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It is quite a paradox that federal states have been in existence for at least 200 years, but that, as far as I know, it is only in the last few years that these federal states have decided to meet each other as federal states in an organisation to promote federalism, and to exchange knowledge and experiences on the subject. So I am more than ever convinced that it was an excellent idea on the part of the Canadian authorities to launch the Forum of Federations four years ago.

Let me also congratulate former president Arnold Koller and his team for the way they have organised the International Conference on Federalism this year in this beautiful city of St Gallen. I am in no doubt that the discussions of the last few days between people from such different countries have sharpened-up our opinions on the working of federal systems. Certainly the Swiss experience of federalism, dating back to 1848, remains an essential key to our understanding of the system.

I do not think one can exaggerate the importance of meetings like this. It is essential that federal states – some of them very old, like the United States, some rather younger, like my country – should talk to each other about their own experience in making federalism work. Federalism is certainly no simple institutional system, but it is getting more and more popular because it is so flexible and adaptable, and better suited to organising fragmented societies than the old nation state.

The nation state is a phenomenon that originated in Europe some 400 years ago. Its first ambition was to try to maintain one faith in one country, after Protestantism had smashed the unity of Christianity. Then, from the seventeenth century onwards, rulers like Colbert in France or Cromwell in England tried to unite their country economically. And two centuries later another ambition to create greater unity arose, for the purpose of education and administration.

With the benefit of hindsight one could easily qualify this kind of ambition as being slightly pathetic. But let us not forget that it was fuelled by rational thinking, by a logic in which a state administration could not be organised efficiently without a minimum of unity in the country. The more unity, the more efficiency, such was the thinking. But reality was not ready to fit the scheme. People inside a territory are almost never an identical lot.

So when, from the nineteenth century onwards, democracy broke through, the ambition to create nation states turned into bloody conflicts.

Certainly in Central and Eastern Europe it generated ethnic cleansing in which millions were killed or obliged to emigrate. The great line of European history in the last one and a half centuries is that wherever there was a religious, linguistic or even socio-economic dispute between peoples or territories, different nation states came into existence. In 1870 there were 14 states in Europe. A hundred and twenty five years later the number had risen to 40.

Half a century ago, after the Second World War, a reaction set in against the permanent splitting up of the continent. We call it the European Union (EU), which started with six countries in Western Europe in 1950, and which will

span almost the whole continent somewhere around the year 2020. For the Swiss this sounds in a certain way like a familiar story. The same thing happened in their country some two centuries ago. Each religious or linguistic conflict, or even a conflict between city and countryside, as in Basel, ended in the creation of different nations. These nations worked together only for defence matters until 1848, when they all became cantons in a new federal state.

Switzerland is one of the few European states with more than one official language. The other one in Western Europe is mine. Belgium came into existence in 1830 after a revolt in the Kingdom of the Netherlands, in which the rebels no longer accepted the centralist aspirations of the Dutch king, who, for example, wanted to impose Dutch as the only official language. But the rebels of 1830 made the same mistake when they became the masters of the new country, Belgium, in which they wanted French to be the sole language for education and administration, although a slight majority of the people spoke Dutch.

Thus started a struggle between French-speaking and Dutch-speaking Belgians, or Flemings and Walloons, as we call them. It lasted throughout the twentieth century. As democracy broke through the Flemings achieved equal rights for their language and culture. Flemings and Walloons now have their own regional authorities, with specific competences, an own parliament, own revenues and even a certain role in foreign policy. Besides this, we have created regional authorities for the small German community of about 70, 000 people in the east of the country, and for the capital Brussels, where both Flemings and Walloons live.

Tensions between Flemings and Walloons, which in the past have run very high, although they never became violent, have in the meantime been reduced to a level where they can be kept politically under control.

Federalisation has made it possible to defuse never-ending discussions – for instance about the allocation of money for French and Dutch schools and universities – by the devolution of the competence.

Financial efficiency was strengthened in this way. Formerly when one Euro was spent for one community, it was politically unthinkable that the other community would not receive the same amount of money. Nowadays regional authorities have a large degree of financial autonomy to spend their own money as they like.

So I think my country has become a good example of how federalism, through its recognition of diversity, can still create more cost-efficient institutions than the old nation state of the nineteenth century. I am well aware of the fact that in my country there are people who point to the existence of something like six parliaments and as many governments to explain how complicated Belgium's institutional system is. They are not completely wrong certainly, but surely the financial benefits of Belgian federalism outweigh the disadvantages of its institutional complexity.

So Belgium, like Switzerland before it, but in a totally different evolution, buried the old obsession of uniting the people of a nation state. This is clearly not without relevance, as more and more nations are creating a European Union. This Union originated out of the need to cooperate in socio-economic

matters, now that smaller and even slightly bigger European nations have become too small to play alone on the world stage.

The risk of course is that the need to cooperate generates a new ambition to create a European nation state. Should fiscal competition between the member states be tied up? Should pig meat be packed exactly the same way in Turkey as in Denmark? And above all, would it not be far easier and more cost-efficient to reduce the number of official languages in the Union to just two or three?

These questions make it clear that if a democratic Europe ever wants to become a reality, it will have to be a federal Europe. What should be done together should be done together. What need not to be done together should remain apart. I know that the British especially tend to cultivate the misunderstanding in which a federal Europe will automatically turn into a horrible European superstate. In reality Europe will never be a superstate if it becomes genuinely federal. And the Swiss and the Belgian experience can certainly inspire this federal Europe, as can the experiences of other federal states of the continent of course.

Federalism will increasingly become the appropriate institutional architecture of the twenty-first century. The idea of unity in diversity, and certainly the far greater flexibility behind this idea, make the system better suited for democratic institutions that have to represent different tendencies and cultures in the population of a certain territory. It can at the same time be a dam against too much fragmentation, a flexible framework for international and yet

not democratic organisations, a key to turning dictatorships into stable democracies, and a system to solve long-running conflicts.

Let me explain this with a few examples. Saddam Hussein is an awful dictator. His power is, among other things, built upon the negation of the diversity of at least three cultures in his country: the Kurds, the Shia-Muslims, and the Sunni-Muslims. A similar reasoning can be made for the conflict between Israelis and Palestinians. I do not think that area will come to rest before structures have been created which largely decentralise the issues involved. Probably that process will create two different states, but even these states will have to keep some federal structures, as both will be confronted with minorities on their territory and with the highly complicated and symbolic issue of ruling the city of Jerusalem.

Federalism can lower the threshold for democratising international institutions. One of the fears about creating a more democratic EU is that it will again give a free hand to nationalistic rivalries. The only system to cope with that risk is federalism. If the Union is confronted with an issue that threatens to divide it, federalism gives it the opportunity to defuse the question by sending it to decentralised structures. The only pain this will cause to European institutions is that they will have to take their own official aim of subsidiarity seriously.

I want to apply the same reasoning to politics on a world scale. I do not think it necessary to repeat again how much more political authority is needed for a world that is rapidly becoming economically united, and in which globalisation produces many beneficial but also some very nasty results. But how do you

realise such an authority without creating another kind of enlightened despotism lacking any real legitimacy?

The answer again is: through democratic and federal institutions.

Organisations on a world scale will only have some legitimacy if they represent more or less both the diversity and the population numbers in the world. I have pleaded many times over the last few years for global political structures based on cooperation within each continent, like the EU or Asean. Such structures could be a first step in weakening the supremacy of the rich countries in the world organisations today. Each of these continental cooperation structures needs of course also to be as democratic and federal as possible.

I certainly do not exaggerate when I say that we have, with the Forum of Federations, opened an inexhaustible source of reflection and discussion. We have started a project aimed at the future, a project to organise the EU, a project to help solving conflicts in the world, a project to start with the building of a world government. Let me therefore invite you to the next International Conference on Federalism, in Belgium in 2004. You will learn more about our own peculiar system of federalism. And it is my wish that the conference will especially address the issue of federalism in international institutions and the way we can build a stronger political authority for world affairs. Let us not be too timid and let us ask ourselves this question bluntly: could world federalism become a reality?

In 2004 the Forum of Federations will only be five years old. I am convinced then we will still only be in the first chapter of a long story. The future of federalism seems only to be beginning.