

The Political Relevance of Federalism in the Twenty-First Century

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I have been asked to offer some reflections on the political relevance of federalism in the Twenty-First Century. This is not a modest subject and requires a fair measure of hubris.

After all, imagine a writer in 1809 being invited to reflect on federalism in the Nineteenth Century. At that stage, there was only one federation, the United States, though there was a rich body of thought around the new American system of government, most notably in the *Federalist Papers*. Would the speaker then have had any chance of foreseeing the great crisis and rupture of the American experiment—the terrible civil war and its aftermath? Would the speaker have foreseen the emergence of other federations in Switzerland and Canada or the chequered history of federal experiments in Latin America?

Or would a writer a century later, in 1909, have foreseen, the Twentieth Century's twists and turns in Germany and Russia that produced a variety of very different federal experiments at different times, the emergence of the world's largest federation in India, the federalization of formerly unitary countries such as Spain and Belgium, or the various experiments in federalism associated with decolonization—some of which succeeded, some of which failed? The answer, of course, is no.

So I should put away my crystal ball. Instead of leaping boldly into a foggy future, I propose first to reflect a little on the nature of federalism, secondly to look back over the last century—particularly since the end of World War

Two—which saw a flourishing of federal experiments, and then finally—I cannot entirely avoid it given my subject—to consider what some of the forces we see at play around the globe might mean for federalism in this century.

The Nature of Federalism

It is worth taking a few minutes to reflect on the nature of federalism itself. After all, in Spain the term is very controversial. Spanish opinions are sharply divided about whether Spain *should* be federal and whether it *is* federal. Moreover, Spain is part of Europe and there is a continuing debate about whether the European Union itself *should* be federal (and even whether it has already become so). The opponents of federalism usually see it as too decentralizing for Spain and too centralizing for Europe. Such debates go back to the very beginning of modern federalism—it is worth remembering that in the American constitutional debate of the 1780s that opposed Federalists and anti-Federalists, it was the former who favoured a strong central government.

Such terminological debates should not be seen as evidence that federalism is devoid of meaning or that we can use the word virtually any way we wish. It is, for example, quite coherent to see federalism as too decentralizing for Spain and too centralizing for Europe. Coherent, but not necessarily persuasive.

Federalism ends in I-S-M. On its face, this makes it an “ism” in the same category as socialism, communism, fascism, and liberalism. However, my view is that it is quite distinct from these classic “isms”. They all are typically put forward by their advocates as universally applicable—in other words, as the best regime to be adopted anywhere and everywhere.

Even the most ardent federalist would not present federalism in this manner. Federalism is all about context: an approach to governance that may be applicable in certain countries given their physical geography, population size, and internal make-up in terms of language, religion, ethnicity and other factors. Thus those who see merit in federalism would still not suggest that it be applied in every country—or even in most countries.

Those countries that call themselves federal or are usually considered federal are, of course, marked by enormous variation in their institutional

arrangements. At one extreme, federal countries such as Venezuela, Malaysia and Austria are highly centralized. By contrast, small Switzerland and big Canada are very decentralized: but even so, the federal governments in both cases have important powers, weigh heavily in the fiscal mass and economic management of the countries, and lead on many key issues of public policy. A number of countries that are usually called federal—Canada, India, Nigeria, Spain, the United States (and the list goes on)—have special federal powers to intervene in what are normally the jurisdictions of the constituent units, though they may not be used. Moreover, there are some countries that are usually considered to be unitary that have achieved a high degree of decentralization to regionally elected governments.

This variety of federal systems and the apparent overlap with some decentralized unitary systems raises the issue of whether federalism has enough of a substantive core to merit any standing as a distinct approach to structuring political systems.

I believe it does. The essence of federalism is a regime in which there are at least two orders of government, each with a direct relationship to its electorate and each having some genuine political and constitutional independence from the other. This means that some so-called federal regimes, such as present day Venezuela, have only a tenuous claim to be called federal. And that some regimes that do not call themselves so, and here I would include Spain, almost certainly do qualify. Some would say Italy does as well.

Language is always slippery, but the application of the term federal to a particular case must always include some elements of both constitutional *and* political judgment. It must also avoid a rigid, ideal definition of federalism under which perhaps no country would fully qualify. However, at the end of the day, the application of the term to a particular country is a matter of judgment.

So much for definitions and description. I would like to come back now to what I was saying about federalism not being a universal “ism”, but being context dependent.

Most of you will be familiar with the idea of *federal societies* as distinct from *federal constitutions*. The idea is that in federal societies the regional cleavages will be such that in situations of democratic politics there will be

strong political forces for regional voice and some measure of regional control over government alongside a demand for a shared government for the larger community. Of course, such federal societies may or may not have federal political constitutions. Taking Spain, for example, the country has a reasonably large population and territory and, most significantly, historically rooted national and regional identities that are quite strong. Spain presumably qualifies as a federal society. But clearly it did not have a federal constitution under Franco; that has come only with his demise.

Thus there is a logic that would present federalism as the appropriate form of constitutional government for federal societies—what is meant by saying federalism is very context dependent. Furthermore, federalism is hugely varied in practice: federations can be relatively centralized or decentralized, congressional or parliamentary, dualist or integrated, and so on.

Approached this way, federalism can seem quite a banal idea—not much more than a tool kit of machinery of government for managing regionally complex centrifugal and centripetal forces in political systems. Federalism can thus seem to be not necessarily very different from decentralization.

But of course, federalism is a good deal more than a simple tool kit and this explains why it can be politically so controversial. While federalism is not put forward as a universally applicable formula for governance, the theory of federalism does argue that it has a number of significant advantages in terms of democratic theory. This is strikingly evident in the famous *Federalist Papers*, with their emphasis on checks and balances, the diffusion of power, and the need to limit majoritarianism. There is a straight line from the *Federalist Papers* to, for example, the German constitution of 1949, which was strongly influenced by American thinking (and the US presence in Germany after the war). While few would see federalism as a *necessary* instrument to protect democracy, a fair case can be made that it adds a layer of protection. Federalist theory in many countries has also been closely tied to democratic thinking about minority rights and multiculturalism. In fact, my own country, Canada, is seen to have contributed to a whole school of political theory along these lines. Finally, economists have developed fiscal federalism into a major sub-discipline which combines both normative and empirical dimensions.

We can see that federalism is a fascinating combination of the practical and the theoretical, the relatively mundane and the highly symbolic. It gives rise

to quite impassioned debates around sovereignty, citizenship and nationhood. Such debates can take on quite an ideological flavour, but they can also elicit very contradictory views on how to manage the dynamics of plurality in complex societies.

The Proliferation of Federalism in Recent Years

Let me turn to the historical evolution of federalism because our best way to speculate about the Twenty-first Century is to assume that it will be in some way a projection of past trends and forces, especially those in the last years of the Twentieth Century.

Federations appear and are shaped as the product of both centrifugal and centripetal forces. There is a well known distinction between “coming together” federations and “holding together” federations and this is quite useful in considering their origins. But beyond their origins, all federations are shaped by some combination of these opposing forces, which affect the balance they find between centralization and decentralization—a balance that moves with time.

There were only a handful of true federations at the end of the Second World War. They included Australia, Canada, Switzerland and the United States. Germany and Austria had been federal and would be again. Some Latin American countries had federal constitutions, but were not truly federal in the absence of democratic politics. The Soviet Union was a sham federation.

Since 1945, a remarkable number of countries have become truly federal, and several others have moved in that direction. However, there have also been numerous failed attempts at federalism and there are now some highly problematic attempts to create new federations in deeply divided societies. There is also the remarkable phenomenon of Europe’s evolution into a unique economic and political union, which has some federal features. Altogether, there were some thirty to forty cases of what we might call new federal experiences or experiments in the postwar period. These new experiences include countries that had been previously been federal, such as Austria and Germany, or that had nominally federal constitutions but has not been not democratic, such as Mexico and Russia. It includes all the post-colonial experiments with federalism, both successes and failures. It includes formerly unitary countries, such as Spain and Belgium, which have

federalized. And it includes such current federal experiments as Iraq and Sudan.

Obviously this is a very mixed picture and it would be surprising to find this all this federal activity was the product of only one set of forces. It is worth considering what the various forces might have been.

(a) Geopolitical influences

First, there were some large geopolitical factors. The new Germany, the post-colonial federations, and the post-communist federations all had their federal origins linked to our caught with external geopolitical developments. More recently, the federal experiments in Iraq and Sudan, have been strongly influenced by external pressures for these countries to “hold together”. It is striking how many of the failed or still problematic federal experiments of the last fifty years fall into the category of federations that appeared, in part at least, with external geopolitical actors and developments playing a major role.

These include the end of the colonial empires, especially the British retreat from Empire, where the British, who had never been federal at home and who had eschewed even having a written constitution, encouraged federal arrangements for various colonies, some of which were quite hastily brought together for the purpose. Virtually all of the British attempts at forcing ex-colonies to come together into new federal arrangements fell apart. Malaysia, with the adhesion of Borneo and Sumatra, is the closest thing to a success, but Malaysia expelled Singapore, which was the most significant part of the new marriage, and it has been less than a model democracy since.

While the collapse of the Soviet Union was essentially an internal phenomenon, it unleashed long pent-up centrifugal forces in the nominally federal republics of Yugoslavia and Czechoslovakia that soon led to the breakup of those countries. The one federal continuing experiment to emerge from the collapse of communism is Bosnia-Herzegovina, but this is a very limited kind of federalism indeed and it has been held together under a kind of external tutelage. It is perhaps the classic case of the external world largely imposing a version of federalism as a least bad solution to an intractable problem.

Iraq and Sudan are more recent federal experiments which have been strongly shaped by external pressures. In fact, both countries were products of twentieth century geopolitics at earlier stages in their history. Iraq was cobbled together by the Great Powers in the early part of the century and remained united through authoritarian governments. Its attempt at democracy and a federal constitution following the American invasion has been strongly driven by the external community, most notably the US Government of course, but there are also pressures to keep Iraq together from neighbouring Turkey and Iran, who might see independence for Kurdistan as a *casus belli*. Thus Iraq is likely to remain a single country and the issue is whether it can successfully find a democratic and federal manner of governance or whether it reverts to some kind of authoritarianism.

Sudan is somewhat similar. Southern Sudan never really functioned as part of the country during the period of the British protectorate and the British would probably have tried to marry it to Uganda at the time of decolonization in the mid-1950s except for Egypt's veto. Post-colonial Sudan was never democratic and experienced one of the world's longest and most lethal civil wars. The eventual comprehensive peace settlement provided for an interim federal constitution of a unique kind—with the south being a federation within a federation. The international community played a strong role in brokering the peace, designing the constitution, and maintaining a united Sudan. The deal was essentially between the two governing parties in Khartoum and in the south respectively, and it effectively excluded some regions in the North, including Darfur, whose tragedy continues to unfold. The interim arrangements have not resulted in democratic politics, though they opened some political space, created a limited kind of power sharing in Khartoum, and brought significant self-government to the South. The structure of the deal makes it hard to bring the northern regions that were excluded into power sharing and this is one source of continuing conflict. The North—or the Congress Party—has done little to respect the spirit of the peace agreement, so the current view is that the referendum on Southern secession, provided for in the agreement, will proceed in early 2011 and the vote will be overwhelmingly positive. Thus, Sudan may be the next failed federation. This failure carries many risks, including renewed fighting between the North and the South. Interestingly, however, both parts of the country assume that they will be federal in structure.

Of course, there are cases where geopolitical change brought forth reasonably successful federal systems. Germany is one outstanding case: its defeat opened the way to the restoration of democracy and federalism both in Germany and Austria. Given German history and traditions, the new Basic Law would have been federal in any case, but its precise form was strongly influenced by Allied concerns to avoid a concentration of power and the risk of unbridled majoritarianism. Austria too reemerged as a successful federation.

India is the other outstanding case. It emerged independent early in the period of retreat from colonialism. It is easy now to forget how many in 1947 were skeptical of India's chances of survival as a federal democracy or any kind of democracy. While India is cited as an example of a country whose federal design involved both holding together and coming together, it was really much more the former than the latter and I believe its historically established identity and integrity was a key element of its success in holding together. Moreover, it entered independence with a significant record of active internal politics and a dominant party that was able to steer the transition. Because of the trauma of partition, the India constitution avoided using the term federal, it contained a number of novel "non-federal" features to reinforce central authority, and it put off redrawing the map of the states. However, there is no doubt that the basic architecture was federal and over time the country has become undeniably federal in practice.

Of course, Pakistan, which also emerged from partition had a much less successful history as a federation. It had only two provinces, which is always a difficult federal structure and made worse by the physical distance between the two. The East eventually separated. The West then adopted its own federal structure, but the country has been plagued with repeated periods of military rule, serious weaknesses in its federal design, and deep conflicts especially with the smaller minorities. Its recent return to democracy has been troubled by the war next door in Afghanistan and domestic insurgencies, but there are signs of vitality in its federal politics including a recent major constitutional reform.

Of the other post-colonial federations, Nigeria was started with a deeply flawed political structure of only three states. While nominally one colony before independence, its North and South had been governed quite separately. It suffered extended periods of military rule and a terrible civil war, but despite this, the country's unity appears relatively stable, in part

because of a major restructuring into many more states. It has now had ten years of civilian rule, including a peaceful, if rocky, transition of power. A few island federations, such as Micronesia, Comoros and St. Kitts and Nevis have endured after decolonization, but they are all microstates and really belong in a special category.

A key lesson from this review is that geopolitical factors can be important in the appearance of federations or the adoption of federal solutions. That said, almost all the cases where external actors promoted the creation of new federal countries by combining previously separate units failed. Germany and Austria are successful federations emerging from military defeat and occupation. India and to a certain extent Nigeria, Malaysia and even Pakistan are federal successes of decolonization. But in all of these cases, with the partial exception of Malaysia, the new federations were made out of formerly established political units or fractions of them.

(b) Democratic influences

After that rather bleak review, we might feel inclined to pack our bags and go home. But I come now to the brighter part of the story, namely the role played by democratization and democratic politics in the emergence of new federal systems. This is the story of Spain, of course, but also of the now democratic federations in Mexico, Brazil and Argentina. It must include Russia, at least on a probationary basis, as well. Newly democratic South Africa adopted a form of federalism after the fall of the apartheid regime. So did Ethiopia after the overthrow of Mengistu. Belgium and Italy are in a somewhat different category: in their cases, long established democracies have moved to federal or quasi-federal arrangements. Finally, a number of other countries, though not yet federal, have clearly been decentralizing in response to democratic forces: they include Columbia, Peru and Indonesia.

Thus it has been democratization and democratic politics that underly most of the successful new federal arrangements. In some cases, as in Latin America and Russia, there had been federal constitutions in place before democratization. In Mexico's case, the first flowering of true multi-party democracy was at the state level. In Brazil, the military restored democracy at the state level before doing so at the federal level. In Russia's case, the old Soviet constitution's nominal federal structure sprang into life as democratic politics started to emerge. The previously subservient constituent units became independent political power bases. Yeltsin took

advantage of being head of Russia to precipitate the break up of the USSR. As it happened, Russia itself was a federation within the old Soviet federation, and its federal structures were quickly adapted to a rather chaotic democratic politics before Putin imposed a significant degree of centralization, great symmetry and a dominant political party.

Spain not only democratized, but it created a new federal structure. It is unique in a number of ways, though much less asymmetric than had originally been expected. Of course, the term “federal” appears nowhere in the new constitution, which is essentially federal. Spain has a unique approach to allocating powers to the constituent units through bilateral agreements within the constitution. Spain’s federalization was driven in particular by the strong sense of identity of the historic nationalities, but it is striking how other regions, with less distinct sense of themselves, have largely opted for similar arrangements.

Belgium too is a story of federalization in response to identity politics. Despite its small territory, prosperity and long democratic tradition, the country gradually moved away from the old elite accommodation model at the centre to one of decentralization in a new, unique federalism with two distinct types of constituent units, namely the regions and the communities. Belgium’s fate is still uncertain, partly because there is no consensus on the need for or nature of the central government.

In South Africa, the African National Congress had a rather Marxist tradition of democratic centralism, but it agreed to a rather centralized form of federalism as a concession to Chief Butalessi of the Inkatha people as well as to the privileged minority of whites and coloureds, as they were called. It remains to be seen how federal South Africa will be in practice. Its municipalities are more powerful than the provinces, but there are signs that federal structures are influencing the functioning of the ANC itself. As well, the first break in the ANC’s hold on the country has come through the opposition controlling a provincial government.

Ethiopia was a country with no history of democracy. Its civil war was won by a coalition of largely peripheral peoples headed by the Tigrain leader Meles Zenawi and they were determined to break the overwhelmingly centralized structures based in Addis with its largely Amharic elite. Since 1995, the country has not only adopted a federal constitution, but it has made very impressive strides in developing regional administrations with genuine

powers and capacity. As in South Africa, the country is still dominated by one political party, so the longer-term test of Ethiopia's federalism will be how it accommodates the appearance of opposition parties in government, probably at the state level. India and Mexico once both had dominant party systems and have since made successful transitions to competitive multi-party politics. It may be that, compared with unitary systems, federalism facilitates the transition from a dominant party to a competitive party regime.

While democratization has been the brighter part of the story of emergent federations, not all has been sweetness and light in these various countries. Some face real challenges in the quality of their democracy, structural weaknesses in their federal constitutions, and obstacles to important needed reforms. In a few cases, the long-term viability of the federation is not assured. That said, there is no doubt that democratization and the operation of democratic politics have been a major force for the creation and consolidation of many federations and that federalism seems to fit the needs of these "federal societies" better than unitary regimes would.

(c) Functional influences

Our final factor is what I shall call, for want of a better term, functional influences. Functional needs, in particular the need for mutual defence, was at the origins of the Swiss confederacy many centuries ago and carried over into the creation of the Swiss federation in 1848. It was critical as well in the formation of a federal United States, after the failure of the confederal period: there was a strongly felt need for a federal arrangement to promote trade and defence. Likewise, Canada's move to federalism was at least partly inspired by preoccupations about defence, transport and markets, though the British Imperial power also played a significant role of encouragement from outside. And the Australian federation also arose out of various functional considerations. Of course, other factors played in all these cases, including some sense of shared identity.

It is striking that there has been no successful case of a new federation of formerly separate units coming together for functional reasons since World War II. (I exclude the microstates that could be considered special exceptions.) This is the dog that did not bark. The successful cases of coming-together-federations were in the eighteenth or nineteenth centuries by settler colonies moving towards greater self-government or by the

consolidation of confederations, as in the United States and Switzerland, or loose arrangements, as in Germany.

Of course, the obvious question is what about the European Union? The extraordinary story of the creation, broadening and deepening of the European Union must rank as one of the most remarkable in the history of political institution building anywhere, at any time. It is, par excellence, a story of coming together, and more especially the coming together of long established, fully mature, sovereign powers with deeply rooted national identities. It has been driven by functional considerations, notably the need to make impossible any repeat of the terrible wars that devastated Europe, but also, more positively, to create a great common market that will promote productivity and wealth. Over time other objectives have been added to these.

The scale of the European accomplishment is remarkable, but at least to date it has not been federal. Europe has federal features, including a directly elected Parliament and a central court. It can be argued that in its area of core competence, the internal market and trade relations, it functions in an approximately federal fashion already in that decisions on such issues are made by majority or weighted votes of the member states and the Parliament—which is, after all, the German model. However, Europe has no government as such, it has still not centralized defence and foreign relations, nor has it given the centre any taxing powers. Decisions in many areas are made through consensus amongst member state governments. So is it more proto-federal than federal at this point and the inevitable question is whether Europe become fully federal? This can be our segue into reflecting on the relevance and possible directions of federalism in the Twenty-First Century.

A New Century

Perhaps the easiest way to come at the question is to look at the three factors I reviewed as so important in the past creation of federations and to ask what they might mean in this new century and for federalism.

(a) Geopolitics

We can start by looking at the geopolitical dimension, and ask to what extent external international actors in this new century may try to promote federal solutions in particular countries and why?

Clearly the colonial period is over, so there will not be another rash of cases of previously separate political units strong-armed into some kind of political marriage by an external actor, be it a colonial power or any other. Thus one source of federalism, both failed and successful, in the Twentieth century has run its course and presents little likelihood of repetition.

But this is not to say that external actors will not, on occasion, become advocates for federal solutions in countries other than their own. Typically, these external actors will be neighbouring countries or major powers who consider they have some major stake in the continued existence of the country in question. Federalism is not the objective of such external actors, but rather the perceived means to hold together a country that they do not want to break up. I have already mentioned Sudan and Iraq as falling into this category. Cyprus is a very current further possibility, where negotiations are active. The Indian government is deeply allergic to separatist solutions in its neighbourhood and would clearly have preferred a federal Sri Lanka to an independent Tamil country there, next to the huge Tamil community within India; however, the prospects of a federal Sri Lanka or Tamil independence are now distant at best.

There will likely be other such cases in the future. The Democratic Republic of Congo now has an essentially federal constitution, though its implementation has been stalled. It is conceivable that the international community will intervene to maintain a federal DRC, rather than permit its breakup. Might there be other such cases in Africa? Certainly, there is a strong consensus amongst African leaders that they do not want to release the genie of redrawing international boundaries in a continent where there might be no end to it.

I do not believe the international community will always resist attempts at secession. There is doctrine in international law that justifies secession in cases of severe human rights abuses and oppression of a people. The secession of Southern Sudan may well find international support, given that it is provided for in a peace agreement. However, we should not expect the international community to show great consistency in dealing with cases of potential secession, as we can see in the international community's silent reaction to Chechnya. In general, the international community will continue to be sparing in its support for secession and prefer alternatives, including even tenuous forms of federalism, for resolving conflicts.

It is perhaps worth a footnote, from a Canadian, on federalism and secession. My own country faced a serious existential challenge from the advocates of Quebec secession. The challenge has not entirely died, but it is certainly much weaker than it was in the 1960s and 70s, and I believe this is because Canada has been able, through its federal system, to adjust and respond to the most basic aspirations of Quebecers. We may be seeing some of the same phenomenon in Spain where the separatist movements amongst the historic nationalities seem in decline. Whatever success there has been in Canada and Spain in meeting the challenge of separatist movements has been entirely dependent on having a federal system. It is unimaginable that the separatist movements would have been similarly weakened in a unitary regime. However, as Belgium shows, federalism is no guarantee against strong secessionist forces and that country's future remains in doubt.

(b) Democratization

The second force driving the proliferation of federalism in the Twentieth Century—and much the most important—was democratization. As democrats, we would like to think that this century will see the onward march of democracy. However, Europe saw in the 1920s and 30s how terrible social or political shocks could lead to the dramatic reversal of democracy, and the global ascendancy of Western nations, the inventors of liberal, representative democracy, is certain to diminish over the course of this century. There have been those, like Matakahir in Malaysia, who advocate so-called Asian values with very distinct forms of popular governance that may not meet all our tests for democracy. That said, I think conventional democracy has a powerful pull in Asia—as India, Japan, South Korea and Taiwan all attest—as well as in most parts of the world. Thus we are likely to see more, rather than less democracy through the course of this century as societies grow richer and communications continue to shrink distance.

Where democracy progresses, surely, in many cases, federalism will follow. For example, who could imagine a democratic China that was unitary? Even now, the country has a quasi-federal fiscal structure and many decisions are effectively decentralized. We have also seen how a democratic Indonesia is decentralizing and could become federal. One could work through a long list of countries that would probably evolve toward federalism if they were to be genuinely democratic. Some are large, such as Myanmar and Iran, but

others are quite small, especially in Africa where there are so many ethnically mixed states.

While the spread of democracy is likely to further the spread of federalism, there may also be cases where democracy undermines federalism. This can be the case especially when identity politics enters a downward cycle of conflict that can tear a society apart. One of the greatest challenges for students of federalism is to identify the types of institutional arrangements and policies that can mitigate such conflicts. For example, I would suggest that Belgium's difficulties reflect not only the evident tensions between the two communities, but also the functioning of some institutional arrangements that are deeply dysfunctional. It may be that if different institutional choices had been made in the 1980s and 1990s, Belgium would have a more harmonious and stable political system.

Related to the issue of identity politics is that of multiculturalism. Many previously quite homogenous societies are now host to relatively new communities that have very different cultures and traditions. They are often visibly different as well. This has sparked tremendous debates and soul searching about accommodation, difference, assimilation and citizenship. There are links between these debates and much federal experience, particularly in multi-ethnic societies, and it is worth remembering that federalism is about more than the territorial arrangements of the political system but also about how the central institutions reflect the plural nature of a society. Thus federal experience may be increasingly turned to, even in societies that will not adopt federalism as such.

Finally, some existing federations that have very homogenous and not too numerous populations, it is conceivable that they will become so centralized that they may consider dropping the federal structure, though the impediments to doing so are significant.

(c) Functional forces

Lastly, we might ask whether functional objectives or forces will promote more federalism in the Twenty-First Century?

This brings us back to the European Union. Opinion in Europe is sharply divided between those who think that the logic of integration will ultimately lead Europe into a truly federal arrangement versus those who think the size

and diversity of the continent—as well as vested interests of national élites—will always be a barrier to a directly elected European government. I tend to the first view, but admit that nothing is predetermined.

The present economic crisis is showing some of the weaknesses of the current European arrangement. While the Union has deeply integrated markets, most members share a common currency, there is very little fiscal weight at the centre and weak fiscal coordination. There has been remarkable creativity but also a good deal of hesitancy in managing the recent crisis around Greek debt. It has forced the European partners to consider mutual support, but clearly their actions are limited and far short of a federal approach. However, the question remains whether a system that is so fiscally weak at the centre is consistent with the ever deepening economic integration.

The other functional pressures for greater unity in Europe have to do with a common defence and foreign policy. Europe is not under any huge threat and so can muddle through on these issues, but who knows how things will develop over the coming century, especially as China and India emerge as leading powers. Current European arrangements are so demanding on leaders in terms of internal consultation and joint decision-making that there often seems little time or energy left for cultivating and managing key external relationships and interests and the lack of coherence in certain policy areas undermines European interests.

Finally, it seems that a European identity is genuinely developing. As this deepens, it will facilitate the idea of a directly elected government. Thus the debate over Europe's "democratic deficit" may resonate more as Europeans have a stronger sense of shared identity. The increasing adoption of English as the European link language will reinforce this, as it has done in India.

Will the European experience, federal or otherwise, remain largely unique or will it pave the way for similar models elsewhere in the world? There are new regional organizations that are inspired by the European model on virtually every continent, though none has gone as far as even the earliest steps in European integration. However, it is not unreasonable to speculate that some will deepen significantly over the next one hundred years.

It may be that these major experiments in various nations "coming together" in this century will involve the reinvention or adaptation of federal concepts

more than their simple adoption. But federalism has always been a very broad church, so new experiments and mutations would be nothing new.

Conclusion

I have presented a rather optimistic view of the Twenty-First Century, with no major wars or economic collapse. Within that framework, I suggest that federalism and federal experiences will be even more relevant in this century than they have been in the past. This will be driven primarily by the spread of democracy, though democracy can on occasion itself spin out of control, including through destructive identity politics. Federalism will be highly relevant to this century's debates about multiculturalism, accommodation, assimilation and citizenship. What we are likely to see less of compared with the Twentieth Century is externally initiated attempts at putting together new federations out of formerly distinct political units. This was largely a product of the colonial era and has past. However, there will likely be some cases when the international community or key powers may encourage conflict-riven states to adopt a kind of federalism rather than to separate. This will be very context dependent and will not always succeed. Finally, the Twenty-First Century may well see significant developments in terms of sovereign states "coming together". This could include the deepening of regional arrangements that already exist or the invention of new ones. Some of these regional arrangements, including in Europe, may evolve in a federal direction and even become recognized as federations.