The Political Economy of Federalism
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At least since Montesquieu, theorists of federalism have viewed it as a solution to a basic challenge—how to extend effective government beyond the confines of the city-state. For Rousseau, good government was not possible in countries with large populations or vast territories without some form of federalism. James Madison saw federalism as a way to provide collective goods covering a large territory without sacrificing local accountability. More recently, where political scientists see a path to peace and democracy in divided societies, welfare economists see a way to enhance the efficiency and accountability of government, and public choice theorists see a way of protecting liberty and curbing government's natural tendency toward excess.

Until recently, the analytical political economy literature on federalism was overwhelmingly normative and paid little attention to political and institutional details. The purpose of this essay is to review a positive political economy literature that has gained strength in the 1990s, partially in response to a disjuncture between classic normative theories and the practice of federalism around the world. The normative tradition made blunt assumptions about the malevolence or benevolence of public officials and attempted to design optimal federations, drawing on the notion that federalism implies a rigid and clean separation of the spheres of sovereignty allocated to central and lower-level governments. This approach led to the establishment of some useful normative

benchmarks, but was not well suited as the foundation for empirical work. The new political economy literature draws more directly on political science by assuming that public officials are motivated by electoral goals. As a result, it places much greater emphasis on political incentive structures like parties, legislative organization, and electoral rules. Thus the new literature leads to more refined empirical predictions in which the effects of federalism—for instance upon fiscal behavior, accountability, or economic growth—are contingent upon other political, institutional, or demographic factors. Moreover, the prevailing view of federalism as a clean division of sovereignty between higher and lower-level governments is giving way to a notion that authority over taxation, expenditures, borrowing, and policy decisions is inherently murky, contested, and frequently renegotiated between governments, with federal constitutions analogized to the "incomplete contracts" of industrial organization theory.

The first section of the essay introduces the prevailing approaches to the study of federalism, emphasizing their classical normative roots. The second section reviews the influential normative approaches in economics in the 1970s and 80s and some of the empirical literatures they spawned. The third section reviews the newer positive political economy literature and the resulting empirical work as compliments rather than substitutes for the normative approach, highlighting potential contributions to crucial questions of institutional design—fiscal discipline, accountability, macroeconomic and political stability—in contexts as diverse as the European Union, Brazil, and Iraq. Yet since it has largely ignored the endogeneity of institutions, the fourth section counsels caution in

drawing policy implications from the new literature as it stands, and goes on to preview a nascent literature that attempts to explain cross-national variations in forms of federalism as well as diachronic evolution within countries.

I. The classical normative roots of the modern political economy literature

Ideas celebrated by Montesquieu and Rousseau echo in the works of modern political theorists and economists: citizens are more likely to get what they want from government if it encompasses a small, relatively homogeneous area rather than a vast territory. Yet small units are vulnerable to attack, and large jurisdictions can, if properly structured, avoid internal warfare and pool resources to repel attacks by outsiders. Alexander Hamilton emphasized some additional advantages of large size—above all free trade—and modern public economics has added a few more—including advantages in tax collection, inter-regional risk sharing, common currencies, and scale economies in the production of public goods.

The goal of federalism—to achieve simultaneously the advantages of small and large governmental units—boils down to a vexing dilemma of institutional design. While Alexander Hamilton ruminated that a fragmented federation cannot provide collective goods or fight effectively against centralized despots, Thomas Jefferson feared a center that would accumulate too much power and run roughshod over the rights of the constituent units. Herein lies the central tension of much scholarship on federalism among political scientists since

The Federalist: federations have a natural tendency either to become too centralized—perhaps even despotic—or so decentralized and weak that they devolve into internal war or fall prey to external enemies. Thus the task facing institutional designers is the creation of a central government that is simultaneously strong and limited: strong enough to achieve the desired collective goods, but weak enough to preserve a robust sense of local autonomy. This was the central project in William Riker's classic work on federalism and the political science literature that followed. It is also the central challenge of institutional design in federations ranging from the European Union to Brazil and India.

Political scientists take federalism as a necessity in large, diverse societies, and have been preoccupied with finding the right balance between centripetal and centrifugal forces, searching for institutional, cultural, and political circumstances that allow for stable federalism and the avoidance of oppression or war in diverse societies (e.g. Bednar 2001, de Figueredo and Weingast 2004). Recently, Russia's precarious balance between despotism and dismemberment has taken center stage (Treisman 1999, Filippov, Ordeshook and Shvetsova 2004). Yet many of the world's federations are plagued neither with centralized dictatorship nor armed insurrection, but rather with bad policies, poor fiscal management, and in some cases persistent economic crisis. Policy-makers in Brazil and Argentina, for example, are less concerned with interstate military conflict than with inter-provincial trade wars and distributive battles over revenues and debt burdens. Yet economists, in the pursuit of theoretical rigor and

parsimony, have assumed away problems of politics, incentives, and stability, and have focused instead on the rather abstract efficiency and accountability advantages noted by the classic philosophers. This division of labor has, until recently, allowed some very important questions to fall between the cracks separating the disciplines.

II. The normative approach in economics: Benevolent despots and Leviathans

Let us examine more closely the influential first generation of normative economic theories that generated such optimism about decentralization and federalism in the 1970s and 80s. Some of the most basic insights of public finance theory suggest that federalism should have beneficial, even if unintended consequences for efficiency, accountability, and governance. Above all, decentralized federalism is thought to align the incentives of political officials with citizen welfare by improving information and increasing competition. First, the most basic observation is that in any political entity larger than a city-state, local governments will have better information than distant central governments about local conditions and preferences. The welfare economics literature takes its name from Wallace Oates' 1972 book, *Fiscal Federalism*.[1] It assumes that political leaders are benevolent despots who maximize the welfare of their constituents, and prescribes decentralization according to the principle that "the provision of public services should be located at the lowest level of government

[1] Oates was preceded by Musgrave (1959).

encompassing, in a spatial sense, the relevant benefits and costs" (Oates, 1999: 5). Once the “assignment problem” is solved and appropriate tasks are devolved to local governments, “the hope is that state and local governments, being closer to the people, will be more responsive to the particular preferences of their constituencies and will be able to find new and better ways to provide... services" (Oates, 1999: 1).

Second, a vast literature on “competitive federalism” examines the supposition that, under decentralization, governments must compete for mobile citizens and firms, who sort themselves into the jurisdictions that best reflect their preferences for bundles of governmental goods and policies. Theories of competitive federalism analogize decentralized governments to the private market and celebrate the efficiency gains associated with the promotion of competition among decentralized providers of public goods. Much research has been inspired by the work of Charles Tiebout (1956), according to whose simple market analogy, intergovernmental competition allows citizen land-owners to sort into communities that offer their desired levels of taxes and bundles of goods, thus allowing citizens a powerful preference revelation mechanism beyond voting and lobbying.

A more recent body of literature combines Tiebout's competitive logic with less sanguine assumptions about motivations of political actors and considers the role of capital and labor mobility in constraining rent extraction—the so-called “Leviathan” theory (Hayek 1939, Brennan and Buchanan 1980). Under centralization, Leviathan has monopoly power over the tax base. Under

decentralization, politicians and bureaucrats must compete with one another over mobile sources of revenue, preventing them from lining their pockets and resulting in smaller and less wasteful government. This notion has been revisited by Barry Weingast (1995) and Persson and Tabellini (2000), who view capital mobility under federalism as a way for government to commit not to over-tax capital or over-regulate the economy.

Scattered support for these propositions can be found in case studies, but systematic comparative and cross-section analyses have yielded mixed results. The empirical testing of fiscal federalism theory is tricky because it is primarily a normative theory about how the vertical structure of government should be arranged in an ideal world. Thus a criticism of the empirical record of fiscal federalism theory is something like Voltaire's response to Leibniz—a brief look around the world is sufficient to conclude that we do not live in the most efficient of all possible worlds. First of all, the actual vertical structure of tax authority in much of the world does not resemble the solutions to the "tax assignment problem" suggested by fiscal federalism textbooks. Nor are intergovernmental grant program limited to conditional, open-ended matching grants aimed at internalizing externalities (e.g. Inman 1988).

The empirical literature on the Tiebout model is voluminous. Some studies of the United States do find empirical support for the proposition that competitive local governments provide citizens with preferred bundles of services at the lowest cost (Brueckner 1982, Gramlich and Rubinfeld 1982), but systematic comparative research is held back by the difficulty of ascertaining

citizens' preferences. Perhaps because it is more empirically tractable, considerable attention has been given to the hypothesis that fiscal decentralization is associated with a smaller public sector. Some studies conducted at the state and local levels in the United States found support for this hypothesis (e.g. Marlow 1988, Zax 1989), though cross-national evidence has been elusive (Oates 1985).

Finally, there is little evidence of a relationship between decentralization, reduced rent-seeking, and growth. An empirical study by Zhang and Zou (1998) finds a relationship between decentralization and lower provincial growth rates in China, while a simple cross-country study finds a negative relationship between fiscal decentralization and growth in developing countries, and no relationship in developed countries (Davoodi and Zou, 1998). Moreover, Treisman (2000a) finds a positive correlation between federalism and corruption in a large cross-country sample.

III. Positive Political Economy: Rethinking institutions and politics

In the early 1990s, the comparative empirical literature was finding little support for the vague though sanguine expectations arising from the normative theoretical tradition. Moreover, a simple look around the world was enough to suggest that devolution and enhanced federalism might function according to a different logic than that suggested in normative theories, sometimes appearing to make things worse. For example, it was difficult to ignore the fiscal woes of state and provincial governments and their macroeconomic consequences in

federations like Argentina, Brazil, India, and even Germany. In many developing, democratizing countries, devolution programs were perceived to have gone badly, and in places like Russia, federalism appears to distort rather than preserve markets. These developments engendered a decade of scholarship aimed at rethinking federalism. It was not difficult to locate what was missing in the prevailing literature—politics. Leaving behind benevolent dictators and malevolent rent-seekers, the new literature derives its insights from assumptions that politicians are primarily interested in maintaining and enhancing their political careers, either through reelection or movement to more desirable offices.

Thus political incentives—ranging from legislative organization to party structures—take center stage in the new literature, which straddles the fields of political science and economics. It draws on theoretical traditions developed to address legislative bargaining and principal-agent problems, and borrows liberally from concepts in industrial organization theory. A key theme in the new literature is that like multi-layered firms, federations will not function effectively unless incentives are properly structured. Returning to the classic theme of *The Federalist,* the central challenge is how to structure incentives so that local politicians have strong incentives to collect information and serve their constituents, while minimizing incentives and opportunities to undermine the provision of national collective goods. The old political science question about "balance" in federal systems has taken on a new flavor, and tools developed in economics—especially game theory and principal-agent theory—provide a fresh perspective. Three themes stand out—the nature of political representation, the structure of intergovernmental fiscal systems, and the organization of political parties.

REPRESENTATION

While the normative economics literature minimized the role of institutions, political scientists have insisted on drawing a line between federal and unitary regimes. Federations are distinct from unitary systems not primarily because of constitutional language protecting the autonomy of the provinces or stipulating their responsibilities, but because this language is often backed up by a set of institutions—including strong, independent courts and requirements of super-majorities of states for constitutional changes. In most federations, provinces and their representatives are involved as veto players in the national legislative process, usually through an upper chamber that represents the units, and the logic of population-based representation is supplanted or complemented by the logic of territorial representation. Thus legislative changes from the status quo in federations often hinge on bargaining among representatives of territories that, owing to the bargain that created the federation, are usually asymmetrically sized but equally represented.

In the positive political economy literature, theorists and empirical researchers have picked up on the range of variation in modes of political representation and begun to explore its implications. One prominent strand of research attempts to improve upon the welfare economics literature by modeling central government decisions—especially concerning the distribution of intergovernmental grants—as bargains struck among self-interested, re-election seeking politicians attempting to form winning legislative coalitions rather than reflections on collective goods and the internalization of externalities (Inman and Rubinfeld 1997, Dixit and Londregan 1998). Persson and Tabellini (1996)

consider a model that contrasts decisions about social insurance that would be made by the same population under unitary-style majority rule versus federal-style bargaining among territorial representatives. Work by political scientists has explored the possibility that in contrast to majority rule, territorial bargaining creates a status quo bias that affects policies ranging from macroeconomic management (Treisman 2000b, Rodden forthcoming, Wibbels 2000) to the erection and reform of the welfare state (Obinger and Leibfried, forthcoming). Moreover, Besley and Coate (2003), and Lockwood (2002) return to the basic normative questions of fiscal federalism theory, each concluding that the case for decentralization depends critically on the nature of legislative bargaining over distribution.

INTERGOVERNMENTAL FISCAL STRUCTURE

Drawing from the normative tradition, economists and political scientists alike have been keen to view federalism as a form of "dual sovereignty," whereby the federal government and states are sovereign over their own spheres of authority, and citizens can hold each separately responsible within their respective spheres (See Brennan and Buchanan 1980, Riker 1964). Yet case studies and systematic attempts at cross-national data collection reveal that in most policy areas, at least two or three layers of government are jointly involved in funding, regulating, and implementing policies in federal and unitary systems alike. Rather than enhancing accountability and protecting liberty by neatly dividing sovereignty vertically, federalism can create a situation in which

sovereignty is unclear and contested. To borrow from the vocabulary of industrial organization theory, federal constitutional contracts governing the assignment of taxes and expenditure responsibilities are incomplete—they are open to ongoing renegotiation and invite a variety of opportunistic behaviors, yet collectively optimal reform is difficult. Saiegh and Tommasi (1999) analyze the inefficiencies associated with incomplete federal fiscal contracts with illustrations from Argentina. Volden (2004) models the problems that arise when politicians at multiple layers of government attempt to claim credit for the same public goods.

When the ultimate locus of fiscal sovereignty is unclear, provinces can attempt to externalize their fiscal burdens onto one another. Rodden (forthcoming) argues that when the center is heavily involved in financing and regulating local governments, it cannot commit not to bail them out in the event of debt servicing crises, which under some conditions creates poor incentives for fiscal discipline ax ante. In a related literature, Careaga and Weingast (2002) present a simple model in which governments that raise their own revenue have incentives to provide market-enhancing public goods, while governments that rely heavily on grants and loans from the central government are more likely to use resources on patronage and rent-seeking. Weingast (2004) mobilizes case studies suggesting that periods of rapid economic development in federations featured self-financing subnational entities. Returning to the Leviathan model, Stein (1989) and Rodden (2003) find that the relationship between

decentralization and the size of government depends upon the balance between local taxation and intergovernmental grants.

POLITICAL PARTIES

The recent focus on institutional incentives and variations among types of federalism and decentralization has ushered in a return to the central variable in William Riker's work on federalism—the organization of political parties. Riker (1967) asserted that the key requirement for a "balanced" federal system is the maintenance of a decentralized party system, where candidates for central government offices rely on provincial and local party organizations for nominations and campaign activities. Using some Latin American case studies, Garman, Haggard, and Willis (2000) assert that there is a correlation between limitations on the powers of the central government and decentralization of the party system.

Moreover, recent studies emphasize the organization of political parties when trying to answer current questions about the stability and effectiveness of federations. While Riker was concerned with identifying institutions that would combat centripetal forces in federations like the United States, Filippov et al. (2004) seek to explain what can keep centrifugal forces in check in federations like Russia. The answer, they argue, lies in the creation of integrated national political parties in which subnational politicians must rely on their central government co-partisans in order to achieve electoral success. Returning to the question of fiscal discipline discussed above, Tommasi et al. (2000), Rodden

(forthcoming), and Rodden and Wibbels (2003) suggest that an integrated party system can also reduce the incentives of provincial governments to create negative externalities for the federation as a whole, and can help federations renegotiate faulty intergovernmental fiscal contracts.

IV. The next hurdle: Endogenous institutions

Perhaps the central message in the new positive political economy literature is one that has been repeated perhaps to the point of banality in political science—institutions matter. Whether federalism in practice looks anything like federalism as envisioned in welfare economics or public choice depends on a host of other incentive structures. The cross-fertilization of economics and political science is yielding fruit, and steady progress is being made in classifying the key features of the world's multi-tiered systems and connecting them to distinct outcomes. Yet for anyone asserting that federal institutions play a causal role in explaining outcomes—say democratic stability, macroeconomic success, or income inequality—a nagging problem is the knowledge that institutions themselves are responses to underlying social, cultural, or demographic factors. Thus the emerging political economy literature must deal more seriously with problems of endogeneity and selection.

An initial step in this direction has been taken by Diaz-Cayeros (2004), who uses instrumental variables and selection techniques when examining the role of federalism. Yet the new political economy literature reviewed above no longer asserts a simple causal role for federalism per se. Its effects are now

thought to depend on more specific aspects of federal design, including representative institutions, intergovernmental fiscal system, and parties, and the potential endogeneity of these has scarcely been considered in the new literature. Thus confidence in some causal claims, and hence the confidence with which policy advice can be dispensed, will be curbed until more is learned about the historical and social determinates of the varieties of federalism. The good news is that this literature has illuminated some new questions—and cast a new light on some old ones—that are fascinating in their own right. The remainder of this essay highlights some contributions to, and sizes up the problems and prospects for the nascent endogenous federalism literature, focusing on the same three themes as above.

REPRESENTATION

First, consider the endogeneity of representation schemes. Why do some countries end up with firm constitutional protections for states, like territorial upper chambers and super-majority requirements? Why are small territorial units badly over-represented in some countries and not others? The simplest story is that at the time of the initial federal bargain, small states—or states dominated by ethnic or linguistic groups that are minorities in the federation as a whole—will only sign on if they receive credible institutional protections against exploitation by large or ethnic majority states. A new twist has recently been added by Cremer and Palfrey (1999), who present a model in which choices between population- and territory-based forms of representation are made by strategic

actors who anticipate the policy consequences of their choices. Such arguments direct attention to bargaining games that take place at key moments of institutional design or reform, and invite a broad historical approach that compares events as seemingly diverse as Philadelphia in 1787, the EU Constitutional Convention, and high-level intergovernmental meetings about constitutional reform in Argentina or Canada.

One basic issue that structures such bargaining games is asymmetry in the size and economic power of jurisdictions. Federal bargaining may play out differently in countries like Argentina—where the lion's share of economic activity has always taken place in one region—than in countries with a more dispersed and fluid distribution of economic activity. Often cited as a source of inefficiency and tension in federations—such asymmetries may arise naturally from the economic geography of colonial development in countries like Argentina and Brazil. Some of the difficult aspects of federalism, intergovernmental grants, and redistribution in these countries have deep historical roots in the uneven process of economic development.

INTERGOVERNMENTAL FISCAL ARRANGEMENTS

Income distribution is also at the heart of another new endogenous federalism literature—that which attempts to explain cross-national differences and within-country shifts in the locus of tax power. A key argument in the new political economy literature is that the distribution of taxing and spending powers has important implications for the performance of federations, yet little is known

about the determinates of tax centralization. For Boix (2003), instituting federalism with a decentralized locus of decision-making over taxation and redistribution is a technique for holding countries together in the face of uneven inter-regional income distribution. Decentralized taxation reassures rich regions that their wealth will not be expropriated by poor regions. In the same spirit, Bolton and Roland (1997) present a model in which decisions about the relative (de)centralization of tax-transfer decisions is driven by strategic actors who understand that shifting to a different locus of decision-making shifts the location of the median voter in the income spectrum, and hence the overall level of redistribution.

Yet a different perspective flows from the economic geography approach described above, which recognizes that industrialization is often accompanied by agglomeration economies and pronounced income differences between the industrializing center and the poorer, largely agricultural periphery. As a legacy of this, in most decentralized fiscal systems the median jurisdiction is much poorer than the mean. Since a decentralized system of taxation with a weak center would only allow the wealthy regions to provide public goods like infrastructure investment and education and get further ahead while the periphery lags further behind, political entrepreneurs in the periphery push for tax centralization aimed at capturing some of the wealth generated in the core. Thus it is straightforward to hypothesize that in the long run, decentralized taxation is difficult to sustain as a political equilibrium when wealth is highly concentrated in one or two jurisdictions.

Once tax centralization has been achieved, a simple combination of the facts of economic geography and the median voter logic might also help explain why it can be so stable. While the Italian North and wealthy German states like Baden-Württemberg and Bavaria are demanding tax decentralization, they are clearly outnumbered by jurisdictions—home to a majority of the population—that benefit from the status quo redistributive tax-transfer system. However, even if the wealthy regions with preferences for decentralized taxation are outnumbered, they may be able to limit centralization if they are in a position to make credible secession threats, as in Belgium and Spain—the two European countries that have made the boldest recent moves toward increased subnational tax autonomy.

All of these stories about the distribution of income and preferences are based on very simple theoretical frameworks that are, like the traditional normative literature, rather free of politics and institutions. The same is true of a new literature that thinks about the assignment of responsibilities in a federation as emerging naturally from the underlying distribution of preferences over public goods (e.g. Cremer and Palfrey 2002; Panizza 1999). Improved empirical testing will require considerable refinement, and political goals and incentives must be added to the picture. A step in this direction is O'Neill (2003), who views the relative centralization of fiscal authority as resulting directly from electoral strategies.

Moreover, perhaps the most vexing challenge in this literature is to identify the direction of causality (Beramendi 2003). On the one hand, income inequality

might shape the form that federalism takes when institutions are designed, or create pressures that stabilize or unravel existing arrangements. On the other hand, if federal institutions are sufficiently stable and resistant to reform, federal institutions shape long-term inequality. For instance, a decentralized tax system might prevent redistribution if it fosters tax competition and allows the wealthy to cluster in homogeneous jurisdictions. Alternatively, the status quo bias of federalism, along with the under-representation of urban constituents, may have slowed the growth of the welfare state.

POLITICAL PARTIES

Unfortunately, political scientists are no closer to resolving an endogeneity problem related to the organization of political parties, even though the question has been on the agenda since the 1950s. Riker (1964) insisted that the decentralization of political parties drives administrative and fiscal decentralization, and more recently, Garman et al. (2001) concur. Yet Chibbher and Kollman (forthcoming) argue that administrative centralization drives party centralization. It is difficult to judge the direction of causality since within countries, centralization in the party system and the fiscal system often take place simultaneously. Alberto Diaz-Cayeros (forthcoming) argues that in Mexico, elites interested in creating a nation-wide common market and an integrated system of taxation found it difficult to commit not to expropriate the resources and patronage that sustained rural elites. A hegemonic party, the PRI, emerged as a valuable commitment device that promised rural elites a guaranteed flow of

resources in the future. In this story, neither tax centralization nor party centralization "caused" the other, but both emerged as part of a pact among self-interested elites.

V. Conclusion

There has always been a peculiar relationship between positive and normative approaches to federalism in economics and political science. *The Federalist* had a normative agenda: propaganda to support a constitutional proposal that the authors viewed as quite flawed. In order to make their normative case in favor of a second-best solution, however, they undertook some serious positive analysis—both in terms of abstract deductive theory and inductive analyses of previous experience with federalism around the world. Their assumptions—above all that "men are not angels"—and their approach—what they called "a science of politics"—produced a set of writings that became the foundation for the modern positive political economy literature in spite of its thinly veiled normative agenda.

The welfare economics approach assumes that men are indeed angels and asks how such angels would set up a federation, but then moves rather awkwardly to the examination of positive empirical hypotheses. A prominent strand of public choice theory does not attempt to veil its conservative normative agenda, assuming that men are devils, seeking to design federations that will constrain them. The political science literature often comes from a normative starting point that federalism is beneficial or—in large or divided societies—simply necessary—and seeks to establish conditions under which it is stable. Yet the most celebrated contribution to this literature, William Riker's 1964 book, after charting a rigorously and dispassionately positive course, was shaped by

the American civil rights movement and ended with the rather jarring conclusion that American federalism was primarily about institutionalizing racism.

The new wave of "positive" literature that reintroduces politics and institutions still has strong normative content. It has moved beyond simple questions about whether federalism is good or bad, but much of the literature is still motivated by a normative question about the conditions under which federalism and other forms of multi-tiered government work well or fail. This is certainly appropriate, given the importance of questions related to federal design for peace, political stability, and economic well-being around the world. The new literature is showing that federalism can have a wide variety of effects, depending upon its design and the institutions and social structures with which it is combined. Above all, the new literature is beginning to establish trade-offs. Federalism might be viewed as working well or badly in a particular society depending on one's normative perspective. For instance, a highly decentralized system of taxation might create good incentives for local fiscal discipline and warm the hearts of fiscal conservatives, yet it may seem to progressives like a scheme to preserve inequality and marginalize the poor. Likewise, institutions that facilitate stability or fiscal discipline might undermine accountability.

Ideally, some of the emerging trade-offs would help guide institutional designers in Brussels, Brasilia, or Baghdad. But better answers are needed to a more basic, purely positive set of questions—how is it that federations come to be structured the way they are? Can institutions be tweaked and outcomes changed, or are they epiphenomenal? Such debates often take on a frustrating theological tone of predestination versus free will, but as always, the largest and most difficult questions are the most pressing. Hopefully the next generation of research on federalism will not shy away from them.

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