

# Introduction

NICO STEYTLER

Federal systems are usually conceived, although not exclusively so, as comprising two orders of government: federal and state (the latter referring to states, provinces, *Länder*, and cantons).<sup>1</sup> Local government is usually seen as a competence of states,<sup>2</sup> implying that the primary relations are between states and local governments to the exclusion of the federal government. Increasingly, however, local government is being seen as an integral part of federal governance.

In the first volume in the Global Dialogue series, *Constitutional Origins, Structure, and Change in Federal Countries*, John Kincaid noted that seven of the twelve countries included in that volume accorded constitutional recognition of some sort to local government, although not always treating local government as the third order of government.<sup>3</sup> The important distinction drawn here is between local governments that, as creatures of the constituent states, are wholly subject to the control of the latter and local governments that, due to their degree of autonomy in decision making, can be regarded as an order of government of a kind not wholly dissimilar to the states and the federal government. In examining the executive and legislative structures in federal countries in the third volume in the Global Dialogue series, Cheryl Saunders pointed out a trend toward according local government increasing autonomy, which often results in “a tension between the traditional autonomy of constituent units [states] in relation to local government and the relative new found autonomy of local government.”<sup>4</sup> In the fourth volume, which considers fiscal relations in federal countries,<sup>5</sup> local government was regarded as an integral part of the practice of fiscal federalism in each country survey. Building on the previous volumes, this volume explores more fully the place and role of local government in the case-study federal systems, examining how it relates to state and federal government.

The term “local government” is most often used as though it refers to a uniform institution with a set number of identifiable characteristics. On

closer inspection, this term is merely a collective noun for a wide variety of governance institutions that come in all shapes and sizes and that perform widely divergent functions. They range from mammoth metropolitan municipalities of mega-cities to small rural entities. Their function can be either multipurpose in the case of municipalities or single-purpose in the case of special authorities and school districts. They may be single- or two-tier structures with shared jurisdictions. It would, therefore, be more appropriate to refer to local governments, in the plural. What they do have in common is that there is no order of government between them and the communities they serve. This is also their strength and democratic claim; they are the government closest to the people.

The place and role of local governments have come strongly to the fore in the governance of metropolitan regions. With high levels of urbanization, often concentrated in a few areas, metropolitan regions are the locus both of economic productivity and, particularly in developing countries, of poverty and environmental degradation. Consequently, they largely define the wealth and health of the nation. Where local governments have to deal with the challenges of massive conurbations, they have staked their claim to be a partner at the federal table of government, seeking money, power, and respect. Urban governments have demanded new fiscal tools to meet their increasing responsibilities, they need powers commensurate to the challenges of urbanization, and finally, given the vital role they play in the social and economic well-being of a country as a whole, they want respect as a recognized partner in government.

For this volume, twelve very different federal or federal-type countries have been selected: Australia, Austria, Brazil, Canada, Germany, India, Mexico, Nigeria, South Africa, Spain, Switzerland, and the United States. The countries also represent divergent economic and social conditions as well as distinct political and institutional arrangements. Old established federations can thus be compared with more recent additions to the federal family, even with those, such as Spain and South Africa, that deny familial connection despite some federal features in their constitutional make-up. From a constitutional perspective, the old federal constitutions (i.e., those of the United States, Switzerland, Canada, and Australia) did not refer to local government, and if they did, then it was merely as a competence of the states or provinces. In contrast, ever since the Second World War, the other countries in this sample have all given federal recognition to local government, although not always as a full-fledged order of government.

More important than constitutional recognition of local government is the practice of intergovernmental relations, which more closely reflects the place and role of local governments in the federal system. We ask whether local government has become a partner in the federal system of government or whether it is still under the tutelage of states. In this context, are direct relations emerging between local government and the federal government or

do states mediate that relationship? Where local government is recognized as a partner in the federal system of government, how has that affected the relationship between the federal government and states? Is there competition for power and resources between states and the large local governments, such as metropolitan cities? Where local government is a partner in the federal system, what has been the impact on the system as a whole? Have intergovernmental relations become more complex and unwieldy, with less accountability to each order of government's constituency?

In addressing these questions, the country chapters, as in previous volumes in the *Global Dialogue* series, have been written to an agreed template in order to ensure coverage of similar issues. Meaningful comparisons can then follow. Each chapter commences with an introductory overview providing the geographic, demographic, and economic context of the federal polity and its political institutions.

The second section focuses on the history, structures, and institutions of local government. The historical development of local government is sketched, tracing the evolution of its role over time. As noted above, the collective term "local government" includes counties, municipalities, townships, town councils, school districts, special districts, rural local authorities, villages, and traditional or tribal authorities. The myriad institutions also differ in having either multiple purposes or a single purpose. An important factor in this context is the institutional arrangements for the governance of metropolitan regions. A subsidiary factor is the governance of federal capital cities.

The third section is concerned with the constitutional recognition of local government. The focus is on the reasons for, and the scope, nature, and consequences of, recognition in both federal and state constitutions. The next section analyzes the overall governance role that local governments play in a country. This depends on the exercise both of their own functions and of those administered on behalf of the state and federal governments. The focus then shifts to the institutions that exercise power and perform the functions of local government.

Financing the governance role of local government is the subject of the fifth section. Whatever the formal functions and powers of local governments may be, the degree of self-sufficiency in revenue raising is a strong indicator of the level of local self-governance. A reliance on transfers from state governments is likely to lead to dependency. The focus, then, is on the sources of revenue – whether own or as a result of transfers – and the level of expenditure discretion. The following section further examines the theory and practice of supervision of local government exercised by states and the federal government. Supervision includes standard setting, support, routine review of decisions, monitoring of performance, and intervention. The extent of supervision has an important bearing on the level of local autonomy.

Although the states' supervisory role reflects a hierarchical relationship, the practice of intergovernmental relations with other orders of government may suggest a relationship based more on equality. In the seventh section, the relationships between local government and the states are outlined. The question is also probed of whether direct relations with the federal government are developing. In both sets of relations, organized local government plays an important role as the voice of local government and partner in government. The practice of intergovernmental relations is relevant to the next section, which deals with the political culture of local governance. To what extent have local politics been incorporated into the national-party political system, either facilitating intergovernmental relations or, alternatively, dictating local decisions? The final section concerns the role of local government in the evolution of the federal system: what are the main issues of, and emerging trends in, local government that may affect a country's federal system. What role will the growth of metropolitan regions and cities play?

The concluding chapter in this volume gives a comparative analysis of the different themes examined in each chapter. It seeks to answer the overall question of whether the growth of local government with relative autonomy is changing the shape of federal systems. Is there a movement, slow but sure, away from the classical two-order federal system and toward multisphere governance? If this is the case, what are the new demands on the theory and practice of federalism?

#### NOTE

- 1 A page is devoted to local government in Ronald L. Watts, *Comparing Federal Systems*, 3rd ed. (Montreal and Kingston: McGill-Queen's University, 2008), 132-3.
- 2 See Ronald L. Watts, "Comparative Conclusions," in *Distribution of Powers and Responsibilities in Federal Countries*, ed. Akhtar Majeed, Ronald L. Watts, and Douglas M. Brown, 322-49 (Montreal and Kingston: McGill-Queen's University, 2006), 330.
- 3 John Kincaid, "Comparative Observations," in *Constitutional Origins, Structure, and Change in Federal Countries*, ed. John Kincaid and G. Alan Tarr, 409-48 (Montreal and Kingston: McGill-Queen's University Press, 2005), 438.
- 4 Cheryl Saunders, "Legislative, Executive, and Judicial Institutions: A Synthesis," in *Legislative, Executive, and Judicial Governance in Federal Countries*, ed. Katy le Roy and Cheryl Saunders, 344-84 (Montreal and Kingston: McGill-Queen's University Press, 2006), 374.
- 5 Anwar Shah, ed., *The Practice of Fiscal Federalism: Comparative Perspectives* (Montreal and Kingston: McGill-Queen's University Press, 2007).