

Every day, 500 million Europeans use public services such as water, transport, waste collection, education, social welfare, health care, etc. In many countries, these services are not State responsibilities. They are run by political bodies which are also elected by universal suffrage but more accessible to citizens: sub-national governments. Despite the significant number of daily services delivered by sub-national governments, the economic and social importance of these 92 500 local, regional and federated entities still remains little-known.

But the macroeconomic role of the European sub-national public sector is vital today. Sub-national governments employ more than 18 million people, representing 56% of public sector employment. After several waves of decentralisation over the past 30 years, the sector now accounts for 16% of the EU's GDP. It is responsible for roughly a third of public sector expenditure and two-thirds of public sector capital expenditure. In a word, it is a key player in public governance, working alongside central State administrative entities.

The significance of the sub-national public sector in the economy is however very different from one country to another. The decentralisation process has indeed reached different levels depending on each country's history, geography as well as social and political situation. But despite this diversity, the analysis of the organisation and functioning of sub-national governments in the 27 Member States highlights some common trends at the European scale. In most EU countries, a regionalisation process is reinforcing existing regions (decentralisation of new responsibilities, increase of financial autonomy, etc.) or creating a regional level, notably in the new EU Member States. In the area of local service management, the recourse to inter-municipal cooperation and to partnerships with the private sector is becoming more and more widespread.

These common trends at the EU scale are the outcome of preoccupations shared by most sub-national governments despite the diversity of national situations. These shared preoccupations include for example the quest for the "perfect size" that would allow both optimal conditions for political representation and management efficiency for local public services. Sub-national governments are also greatly preoccupied by obtaining the financial resources necessary to deliver their new responsibilities and gaining more financial and fiscal autonomy.

The Research Department of the European banking group Dexia is sharing its solid knowledge of EU sub-national governments via this new book. Produced in collaboration with Dexia's European network of experts, this book provides a transversal analysis along with detailed country-specific studies of each of the 27 EU Member States.

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