**Economic Inequality and Federal Systems: a comparative analysis**

Antonia Baraggia, Assistant Professor of Comparative Law University of Milan (ASCL Member) antonia.baraggia@unimi.it

The growth of economic inequality is one of the most challenging phenomena in our contemporary constitutional systems. The rise of populist parties, the affirmation of the so called “illiberal democracy”, and more in general the crisis of our constitutional democracies may have been caused or favored – among other factors – by the rise of economic inequality within our society. The case of the US is quite emblematic: measured in terms of the Gini coefficient, the inequality index for the US is 41, the same rate of inequality of countries like Turkey, Russia and Morocco. Comparative legal scholars have started to study the relationship between constitutionalism and economic inequality and one of the most interesting and promising stream of studies is that envisioned by R. Hirschl, who suggests to dag into at the “spatial” dimensions of inequality. Indeed, in federal systems, the constitutionalization of equalization mechanisms or transfers from “have” regions to “have not” regions within a constitutional system may have a significant impact on the issue of economic inequality. Another tool, deployed in federal systems, which is particular interesting, are conditional grants from the central government to the states. Both these mechanisms aim at reducing the differences among regions in terms of fiscal capacity on one side and in terms of offering a minimum standard of basic services (health, transports, education). In this paper I will discuss the relationship between such fiscal federal policies and economic inequality in comparative perspective, arguing that the model of fiscal federalism may had have an impact on the constitutional response to the economic crisis and to the rise of inequality. Within this perspective I will analyze, in particular, the case of US and Canada: they represent two different federal arrangements in terms of fiscal relationship between the federal government and the states and, also, they reacted in a significant different way to the economic crisis. While in the US the economic crisis exacerbated the economic inequality and produced an even more divided society, in Canada we witnessed a sort of “resilience” of the constitutional model to the tension brought by the economic crisis. Such peculiar resilience, I will argue is due mainly to the flexibility of the Canadian federalism, especially in the field of fiscal policies. The first part of the paper will describe the evolution of fiscal relationship between the Federal government and the States in US and Canada, highlighting the peculiarity of the two different models. In the second part of the paper I will draw a comparison between the use of conditional and equalization grants in US and Canada. The third part will discuss the role played by these mechanisms during the economic crisis. In conclusion the paper will argue that in order to inquire in the field of economic inequality, constitutional law scholars need to change their traditional focus on the protection of rights and equality towards a renewed attention to the geographical aspects of economic inequality within our legal systems dealing with the difficult task of balancing solidarity and autonomy.