

Review

Not peer-reviewed version

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Posted Date: 16 July 2025

doi: 10.20944/preprints202507.1345.v1

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Review

Economic Transformation Trough a Federalism Model

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Abstract

The approach particularly analyzes the decentralization of unitary states into federated states, with economic transformation through fiscal decentralization naturally being the objective of the analysis. Thus, in particular, the evidence shows that unitary states do indeed have inefficiencies related particularly to their capacity for economic transformation, while regions in non-federal states depend largely on decisions that must be made by policymakers, which in fact have a negative impact on the levels of public policy implementation. In particular, the study shows that subnational levels in a federal system can in fact become resilient and naturally transformative of the economy if, on the one hand, they achieve profound fiscal decentralization, which nevertheless converges with the lower levels of the subnational region. In this approach, I propose inclusive decentralization, with community councils as the lowest possible level for the implementation of public and fiscal policies, which can channel economic transformation and assertive territorial cohesion.

Keywords: federalism; fiscal decentralization; economic transformation; territorial cohesion; and inclusive public policies

Jel Classification: H; H0; H3

1. Introduction

A large proportion of developing countries, for example, have a largely centralized public administration, which largely prevents a significant increase in the desired levels of economic growth. As a result, the distribution of wealth has been largely unequal, and economic policy has been effectively destructured and in line with the extractive economic institutions that exist in particular. It is naturally a major characteristic of developing countries to ensure, for example, greater capacity to structure their economies in particular, in the context of high concentration and political centralization, which ensures that most institutions in general are in fact vulnerable. This is largely due, for example, to certain inefficiencies that these countries in particular exhibit. Some evidence shows that most developed countries have managed, for example, to promote inclusive growth by not including their institutions, which in fact help to significantly consolidate the inefficiencies of their institutions in general. Countries that largely adopt a centralized model have some characteristics that are mostly related to increased levels of corruption, continued underdevelopment, and the inability of countries to actually become resilient in a context of uncertainty, as has been seen from the outset. Regions in a centralized context end up being hostage to their own inability to achieve the sustainable economic growth that economies in particular should in fact be experiencing, where, for example, there is a large lack of territorial cohesion, which is particularly prevalent in regions where levels of development are in fact insignificant and non-existent from the outset. so it is particularly important to understand why these inefficiencies ultimately determine how regions in particular should ensure that inclusion is in fact assertive from the outset.

Thus, both territorial exclusion and the lack of territorial cohesion that is truly in line with the capacity to ensure sustainable growth promote inefficiencies that are mainly related to a significant

increase in underdevelopment. Another characteristic that contributes particularly to the failure of regions is precisely the fact that the infrastructure and levels desired to promote the greatest possible resilience of regions are still lacking. Some examples help to understand how regions in a context of uncertainty remain insignificant in promoting, for example, the greater regional dynamism that is needed, as has been seen in countries such as Angola, the Democratic Republic of Congo, Congo Brazzaville, and, most notably, Guinea-Bissau, where political and democratic centralization predominates and helps to reinforce the institutional inefficiencies that have been observed from the outset. In most of these countries, the economies are incapable of promoting and ensuring the greatest possible economic resilience.

Some evidence for countries such as Angola, for example, helps to ensure greater unsustainability of the levels of incapacity that their regions in particular present, above all to ensure, for example, inclusive growth that is in line with regional development capacities in particular. In Angola, for example, there is in fact another major peculiarity that has to do precisely with the fact that most regions show, for example, greater territorial discrimination, sustained on the basis of the strengthening and enrichment of some regions to the detriment of others, for example, regions potentially rich in natural resources, as is the case with the provinces of Cabinda, Zaíre, Lunda -Norte and Sul. These provinces in particular have sufficient natural resource potential to guarantee, for example, the sustainability of other regions. However, there is territorial discrimination in that the northern regions with greater wealth are in fact in a position to guarantee inclusive and sustainable growth in both the short and long term. However, the levels of political centralization actually help to reinforce the territorial discrimination that exists, as the levels of contribution are in fact higher than the contributions that other regions generally make. Promoting territorial inclusion allows, for example, regions to be in line with territorial cohesion, which largely allows for greater institutional dynamism in a context of particular uncertainty.

This is the case, for example, in Mozambique, where the economy is effectively hostage to unsustainable growth, promoting greater unsustainability in the context of uncertainty. Political centralization, in addition to promoting inefficiencies in the distribution of resources, helps to promote dual societies, where most of these regions present, for example, a social duality, mainly associated with the inability of a set of institutions that are mostly inefficient and incapable of promoting wealth in the short term. Thus, in the long term, these regions are unable to guarantee the greatest possible resilience, as is particularly evident in the regions of Angola.

Some examples, such as Brazil and Germany, help us to understand how political centralization has in fact been a trap for underdevelopment, in that countries that adopt significant political and administrative centralization hinder sustainable growth and promote unsustainable regions. Another example relates to Portugal in the 15th century, which has always had significant political centralization, that is, between the colonies and the metropolises that still guaranteed administrative dependence, as was the case with most former colonies, for example. Germany and Brazil also had a significant period of political centralization during the 15th century, in particular. Brazil, for example, after the implementation of a federal model, which was characterized by significant levels of political decentralization from the outset, this decentralization was in fact associated with the ability to promote greater economic growth and regional cohesion. The different regions managed, for example, to become cohesive, especially in the context of long-term sustainable growth, as was the case from the outset. Thus, a large part of the Brazilian regions, after the implementation of federalism, managed to achieve economic prosperity that allowed them to start from scratch, on the other hand, reducing the territorial discrimination that existed at the time. The example of Argentina shows that some regions within the union managed to escape the trap of underdevelopment that political centralization presented in particular, in line with the examples of Canada and Australia, for example.

Thus, regions experiencing territorial discrimination have not been sufficiently capable of promoting, for example, the greater economic transformation needed for the economy in particular to ensure greater prosperity, especially in a context of uncertainty, as is generally the case for most

economies. Discriminated regions are largely unable to promote greater capacity for inclusion and inclusive public policies in particular, thus most public policies end up being exclusive and largely associated with the extractive institutions that predominate in these regions in particular. It is naturally characteristic of discriminated regions to be unable to generate wealth in the short term, especially in regions where there is in fact a greater capacity to contribute, particularly to the Union, especially in a federal context, for example.

Thus, in this approach, I propose to analyze how a federal model is in fact sufficiently capable of guaranteeing economic transformation, that is, both in the short term and in the long term, in order to understand how some non-federal nations remain trapped in continuous underdevelopment due to political centralization that has been unsustainable in promoting sustainable and balanced economic growth. For the most part, non-federal nations that are in the process of development share a common characteristic, such as a strong presence of intervention in the economy, that is, they have in fact been insufficiently capable of ensuring that the economy can achieve a more significant transformation, that is, both in the short and long term, excessive economic dependence promotes greater availability of public policies that most economies should in fact adopt in the short term. Regions discriminated against in a federal model end up becoming resilient and significant from an institutional and economic point of view from the outset.

A federal model would indeed be significant for greater inclusion in both public policies and growth in a context of uncertainty, in particular. To the extent that most countries continue to adopt a more dynamic sustainable federal model, on the other hand, regions are still able to promote some significant efficiency in a plausible way. In this approach, I propose to analyze how federated economies can, for example, ensure greater dynamism, which has to do above all with the levels of economic certainty that generally exist at the outset. Federated nations, on the other hand, present in addition to territorial discrimination, greater availability of regions and the capacity to generate wealth. Thus, territorial discontinuity helps, for example, to promote greater inability to generate wealth through significant centralization of particular regions. Above all, most discontinuous regions have in fact been insufficiently capable of promoting sustainable short-term growth from the outset. In non-federated nations, in a context of political and administrative centralization, industrial growth centers end up being linked to the largest regions, especially those with the highest flows of people, cargo, and goods. Thus, most industrialization ends up being centralized in central hubs in economic and administrative capitals with little decentralized autonomy at lower levels, as is the case in some countries such as Angola and the Democratic Republic of Congo in Southern Africa.

In (Vargas, N. C. 2011), they study how fiscal decentralization actually determines reasons for endogenous growth and territorial cohesion, which is naturally much greater in relation to non-federated nations, where unitary territories have not been sufficiently capable of ensuring, for example, assertive territorial transformation through the national subunits that exist from the outset. which, on the one hand, promote greater proximity between the federated regions and the union in particular.

The approaches of (Soares & Machado, 2018) help, however, to understand how federalism as national subunits that aim to control a particular territory with the objective of guaranteeing greater dynamics of inclusive public policies that, on the other hand, end up being relevant to the respective regions where they are applied. Thus, in particular, federalism promotes the development of different subunits that are decentralized and administered through a set of channels that distribute wealth to the majority of their inhabitants in particular.

In general, through federalism, most countries are able to channel a large part of their public policies into projects that have been characterized as drivers of autonomous subregions. On the other hand, these subunits elevate regions and cities to levels of significant application of public policies, particularly in regions where the effects of discrimination are greater. Naturally, the regions that are discriminated against in the unitary context represent a significant number of regions in extreme poverty, particularly when these regions are associated with a significant degree of discontinuity, both geographical discontinuity and the discontinuity of public policies that are possible through the

unified territorial context, that is, in the presence of countries that still have a unitary administration. Unitary states, for the most part, are unable, for example, to promote greater territorial cohesion among the different autonomous subunits within the same territory, where the formulation of public policies is carried out primarily through a significantly centralized government, that is, centralized administration is able to promote both exclusion and, on the other hand, continuity of higher levels of exclusive public policies, which largely ignore the effects of the implementation of significantly promising public policies capable of ensuring that regions and sub-unit divisions can in fact guarantee a different dynamic from that which states would be able to adopt in a decentralized or federated regime. In (Inman, & Rubinfeld, 2000), they show the relevance of economic policy in the context of a federal model, thus the application of economic policies in federated subunits is precisely different from those that have been seen, for example, in unitary countries. Subunits, however, have greater dynamics of elaboration and execution, especially in contexts where there are, for example, significant discontinuities in public policies. On the other hand, there is an even greater contribution that has to do, for example, with the capacity of the regions themselves to promote initiatives and more assertive fiscal policy that plausibly contributes to a budgetary pact at the level of the territorial subunits administered with greater relevance. The examples from Brazil help us to understand how fiscal federalism is sufficiently capable of ensuring more assertive budgetary and fiscal decentralization from the outset, As suggested in (Feld, L. P., Kirchgässner, G., & Schaltegger, C. A. 2004), the influence of public policies on regions administered in the context of a unitary model is naturally different from the effects that public policies applied to countries with significant decentralization have, as is the case in some regions of poor developing countries. Thus, some factual evidence helps to promote, on the one hand, greater dynamism in a context of decentralization, where the centralization of decisions ends up promoting social inequalities.

Thus, through decentralization, there is an initial transfer of fiscal responsibilities that is largely characterized by the existence of substantial improvements, especially those related to tax revenue levels, where the subunits nevertheless achieve greater capacity to generate revenue through an increasingly significant public economy and with a greater probability of becoming an engine of prosperity for their respective regions. This leads to a more assertive fiscal policy in a context of certainty, thus ensuring that revenue levels are indeed capable of promoting greater sustainability. Subunits should take advantage of the economies of scale that a large part of the regions in particular present. In unitary territories, however, this capacity to generate wealth is lacking, due in particular to the levels of concentration of fiscal policy, i.e., there is a greater concentration of tax levels that should be applied to unitary territories in particular, meaning that territories are unable to become as resilient as possible due to the inefficiency of tax revenue collection, as seen in countries undergoing political decentralization. Thus, fiscal policy tools end up being underutilized in a context of tax continuity. In (Cossio, 2002), they reinforce the idea of a federalism that has a greater capacity to collect revenue, particularly to promote fairer fiscal inclusion. Thus, through decentralization, fiscal inclusion is possible and guarantees greater prosperity for regions in particular. In centralized models, disadvantaged regions have a major advantage related to the fact that these economies in particular have, for example, greater capacity for economies of scale, which nevertheless manages to promote endogenous growth, for example.

Decentralization in a dynamic context must take into account certain factors of territorial resistance, which can in fact promote inefficiencies in decentralization. This inefficiency may in large part be associated with the fact that there may be certain mechanisms that justify it, especially in the presence of a set of discriminated regions. Thus, this resistance to decentralization may, on the one hand, ensure that regions undergoing discrimination are in fact in line with exclusive public policies. Upon analysis, this idea is reinforced in (Montoro Filho, A. F. 1994).

On the other hand, administrative decentralization, especially in territorial subunits, allows the initial channeling of the main responsibilities to the federated units, where, as these transfers intensify, there is, on the other hand, a greater capacity to take advantage of the potential of the respective regions in particular, as has been seen in most of the federated regions. Thus, according to

(da Silva Suzart et al., 2018), some municipalities have in fact managed to develop through transfers, while on the other hand, there has been greater dynamism, for example, in revenue collection in particular. that is, according to the results, most Brazilian municipalities have their own revenue of less than 10.5% of total revenue, while 4,203 municipalities had a ratio of transfers received to total revenue of 85.3%, which is sufficient to provide the starting point for the capacity to generate wealth in this particular state. Thus, in states where there is in fact greater productivity dynamics, municipalities are able to generate wealth in a context of continuity.

2. Decentralization and Discriminated Territories

In most non-federal countries that have centralized governance models, these regions are more likely to become continuously underdeveloped, which largely contributes to the impoverishment of the regions. as non-federal countries increase their levels of political centralization, there is a particularly high intensity of political centralization, which is in line with institutional dependence, which is still centralized. The process of discrimination, particularly in unitary countries, occurs through the administrative incapacity of the regions, which nevertheless promotes the non-implementation of public policies. In countries where there is, for example, greater economic potential quantified by the levels of natural resources that these countries particularly have, there is, however, greater capacity for territorial discrimination, as is the case, for example, with some countries in Southern Africa, such as Angola, where there is greater intensification of territorial discrimination, which results mainly through greater channeling of financial resources, especially to the southern regions, which largely have less potential in natural resources. Thus, this territorial discrimination helps, on the one hand, to promote the greatest possible exclusion of public policies for regions with greater economic potential.

Thus, in a unitary context, regions can, for example, experience continuous impoverishing growth as public policies are implemented. In the context of discriminated regions, local governance actions end up being undefined; that is, there is no greater equity between the policy and the governed in particular. Discrimination in a unitary context helps to promote structural imbalances that regions face from the outset, as they are unable to take advantage of existing economies of scale, for example. Thus, a major feature of discriminated regions is that there are greater underutilized economies of scale in these regions, which ultimately determine how regions should initially attract more investment.

For example, the failure to attract revenue in regions located in non-federated states promotes other imbalances, which from a structural point of view end up not being functional. However, regions in a unitary context lose the possibility of actually ensuring, for example, greater momentum for continuous structural development, in line with the levels of underdevelopment that these regions in particular present.

Decentralization has always been important in ensuring a significantly strong and cohesive state in a unitary context. Non-federated units with a high concentration index have significant and important effects on strengthening centralized units in particular, as these centralized units contribute to territorial strengthening and cohesion. On the other hand, there is greater capacity for these regions to achieve significant development in the short term, as analyzed by Voigt, S., and Blume, L. (2012). Thus, the idea of the federal model goes beyond the measure of transfer between a central government and the subnational units that exist within a particular region, as discussed by Rodden, J. (2004).

When territories are able to decentralize certain levels of political and administrative management, it also allows for the transfer of a set of activities to most regions that have been considered inactive, especially in those regions where there are no non-unitary convergence criteria to promote greater economic transformation, as has been seen in most federal states.

Since federal states are, in fact, small autonomous territories within the same country, the channeling of public policies is efficient and significant, generally allowing for the construction of a set of independent states, especially in the context of a more effective union, as is naturally the case

in a significantly federated model. Subnational units in non-federal countries are characterized by the fact that they are, for example, isolated territories from public policy in particular, so in most of these regions there is no public policy that actually becomes as inclusive as possible. Most of these regions have been characterized by a growing presence of structural and inefficient imbalances that nevertheless help to promote greater exclusion with regard to the capacity of these regions to ensure greater channeling of resources to their populations. Some evidence shows precisely that unitary states have a major peculiarity, which has to do, for example, with the fact that their territories in particular show significant discontinuity in the application of public policies, as has been seen, especially in some territories of significantly poor countries. Some examples can help us understand how some developing and significantly underdeveloped nations, particularly in sub-Saharan Africa, such as Angola, the Democratic Republic of Congo, Congo Brazzaville, the Central African Republic, and Mozambique, In these countries in particular, there is some evidence of causal and continuous impoverishment due to centralization itself, both in terms of economic policy and the centralization of decision-making at the main levels of public policy implementation in particular, as is the case, for example, with Angola, where the levels of centralization of decisions end up promoting, for example, inefficiencies in the functioning of institutions at the lowest levels of public administration. Thus, when guarantees related to the lack of decentralization lead to a set of deliberate inefficiencies, nations are unable to ensure that they are starting from a position of conducting a more assertive and targeted policy.

More than ensuring, for example, productive inefficiency, the centralization of political decisions nevertheless promotes continuous inefficiencies, characterized mainly by the predominance of a set of political exclusion, thus, to the extent that there is in fact political exclusion, lower-level territorial regions, such as provinces and municipalities, are unable to promote greater autonomy and freedom to raise the tax revenues necessary to guarantee a more assertive policy. Thus, public policy is inefficient and, on the other hand, ends up being unstructured from the point of view of its applicability, for example. A fiscal policy will become truly efficient if, for example, there is more assertive and significant decentralization, especially decentralization in the context of the federal model, where subnational regions are in fact highly relevant to the affirmation of the regions themselves, while on the other hand these regions are in fact significantly cohesive. Thus, territorial cohesion goes beyond ensuring, for example, that the territories themselves naturally have continuity in public policies. Territorial continuity nevertheless allows for greater inclusion, both in economic policies and in democracy itself, in particular. thus the premise that federalism in fact promotes greater freedom and greater attention with regard to, above all, the way in which democracies can in fact become more inclusive. This idea is reinforced in (Stepan, A. C. 1999), in (Gibson, E. 2004) contribute in fact to the effects that democracies in particular have in a significant way on their inhabitants, particularly in territories where there is greater political dynamism from the outset. In many countries, such as Brazil, for example, there have been substantial increases and considerable growth in levels related to democratic inclusion through decentralization. In Africa, for example, some nations have had significant initiatives to implement effective decentralization, which has contributed particularly to the growth of territorial cohesion in some cases, as shown by the examples of Nigeria and Ethiopia after the implementation of the federal regime, defended in Erk, J. (2018).

Thus, plausibly through an exclusive democracy, public policy becomes de facto inefficient. On the other hand, there is in fact a greater contribution from isolated and discriminated territories, where, from the outset, levels of discrimination increase significantly. Thus, to the extent that there is greater democratic exclusion, their institutions in particular are unable, for example, to promote greater resilience that would in fact be in line with the long-term objectives that these same territories should in fact adopt from the outset. Thus, in the short term, there is a discontinuity in public policy, supported mainly by the increase in extractive institutions. In a context of unitary states, extractive institutions grow significantly and with greater relevance. The work of (Robinson, J., & Woren, D. 2012) delves deeper into the functioning of institutions as a reason for the failure of nations. Thus, non-federal states, especially at other levels of public administration, there are in fact some highly

relevant factors that help, for example, to promote the continuity of extractive institutions, especially at the intermediate and lower management levels, particularly as is plausibly the case in countries such as Angola and Mozambique. Some evidence shows precisely that federated nations tend to promote greater growth dynamics, particularly in terms of activity levels related to ensuring inclusive and sustainable short-term growth. Thus, in federated countries, subnational units are nevertheless able to promote greater regional integration and geographical integration of their territories at certain levels of political -administrative levels, with greater emphasis on the functioning of institutions in a federal context, where it can in fact be observed that at the federal level, institutions within the union are able to become more inclusive through a set of convergence criteria that allow, for example, greater revenue collection through the dynamics that the territories themselves present.

3. Economic Transformation Through Decentralization

Federalism itself, as a model of governance with greater capacity and relevance to ensure, for example, significant growth for its nations and territories in particular, decentralization ultimately determines great importance for the nation in particular, with an emphasis on the departure towards inclusive growth for its territories in particular, as has always been the case with countries that have adopted a federal system, such as the United States of America, which is, of course, the birthplace of modern capitalism. Many nations have in fact managed to ensure that their economies are significantly decentralized and have a greater capacity to guarantee, for example, sustainable growth for their economies and territories in particular, as is naturally the case in the United States.

Some effects of economic policy through a federal model are analyzed in Chubb, J. E. (1985). The results showed no significant improvement in some US states, while on the other hand there was a significant improvement, especially in relation to economic policy, in Oates, W. E. (1993), for example, which contributed significantly to the understanding of fiscal decentralization, especially as the greatest promoter of sustainable development for their economies in particular, as was the case in the United States of America after the implementation of federalism and the respective fiscal decentralization. In fact, as fiscal decentralization occurs, there is a greater capacity for existence, which has to do with the levels of autonomy of both subnational and municipal governments, which are able to promote greater fiscal autonomy, leading them towards short-term fiscal sustainability and the optimization of the tax revenues necessary to ensure accelerated growth in the regions and economic cohesion between the different regions that exist and predominate in the territories of the federated regions in particular. The levels of economic development in particular are in fact highlighted with greater emphasis and relevance, for example, in the works of (Oates, W. E.1972) have in fact helped to understand the degree of development, particularly promoted by fiscal decentralization, which on the one hand is relevant to the perception of the functioning of a more autonomous fiscal policy that is in line with the long-term commitments that regions actually need, thus regional, economic, and social development ends up being more relevant when regions can make important decisions that impact financial life, especially public finances, as is the case in regions with fiscal decentralization.

Thus, when transfers are made mainly to subnational units, local fiscal policy itself converges towards a more than significant improvement in a context of uncertainty. Above all, for example, some fiscally decentralized regions are nevertheless able to ensure that their regions are sufficiently capable of implementing some significant transformations. These transformations, however, actually increase both tax revenues and the capacity of companies operating there to generate wealth. Thus, local fiscal policy is in fact adapted to the circumstances that lead regions to compete with each other, especially with regard to the tax incentives that they guarantee for a group of companies operating in these regions in particular. On the other hand, there are a number of economic transformations influenced particularly by the incentives that companies offer.

Subnational regions effectively guarantee the autonomy to promote greater freedom in the implementation of a more assertive and competitive fiscal policy. Thus, companies are able to establish themselves in these regions with greater relevance from the outset, particularly seeking the

tax benefits that these regions are in fact able to offer. In the particular case of some regions where tax benefits are in fact reduced, these end up not being competitive, and local fiscal policy does not actually provide greater capacity to generate wealth, both in the short and long term, as has been observed in most subnational regions. In this way, subnational regions are naturally able to transform their territories economically, thus promoting long-term growth for their populations. However, this growth converges with the capacity of the regions themselves and, above all, with the potential that these regions present. Nevertheless, most of the regions that do in fact have greater potential are able to increase, for example, significant levels of economic transformation growth, particularly through this potential, and the attractiveness of those regions is plausibly intensified.

Subnational regions with greater economic potential can easily converge toward inclusive economic transformation and growth related mainly to the endogeneity of the main macroeconomic aggregates, that is, both at the state and municipal levels, for example. In most countries, economic decentralization converges at the intermediate levels, with greater relevance for states and municipalities. However, I propose a different approach to fiscal decentralization, where, for example, community councils will be transferred some fiscal responsibilities that will make fiscal decentralization significantly complete from a federal point of view. Thus, the approach I propose should take into account certain characteristics, such as greater fiscal freedom and autonomy for regions to exercise their fiscal activities and ensure, for example, that community councils are in a position to implement a fiscal policy that is very significant from the point of view of decentralization itself in particular. Thus, the approach to inclusive fiscal decentralization will be analyzed in a separate study, which will propose a more inclusive and comprehensive model of fiscal decentralization for all territories in particular. In a unitary state context, fiscal decentralization will be able to ensure that these regions are more than inclusive and become more comprehensive in their analysis, particularly in the territories where they will be implemented naturally. A major feature of the federal economy is the ability of subnational economies to implement a significant set of convergence criteria to improve productivity levels and the capacity of their industries to transform the regional economy in particular.

An attractive fiscal policy is indeed relevant to improving the ability of subnational governments to leverage their territories, particularly in the short term. For example, some efficiencies from a structural point of view are indeed comprehensive for most subnational economies. to the extent that there is greater economic transformation, for example, there is nevertheless a greater level of perception of the capacity for more inclusive economic growth in particular. Economic growth in federated regions is likely to ensure greater exploitation of economies of scale from the outset, where, for the most part, the economies of scale provided by most subnational regions have in fact been sufficient to promote, for example, plausible growth in employment levels and economic prosperity itself, as has been seen particularly in most countries with federated states.

4. Inclusive Fiscal Decentralization (A Proposal for a New Federated State)

Political and administrative decentralization transcends other levels of great relevance in a different sphere of action, with most approaches suggesting a departure. in most federal states, there is decentralization to subnational regions and municipalities in particular, which end up gaining greater responsibility from a structural point of view to understand how the respective regions can, for example, ensure structured economic growth for most levels where the departure occurs. Thus, in some countries, a fiscal transparency regime has been adopted that converges towards intermediate levels such as states and municipalities, where this transparency has had particularly significant structural relevance for the perception of the application of economic policy levels in particular. On the other hand, fiscal transfers do in fact help to promote a more inclusive economy for institutions in particular and for their regions in general, but these transfers affect states and municipalities, which naturally gives them greater institutional growth momentum in the short term in particular, as is the case in most of the federal states that exist.

Therefore, particularly in this approach, I propose a different approach that is in line with the main characteristics of their territories in particular, above all to ensure that the regions become inclusive and with a greater capacity to attract as many investors as possible in the short term. Thus, particularly in Angola, where there is significant centralization, fiscal decentralization could in fact redirect public policies towards a path of economic prosperity and prosperity for their territories in particular, where the starting point of the economic potential that exists in the different regions in fact confers the degree of regions with a higher degree of becoming developed and inclusive regions with an assertive public policy from a structural point of view.

I propose, through traditional fiscal decentralization, a decentralization that should converge with the different national subunits that exist, so that these territorial subunits become resilient and capable of promoting, in the short term, However, administrative regions in subnational regions are in fact responsible for implementing and conducting the responsibilities made from transfers to these levels of administrative management in particular. I naturally propose an administrative political decentralization that meets the levels of perception of the dynamics of growth in a federal regime, where community councils will in fact be the lowest levels of governance and of the federal union, preceded, for example, by parish councils, municipalities, and states as subnational regions in particular. Thus, I particularly propose that fiscal decentralization should in fact be in line with the levels of fiscal policy implementation by community councils, which should in fact contribute to an efficient fiscal policy at the state and subnational regional levels.

5. Conclusions

This particular approach sought to analyze some highly relevant factors that contributed to the perception of the implementation of an efficient federal model for centralized states. Thus, most approaches allow us to understand how some states managed to transform their economies, as was the case, for example, with Brazil, particularly and specifically the examples of Nigeria and Ethiopia, which help us to understand how transfers to unitary states led to a significant improvement in their regions, especially subnational regions, which experienced considerable growth from the outset.

The example of states as modern federalism is, however, relevant to understanding, on the other hand, how non-federated nations are currently not sufficiently capable of transforming their economies, naturally with some exceptions, as can be seen, for example, with China. Most non-federal states are in fact caught in a trap of centralized growth, which occurs mainly due to the centralization of political decisions.

The approach also proposes the use of the most efficient fiscal decentralization possible through traditional transfers, as it is naturally possible for regions to become more inclusive. Therefore, I propose an approach to fiscal decentralization that should converge with the lower levels of political and administrative decentralization, for example, with community councils being the lowest subnational level of the union. Thus, the proposed approach aims to ensure that community councils are inclusive in their participation in fiscal policy, which will be adopted by subnational units. In general, this could naturally lead to an efficient and inclusive fiscal policy, above all, one that promotes long-term growth in communities and naturally drives economic transformation. However, according to the approach, fiscal transfers in line with fiscal decentralization will nevertheless ensure that the respective territories have a greater capacity to actually transform their economies.

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