less firmly entrenched constitutional rights, or between cantons and half-cantons. Even among regions sharing the same formal status, a status hierarchy and order of precedence exist, usually prioritizing the accession date of the region and its population rank at the time of accession.[107] Finally, not all federal countries grant their regions an equal number of seats in the upper house of the central legislature. Concerning number 4) regions differ considerably in their capacity to undertake policies, with cultural, economic, and policy capacities and endowments unevenly distributed across regions, thus making the protection of substantive matters more, or less, politically fraught. Finally, for number 5) in almost all the instances observed, the central governments of federations do not necessarily aim to equalize conditions or correct differing endowments between regions. Central governments frequently pursue their own policy objectives that can even exacerbate regional differences.

Despite these considerations, it may still be possible to determine which of the LDFs studied in this dissertation best approximates the conditions of egalitarian federalism on a reading of the policy area-specific case studies. Table 7.6 below thus summarizes some of the broad features observed in each of the LDF models studied, as they pertain to the definition of egalitarian federation set out above. The assessment is based on a broad composite of the sectors studied in this dissertation and uses a simplified scale ranging from low (difficult to observe) medium (inconsistently observed) to high (generally discernable), scoring each on a score out of 3, with

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[107] See, for example, the Table of Precedence for Canada: https://www.canada.ca/en/canadian-heritage/services/protocol-guidelines-special-event/Table-precedence-canada.html (accessed July 31, 2025) and *the order of precedence for flags—Quick Reference* Department of Canadian Heritage. For Australia see the Australian Flags Booklet—Order of precedence: https://www.pmc.gov.au/resources/australian-flags-booklet/part-2-protocols-appropriate-use-and-flying-flag/order-precedence (accessed July 31, 2025).

half points accorded to in between assessments. The purpose here is simply to get a quick sense of which model may tick most of the criteria set out above, and thus ultimately remains impressionistic, but potentially useful as an ideal type.

Table 7.6: Degree of egalitarian federalism in Australia, Austria, Canada, Switzerland

	Australia	*Austria*	*Canada*	*Switzerland*
Individual representational equality	Medium	High	Medium-Low	Medium-High
Rights transportability	Medium-High	High	Medium	Medium
Regional equality	Medium	Medium	Low	Medium
Regional capacities & Diversity	Medium-High	Low	High	Medium-High
Central gov commitment to equality (Combined Regional & Individual)	Medium	Low	Medium	Medium
Total (out of 15)	11	10	9.5	11
LDF model	Policy Universalism + Self-Rule	Policy Universalism + Shared-Rule	Policy Territorialism + Self-Rule	Policy Territorialism + Shared-Rule

There will no doubt be plenty to quibble about in this assessment. For instance, isn't Austria a model consensus democracy with a generous and comprehensive welfare state (Lijphart 2012)? Likewise, aren't majoritarian democracies like Australia generally less egalitarian than their more "coordinated" counterparts (see, for example, Hall & Soskice Ed. 2001)? Finally, doesn't federalism undermine any kind of egalitarian elements associated with the welfare state?

Indeed, the question of the relationship between federalism and the welfare state has been frequently posed (Banting 1987; Gibson ed. 2004; Obinger, Leibfried & Castles ed. 2005; Béland & Lecours 2008; Banting & Myles ed. 2014; Goodyear-Grant, Johnston, Kymlicka, Myles ed. 2019; Greer & Elliott ed. 2019; Greer, Béland, Lecours, Dubin 2023). The assessment in this regard has been mixed. Almost all the studies on the topic rely on OECD data, which shows there is not an absolute difference between OECD federations and unitary states in matters of welfare state spending (Obinger, Leibfried & Castles ed. 2005; Greer & Elliott ed. 2019; Greer, Béland, Lecours, Dubin 2023). At the same time, a general trend toward neoliberalism has put pressure on welfare states everywhere, with federal welfare statues particularly vulnerable to undermining political coalitions favourable toward social solidarity due to the fragmented nature of federations (Banting & Myles ed. 2014; Goodyear-Grant, Johnston, Kymlicka, Myles ed. 2019). Federalism thus doesn't necessarily hamper the development of the welfare state on this view, but the politics of social solidarity requires additional considerations in federal countries.

At the same time, Stepan (2004b), following Immergut (1992) Tsebelis (2002), and Huber and Stephens (2001), focus on the role of "electorally generated veto players" in constraining the development of popular policies favoured by majorities. To this end, Stepan finds that the more "electorally generated veto players" there are—four to his count: unicameralism, bicameralism, federalism, and presidentialism—the more likely it is to have "inequality inducing" social welfare effects, according to Stepan (Stepan 2004b, 354–355). While Stepan finds that federalism by itself doesn't lead to an increase in negative social outcomes, federal countries with a high number of veto players, like the United States, which counts four electorally generated veto points on Stepan's view, have more unequal outcomes. Stepan adds Australia and Switzerland to this list as well (Stepan 2004b, 340–341).

From the perspective of egalitarian federalism, there are a couple of issues. First, the welfare state in federations can't just be assessed in terms of absolute spending amounts or outcomes alone. While improving on poor social outcomes is certainly welcome wherever this takes place, an important element in assessing the overall quality of federal welfare states are less quantifiable questions related to policy coordination and how welfare policies align across regions. Indeed, the way policies align across regions has important implications for how the welfare state is experienced and accessed by individuals across the federation. Coordination of this kind is thus not in itself a fiscal question, but one related to politics and policy design. In an ideal type of egalitarian federation then, there would be organic[108] access to policies across the federation, regardless of region or regional residency status. Thus, according to the definition of egalitarian federalism developed here, how policies and programs align with each other across regions, and not just absolute spending, are equally important considerations. These elements roughly correspond to conditions 1) and 2) indicated in the definition above.

While such considerations are important, they are not the only considerations from the perspective of egalitarian federalism. Equally important are conditions 3) and 4); that every region has an equal political status and share of representation at the legislative centre; and that every region has the political autonomy and capacity necessary to be able to pursue meaningfully different policies in matters of substantive interest. In this respect, Stepan's focus on federalism as a veto point is curious from the standpoint of egalitarian federalism, given that the equality of all regions and the autonomy and capacity to develop distinct policies, particularly in matters of substantive interest, are vital to the development of egalitarian federalism. In this respect, Stepan

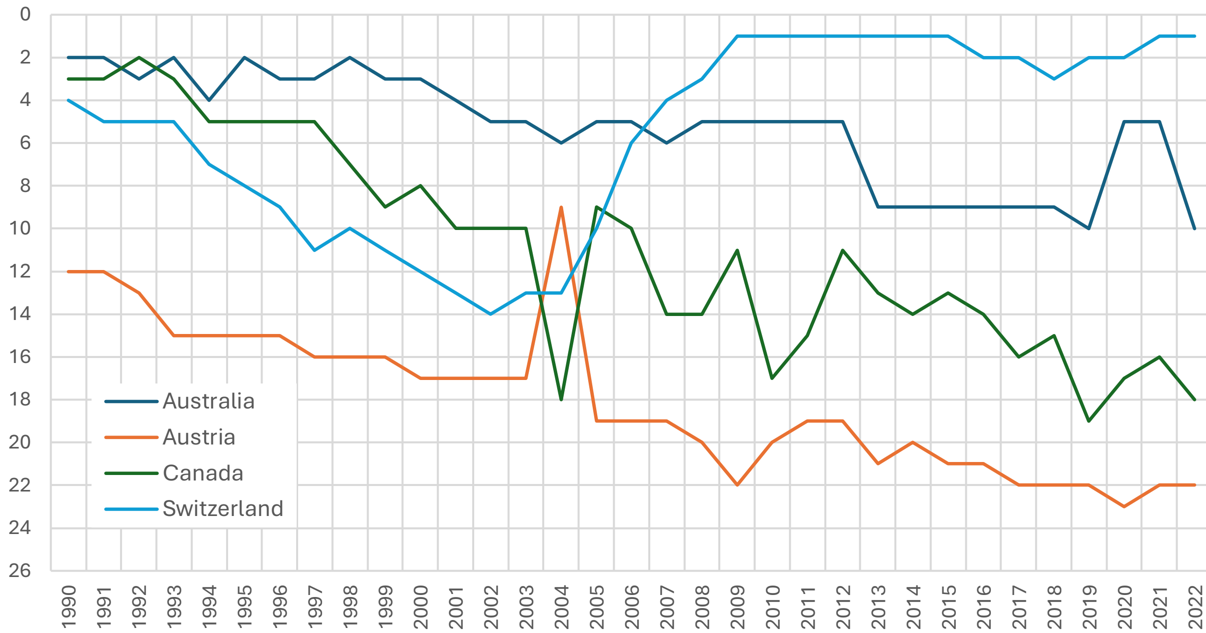
[108] The sense in which organic is used here roughly resembles Émile Durkheim's use, as developed in his work *The Division of Labour in Society* (2014). According to Durkheim, interdependence among individuals under conditions of modernity creates a sense of solidarity rooted in mutual interest. Durkheim calls the latter organic solidarity, which he contrasts to mechanical solidarity, which is a variety of social solidarity rooted in local considerations.

is particularly critical of Australia and Switzerland—the two LDFs, which most closely approximate the conditions of egalitarian as outlined in Table 7.5—due to their perceived "inequality inducing" characteristics owing to their higher number of "electorally generated veto players" (Stepan 2004b, 340–341).

Indeed, what stands out in Stepan's assessment is thus that Australia and Switzerland consistently rank at the top of the UN's Human Development Index (HDI) rankings. While the Human Development index is undoubtedly an imperfect indicator, and is not without criticism, it nevertheless allows for comparison between similar classes of countries based on metrics that are of great concern to modern liberal democracies: life expectancy at birth, expected years of schooling and mean years of schooling, and gross national income per capita (UNDP 2025). In other words, it provides a more, or less, satisfactory, general, comparative snapshot of the quality of life in a particular country. Figure 7.2 below shows the long-term ranking trajectory, since the index's inception in the early 1990s, of the four LDFs studied in this dissertation.

In contrast to Stepan's assessment then and overlapping with the findings on proximity to egalitarian federalism in Table 7.6 above, Switzerland and Australia appear the strongest performers over the long-term in this ranking, while Canada and Austria are the relative laggards of the four. Indeed, in Stepan's assessment from some twenty years earlier, his stated preference was for federations with a lower number of veto points, as a lower number of veto points is what, according to Stepan, would prevent smaller groups from blocking comprehensive welfare reforms (Stepan 2004b, 323–324). Again, curiously, however, Stepan indicated Canada has had fewer veto points than Australia and Switzerland (Stepan 2004b, 332). Yet, as we saw in chapter 6, Canada has been less successful in fully undertaking large-scale reform as Australia, and this is also the case in matters like metrication, briefly mentioned above.

Figure 7.2: UN HDI ranking trajectory: Australia, Austria, Canada, Switzerland 1990–2022



Source: Rankings based on United Nations Development Program, Human Development Reports Datacentre https://hdr.undp.org/data-center/documentation-and-downloads. UNDP has periodically revised HDI numbers over time, and present-day calculations may not be identical to initial calculations in 1990.

Agreeing with Greer et al., who come to a similar conclusion then (Greer, Béland, Lecours, Dubin 2023, 6), Stepan tends to overstate the effect of veto points. Indeed, veto points can be variously overcome via politics and may present varying degrees of constraint within an institutional configuration, as shown in Figure 1.2 earlier, or can even be structured as a "beneficial constraint" (Streeck 1997). From the perspective of egalitarian federalism then, what is crucial is not whether different regional actors have vetoes or not—indeed in an egalitarian federation regions should have recourse to a veto in matters of substantive importance—but rather it's how these various veto points are organized in relation to each other. To this end, what the federal equity bargain suggests is that there are more, or less equal, ways in which to organize veto points.

A more important consideration from the perspective of egalitarian federalism is thus the configuration of political in/exclusion and political (in)equality. How to measure these elements was outlined earlier in chapter 3, which aimed to show that LDFs can vary considerably in terms of the effective number of regions represented and the degree of malapportionment in the number of constituencies per capita in each region. Indeed, it was one of the principal assumptions of the framework developed in this dissertation that the general organization of this kind of political (in)equality corresponds with certain broad patterns and dynamics of intergovernmental coordination in LDFs. Likewise, egalitarian federalism also recognizes there is a fundamental tension in LDFs between the equality of individuals, on the one hand, and the equality of regions, on the other.

Based on these basic assumptions, this dissertation also created a conceptual framework to help classify and analyze broadly different configurations of the federal equity bargain. Thus, it was constructed such that there were four broad federal equity bargain configurations corresponding to four broad varieties of intergovernmental coordination dynamics. The mechanics of these configurations were outlined and described in chapter 1, but will be quickly reiterated here for reference: relatively equal regional representation and relatively equal apportionment were anticipated to correspond with policy universalism and shared-rule; relatively equal regional representation and relatively unequal apportionment were anticipated to correspond with policy universalism and self-rule; relatively unequal regional representation and relatively equal apportionment were anticipated to correspond with policy territorialism and shared-rule; and finally, relatively unequal regional representation and relatively unequal apportionment were anticipated to correspond with policy territorialism and self-rule.

The preceding section of this conclusion considered whether cases observed roughly conformed to the assumptions of the framework, and this was determined to generally be the case. This section, by contrast, considers which of the observed varieties most closely resembles egalitarian federalism. To this end, considering the discussion undertaken in this section, in addition to the evidence presented, Australia and Switzerland were considered to most closely approximate the ideals of egalitarian federalism.

Indeed, this assessment is not based solely in consideration of spending indicators but also because egalitarian federalism acknowledges that there are roughly two contradictory logics at work in any federation: the equality of individuals and equality of regions. The Australian and Swiss models, by combining seemingly opposing principles (policy universalism and self-rule, as well as policy territorialism and shared-rule), create a balance of inclusion and exclusion in politics. This approach aligns more closely with how these tensions are rooted in LDFs.

By contrast, Austria and Canada tend too much to one or the other direction. Thus Austria, with its social partnership, tends too much toward a kind of paternalistic inclusion, while Canada, by contrast, with its acute regionalism and self-rule, tends toward too much exclusion. In this way, if Canada suffers from an overabundance of political dissent and competition between governments, Austria's problem is the opposite, in that the policy universalism/shared-rule model suffers from a deficit of political dissent and competition between governments. The continued importance of Austria's social partnership, which concentrates political and policy authority in the central government, and the weakness of the *Ländhaupkonferenz* (conference of *Land* governors) in challenging the demands of Austria's social partnership model effectively mean the institutions of the central government are key in coordinating policy adjustments.

In practice, the Austrian model of intergovernmental coordination thus comes to be organized on a very conservative basis that relies on hierarchical forms of sectoral leadership, either peak business groups, on the one hand, or amalgamated labour unions, on the other, each committed to a social contract that maintains relative social stability at the expense of greater political dissensus or policy innovation (Pelinka 1987). Indeed, it is not clear that the social partnership model that exists in Austria could operate in as hierarchal a manner as it does outside a policy universalism + shared-rule model of liberal democratic federalism, as each of the other models explored in this dissertation encourages greater levels of political conflict between governments.

By contrast, policy territorialism + shared-rule and policy universalism + self-rule models fare slightly better under this exercise, as they do a better job of harnessing contradictory tendencies in their models. In this sense, these models can be thought of as having built in countervailing tendencies, in contrast to the Canadian and Austrian models, which have fewer counterbalances, thus tending more so to reinforce the dominant tendencies of the prevailing federal equity bargain. By contrast, in the countervailing models, the potential excesses of one or the other tendency are kept in check. Here, Australia's policy universalism has been developed primarily through political means, rather than through the much more extensive legal and constitutional means featured in Austria. Thus, this has permitted Australia's policy universalism greater flexibility than its Austrian counterpart. Likewise, in Switzerland, the relatively much more equal distribution of electoral districts means that, when contrasted with Canada, territorial rivalry has a slightly more moderated character, as Switzerland's many regional and social cleavages receive far greater formal political expression in the central legislature than is the case in Canada via increased proportionality, greater partisan choice, and frequent recourse to referendums.

Isn't there a paradox, however, in that Austria, the LDF, with both the most effective regions and the most equal apportionment of seats between regions, is judged not to most closely approximate the conditions of egalitarian federalism? Indeed, Austrian equality is not organized in a way that prioritizes egalitarian federalism, so much as it seeks to emphasize social and political accord. Austria's federal equity bargain, initially shaped during the 1920s as a compromise between social democrats, who favoured a more unitary state, and conservatives, who favoured a more localist federalism, which was seen as a check on central authority (Lauber ed. 1996, 237). After the war, the Allies sought to maintain conditions that would allow for the economic development of Austria, albeit in a way that would moderate social and class conflict via the politics of social partnership, reinforced by a commitment to a high degree of formal equality among the *Länder* (Lauber ed. 1996; Rathkolb 2020).

Thus, it should be reiterated that, in practice, none of the LDFs studied here conform to the conditions of egalitarian federalism set out above, and all of them remain at a considerable distance from meeting these conditions, as indicated in Table 7.5. What the conceptual framework developed in this dissertation nevertheless helps to show and bring into better focus, in contrast to other frameworks in the field of the comparative politics of federalism, is how political (in)equality affects the dynamics of intergovernmental coordination in LDFs, while also showing that the relationship between political equality and inequality in LDFs should be in constructive tension. For LDFs to best approximate egalitarian federalism then, there must be sufficient equality that continues to encourage a sense of solidarity and fairness and that there is something at stake in policy decisions, but not so unequal that indifference becomes the norm.

7.3 Limitations of findings

These possible theoretical implications thus bring us to reflect on some of the limitations of these findings. Some of the major limitations of these findings result from the fact that many of the variables studied are mutually constitutive: it is not possible to separate, for instance, the configuration of representation from the configuration of jurisdictional allocation, or the linguistic composition of the country. In the end, no two countries are exactly alike in their institutional or demographic structure, thus limiting the kinds of findings comparative work may aspire to.

Thus, in this dissertation, one of the major assumptions has been that greater representational equality and more equal apportionment are important factors in the approximation of egalitarian federalism. Nevertheless, this assumption brackets the influence of the configuration of jurisdictional allocation of competencies. This is especially clear in the Austrian example, where a highly egalitarian configuration of representation can, at times, be counter-veiled by a more hierarchically structured constitutional configuration.

At the same time, however, the opposite phenomenon also occurs: when constitutional allocation of competencies closely approximates each other, the configuration of representation exhibits a clearer influence on the dynamics of intergovernmental coordination. This dynamic is more evident in countries with more similar constitutional design, like Australia and Canada. To this end the Australian and Canadian constitutions do not allocate responsibility for the higher education sector to the central government. If anything, it is in Canada where a more explicit constitutional role for the federal government is outlined, as Section 93(4)[109] permits central government remedial action if provincial governments do not respect the existing rights of denominational schools. Nevertheless, it is Australia where the central government has relied on the vertical fiscal imbalance, and on the provisions of Section 96,[110] which allow the central

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[109] The text of Section 93(4) of the *Constitution Act, 1867* reads: "In case any such Provincial Law as from Time to Time seems to the Governor General in Council requisite for the due Execution of the Provisions of this Section is not made, or in case any Decision of the Governor General in Council on any Appeal under this Section is not duly executed by the proper Provincial Authority in that Behalf, then and in every such Case, and as far only as the Circumstances of each Case require, the Parliament of Canada may make remedial Laws for the due Execution of the Provisions of this Section and of any Decision of the Governor General in Council under this Section."

[110] The text of Section 96 of the *Commonwealth of Australia Constitution Act* reads: During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, the Parliament may grant financial assistance to any state on such terms and conditions as the Parliament thinks fit.

government to provide financial aid to the states on terms the central government sees fit. A similar phenomenon also exists when looking at variables related to the presence of multilingualism or regionalism and nationalism, thus making comparison tricky.

This does not necessarily imply that the configuration of representation, or the jurisdictional allocation of competencies, or multilingualism and regionalism/nationalism do not ultimately influence the dynamics of intergovernmental coordination. Rather all these variables may be working concurrently, but their practical challenge in separating these variables makes identification of their specific influence on these dynamics a challenge.

Indeed, this problem is sometimes referred to in the literature on the philosophy and methodology of the social sciences as an interaction effect.[111] An interaction effect generally occurs when the effect of one causal variable may also depend on the status of an additional causal variable. In general, interaction effects can be mitigated by clarifying the role of any potentially confounding variables. Yet, in disciplines like political science, it can be close to impossible for political scientists to truly ever separate potentially confounding variables, as so many relevant factors in political science related to jurisdictional allocation, language, or other matters co-occur and are highly particular and embedded in specific country settings. It was partially for this reason that this dissertation adapted a version of configurational analysis (Greer, Béland, Lecours, Dubbin 2023), recognizing that variables are often irreducible components within a specific case.

From this perspective, therefore, it is not possible to show that any single variable shapes outcome in each of the countries under study. Rather, by observing these cases from the perspective of the configuration of representation, we can get a better sense of how different configurations of representation may interact with other variables, like jurisdictional allocation,

[111] See E. H. Simpson. 1951. "The Interpretation of Interaction in Contingency Tables" *Journal of the Royal Statistical Society: Series B (Methodological)*, 13 (2): 238–241 for a classic demonstration of this phenomenon.

multilingualism, and nationalism, thus allowing for placing these configurations along a spectrum of interaction, as this dissertation has sought to do. A different research design would, therefore, be necessary in order to determine, more specifically, the causal priority of any variable.

7.4 Pathways for future research

These limitations need not prevent further research from this perspective, however. To this end, the first and most immediate pathway for future research would be to create a longitudinal data set with the effective number of regions calculated for all liberal democratic federations over the post-war period. Scaling the data set developed for this dissertation would thus allow for getting a clearer sense of what kinds of interaction effects might be at work across differently structured federations. Indeed, this dissertation has focused on small and medium-sized parliamentary federations, but other varieties certainly exist; the large presidential federations of the Americas (United States, Brazil, Mexico, Argentina); devolved and federalizing states in Europe (United Kingdom, Italy, Spain, the Netherlands) and federalism in developing nations (India, Pakistan, Nigeria, Ethiopia, and Malaysia) all present interesting possibilities for the application of the framework and study of egalitarian federalism developed in this dissertation.

In addition to scaling the data set, other possible avenues for future research include applying the framework to other sector-specific cases and jurisdictional combinations. Thus, the framework may be applied to analyze intergovernmental coordination in linguistic rights in federations like Belgium, Canada, and Switzerland; or to cases like Italy, the Netherlands, Spain, and the United Kingdom in hopes of identifying additional insights into regionalist and minority nationalist politics in devolved unitary states. Additional examples of possible comparisons could include African federations like Nigeria and Ethiopia in order to improve our understanding of different varieties of ethno-religious pluralist accommodation and their effects in federal settings; or, even to defunct federations like the Yugoslav SFR and the USSR in order to understand if the configuration of representation may have an effect on state stability.

Thus, for these latter examples, we may be potentially guided by questions like, "What configuration of regional representation tends to be associated with minority nationalism?"; "What configuration of regional representation tends to be associated with federal dissolution?"; "what configuration of representation tends to be associated with a breakdown in ethno-pluralist accommodation"? In this respect, one of the advantages of the framework developed in this dissertation is also its potential for wide applicability around a clear variable: the effective number of regions represented in the central legislature. Indeed, the examples mentioned do not exhaust the potential application of the framework. These comparisons may also help improve our understanding of egalitarian federalism and the different conditions under which it may be advanced or constrained, in addition to further testing and refining our understanding of the role of high/low-cost regional governing coalition mechanism in the shaping of policy outcomes.

7.5 Concluding reflections

In closing then, what are some of the key takeaways from this dissertation? By exploring the relationship between the federal equity bargain (i.e., the configuration of the institutionalized political coalition that is at the foundation of the reproduction of the federal state) and varieties of intergovernmental coordination in LDFs, we gain insights into some of the reasons behind the distinctive variations in federal dynamics between federal countries. We also gain insight into the role that (un)equal representation may be playing in shaping these dynamics. In what follows, three broad takeaways are thus presented from this analysis.

A. *The trade-off between the equality of individuals and the equality of regions is the core tension at the heart of liberal democratic federalism.*

LDFs are shaped by powerful tensions between the equality of individuals, on the one hand, and the equality of regions on the other. To recall a theme taken up at the outset of this dissertation, the question at the heart of liberal democratic federalism is whether, to quote Keith Banting, "a sick baby should be entitled to public healthcare on the same terms and conditions wherever he or she lives in the country. . .[or]. . .that the public health benefits to which a sick baby is entitled also depend significantly on the region in which he or she resides" (Banting 2006, 47). To this end, one of the most distinctive contributions of this dissertation has been to demonstrate the different ways in which this tension is organized and coordinated across LDFs.

This dissertation has sought to show that while there may be many potentially constructive ways in which to resolve this tension, there are also some ways which may be less suited to doing justice to that tension. When the trade-off between regional equality or individual equality tends too much in either direction, the liberal democratic and federal balance is threatened. In this respect, the central legislature of LDFs is understood as crucial site of adjustment for addressing the tensions between both policy universalism and policy territorialism, on the one hand, and self-rule and shared-rule, on the other. When legislatures become too lopsided, by either being too malapportioned, or concentrating too many legislative seats in too few regions, the ability of the central legislature to serve as an institution capable of mediating the political tensions that affect all citizens is jeopardized. Concurring with Jörg Broschek then, when the central legislature is structured in a way to make difficult the expression of centre-periphery conflicts, alternative, more volatile forums become sites for adjustment (Broschek 2020).

B. A higher number of effectively represented regions and equally apportioned electoral districts across regions are a necessary but not entirely sufficient precondition for egalitarian federalism.

To this end, this dissertation modified the "Effective Number of Parties" index (Laakso & Taagepera 1979) to examine the number of effective regions represented in the central legislatures of LDFs. This metric allowed for systematic cross-national and longitudinal comparison of the configuration of representation across four LDFs. In so doing, this dissertation showed that LDFs vary considerably, not just in terms of the number of effective regions represented in their central legislatures, but also in their respective seat apportionment criteria.

In practice, these constitutionally entrenched apportionment rules often create significant internal variations in the number of seats allocated to individual regions, and, as a result, this can also create significant distortions in either the absolute or relative (i.e., per capita) share of seats in the central legislature. To this end, this dissertation has shown that there are strong reasons to believe there may be an association with how (un)equally representation is configured in LDFs, and the general political architecture of intergovernmental coordination in the federation. More specifically, this dissertation found there may be a relationship between more equally configured legislative representation and more egalitarian varieties of intergovernmental coordination in LDFs.

While the evidence presented in this dissertation suggests that a more equal configuration of representation is a necessary condition for the development of more egalitarian varieties of federalism, these criteria alone may not be sufficient. This dissertation has also found that there are limits to the influence that egalitarian representation may have on intergovernmental coordination in LDFs, as under certain circumstances an egalitarian structuring of jurisdictional competencies can also have an important effect on the development of egalitarian federalism. Thus, the question for egalitarian federalism here might not be: which level of government has jurisdiction? But rather, how are jurisdictional competencies structured, and under what circumstances might the configuration of representation play a role in shifting responsibility for a particular sector from one government to another?

C. *Egalitarian federalism remains an ideal type, unachieved in practice, yet some federations may nevertheless better approximate it than others.*

In practice, egalitarian federalism will never be able to resolve the tensions at its core: the trade-off between individual equality and regional equality. What this dissertation has nevertheless sought to show, however, is some federations may have developed more constructive ways of dealing with these dynamics than others. For instance, while in Canada tuition fees vary significantly across regional jurisdictions, this phenomenon is less pronounced in other peer federations. At the same time, this dissertation has also observed that achieving egalitarian federalism doesn't mean a choice between centralized or decentralized federalism; self-rule or shared rule: these elements are always present to varying degrees in all federations. Rather, this dissertation has noted the importance of being sensitive to the configuration of representation in the central legislature of LDFs in structuring the politics of egalitarian federalism. In terms of jurisdictional allocation then, both "centralized" and "decentralized" federations exhibited instances of more, or less, egalitarian federalism.

In the final analysis, then, the true measure of an egalitarian federation may be the ability of its citizens to create new cross-national, cross-regional, cross-cultural and cross-social political coalitions, which, while sensitive to the tensions inherent in egalitarian federalism, nevertheless understand the importance of furthering egalitarian federalism. As LDFs thus continue to adapt to the evolving and increasingly challenging political and economic conditions of the 21st century, the limits of LDFs will undoubtedly be tested. What this dissertation has therefore sought to understand is the role the federal equity bargain might play in structuring various political and policy constraints within LDFs. It has also explored how it creates opportunities for new political coalitions in defence of the further maintenance and development of egalitarian federalism. LDFs may thus always have to periodically revisit and intelligently address the tension between regional and individual equality at the heart of such countries. In the event of failing to do so, nothing less than the continued viability of the liberal, democratic, and federal character of such countries may be at stake.

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APPENDIX A:
Determining the effective number of regions

To determine the effective number of regions for each of Australia, Austria, Canada, and Switzerland over the course of nine decades from 1945 onward, representative years were chosen to stand in for the decade. There are a number of reasons for having chosen this approach. First, seat reallocation among regions does not take place every election. Indeed, the distribution of seats in the central legislature often remains unchanged for multiple election cycles. While seat apportionment can remain the same for multiple electoral cycles, some countries may nevertheless change seat allocation more often than others over time, thus ensuring an unequal number of data points between countries. To keep measurements relatively standardized, therefore, I have chosen to index results on the basis paradigmatic periods of seat reallocation, or according to critical elections. It is undoubtable that a different configuration of elections chosen may yield marginally different results, but not sufficiently so that the core the of this dissertation would be altered. Table A1 below tabulates the specific election years chosen for each decade, and the corresponding rationale, and the effective number of regions is calculated based on the seat apportionment at the time of the event described.

Table A1: Years chosen for calculating the effective number of regions

Country	*Decade*	*Year Selected*	*Reason*
Australia	1940s	1949	First big Menzies majority.
Australia	1950s	1958	Largest Menzies victory in the House of Representatives.
Australia	1960s	1969	Diminished position for the Coalition. First election with Gough Whitlam as Labor leader
Australia	1970s	1975	First Fraser government. Post Whitlam crisis.
Australia	1980s	1984	Hawke government after seat reapportionment
Australia	1990s	1996	First Howard government after Hawke/Keating reforms
Australia	2000s	2010	Gillard elected as first female PM in Australia
Australia	2010s	2019	Morrison Government, last election before COVID-19
Australia	2020s	2022	First Albanese government, transition to the post-COVID era.
Austria	1940s	1945	First post-war election; under allied tutelage.
Austria	1950s	1953	Last election under allied stewardship.

Austria	1960s	1962	First post Raab election victory and continued chancellorship for ÖVP.
Austria	1970s	1975	2nd of 3 consecutive SPÖ majorities under Kreisky. Second under expanded *Nationalrat*.
Austria	1980s	1983	Last of the Kreisky era SPÖ victories (5th)
Austria	1990s	1994	Continued SPÖ minority victories alongside increasing prominence of Jörg Haider and the FPÖ
Austria	2000s	2002	First ÖVP plurality in the *Nationalrat* after over 30 years of SPÖ dominance. ÖVP chancellorship under Schüssel.
Austria	2010s	2017	First Kurz ÖVP chancellorship.
Austria	2020s	2024	Best FPÖ result, plurality in *Nationalrat*.
Canada	1940s	1949	Inclusion of Newfoundland
Canada	1950s	1958	Major Diefenbaker Majority
Canada	1960s	1968	First Trudeau Majority
Canada	1970s	1979	End of first Trudeau tenure, and 26 years of Liberal rule.

Canada	1980s	1988	Second Mulroney Majority, post Meech Lake constitutional reform discussions
Canada	1990s	1997	Second Chrétien majority continued fragmentation among opposition parties.
Canada	2000s	2008	Second Harper Minority Government & financial crisis/GG prorogation crisis.
Canada	2010s	2015	Justin Trudeau majority.
Canada	2020s	2025	First Post Justin Trudeau election
Switzerland	1940s	1947	First post-war federal election
Switzerland	1950s	1955	First post-war Social-Democratic (SP/PS) plurality in the National Council.
Switzerland	1960s	1963	Continued SP/PS plurality in the National Council. National Council expanded to the still current 200 seats.
Switzerland	1970s	1979	Inclusion of the canton of Jura
Switzerland	1980s	1987	Large drop-in support for SP/PS
Switzerland	1990s	1999	Last federal election before adoption of a new constitution.

Switzerland	2000s	2007	Continued rise in support for SVP/UDC, onset of 07–09 financial crisis.
Switzerland	2010s	2015	Strongest ever result for the SVP/UDC
Switzerland	2020s	2023	Most recent federal election in Switzerland continued SVP/UDC strength.

APPENDIX B:
Determining individual equality

The process for determining individual equality begins by identifying the population distribution for each of the years indexed. The overall population is divided by the overall number of seats across both the lower and upper houses. This is the national quotient for the number of electoral districts per capita. The same is then done for each of the regions and the number of electoral districts for each region.

Reconstructing and estimating population figures for specific years requires searching through the relevant national statistical agencies. The Australian Bureau of Statistics, Federal Statistical Office of Switzerland, Statistics Canada, and Statistik Asutria each maintain, and make accessible online, population estimates dating back to 1945 and prior.

Finding the exact number of seats per region is trickier, however. In many instances, a composite of the English, French and German Wikipedia proves a useful initial gateway, but is hardly sufficient and presents an incomplete picture without authoritative sources. Ultimately, finding the exact number of seats allocated is a matter of consulting national parliamentary publications and announcements in the national gazette. In some cases, like Austria, I have had to contact parliamentary officials to help point me in the right direction.

To this end, the Parliament of Australia has published a useful 150-page overview (Barber 2017) on federal election results from 1901 to 2016. The overview includes not only the partisan breakdown of election results but also includes the number of seats allocated on a regional basis as well. For election results after 2016, both the Parliament of Australia and the Australian electoral commission maintain results and regional seat allocation (Muller 2020; Sheppard 2024).

Austria similarly makes available an overview of each election; however, in some cases, I have relied on seat allocation announcements presented in the official gazette of the *Bundesgetzblatt für die Republik Österreich*. For the 1945, 1953, 1962, 1975, 1983, 1994, and 2002 elections, I have relied on information made available by the then named Austrian Central Statistical Office, or the *Österreichisches Statistisches Zentralamt*. These documents have been digitized and made available for download via Statistik Austria. For more recent elections, like the 2017 and 2024 elections, the *Bundesministerium Für Inneres* maintains results and regional seat allocation.

In Canada, for election results from 1997 onwards, Elections Canada maintains official reports with an overview of results on a party and regional basis online.[112] For election results between 1945 and 1993 (and for all election results thereafter as well), the Library of Parliament also maintains a database of results on a party and regional basis, with the regional allocation of seats indicated as well.

Finally, the Swiss Federal Bureau of Statistics has compiled a spreadsheet with indicates the regional seat allocation and party results for each federal election from 1919 to 2015. For subsequent elections, the Federal Bureau of Statistics makes available an extensive and accessible overview online in German, French, and Italian[113], with a publication of a full analysis of the electoral results due to be published in October 2025.

[112] As of February 2025, the reports are available here:
(https://www.elections.ca/content.aspx?section=res&dir=rep/off&document=index&lang=e)
[113] As of Februrary 2025, it is available here, in French:
(https://www.bfs.admin.ch/bfs/fr/home/statistiques/politique/elections/elections-federales/2023.html)