

Introduction

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The overall theme of the 4th International Conference on Federalism held in New Delhi, 5-7 November 2007, was “Unity in Diversity: Learning from Each Other”. Internationally, this topic was a highly relevant focus because in the contemporary world, federalism as a political idea has become increasingly important as a way of peacefully reconciling unity and diversity within political systems. Diversity is seen here primarily as qualitative collective characteristics based on language, religion, ethnicity, nationality, culture, and race rather than gender, class, status, occupation, and the like (although the latter are certainly not unimportant). Use of the word “in” purposely signifies that unity can be grounded in diversity, that diversity can give rise to unity, that unity need not dissolve diversity into homogeneity, and that there is no necessary contradiction between unity and diversity. Indirectly, the title also signifies the diversity of federal systems in today’s world and the need for citizens and public officials in those systems, as well as in emergent and would-be federations, to learn from each other in both practical and theoretical ways.

Federalism has grown in importance, in part because modern developments in transportation, social communications, technology, industrial organization, globalization and knowledge-based societies have all contributed to simultaneous needs for both larger and smaller political units. Thus, there have developed two powerful, thoroughly interdependent, yet distinct and often actually

opposed motives for federating. One is the desire to build dynamic, efficient, and modern nation states (e.g. India and the United States) or supernational political systems (e.g. the European Union) for economic progress, for security, and for influence in the world arena. The other is the desire to express distinctive identities through smaller, directly accountable self-governing political units able to give expression to historical, social, linguistic or cultural diversity.

In such a context, federal solutions have had an increasingly widespread appeal. They enable a combination of (a) shared governance in a large political unit for certain common purposes, and (b) autonomous self-governance for the various diverse groups in smaller constituent units of government directly and democratically responsible to their own electorates. By combining elements of shared rule in larger units and self-rule in smaller regional units, federal political systems provide the closest institutional approximation to the complex multicultural and multidimensional economic, social and political reality of the contemporary world.

As a result, there are in the world today some two dozen countries that are federal in their character, claim to be federal, or exhibit the characteristics typical of federations. Although federal institutions are not applicable to all situations, nearly 40 per cent of the world's population encompassing a total of some 510 federated political communities (e.g. cantons, provinces, or states) now live in countries that can be considered or claim to be federations, many of which are multicultural or even multinational in their composition. Furthermore, a number of countries such as Belgium, Ethiopia, Italy, South Africa, and Spain, among others, appear to be forging new and innovative variants of traditional federal forms.

Another notable contemporary trend in response to changing world conditions has been the evolving character of the existing and older federations. Many are undertaking reforms and modifications of institutional arrangements and processes in order to adapt to these new conditions. It is these developments that led to the formation of the International Forum of Federations in 1998 as a way of facilitating the exchange of experience among practitioners, politicians, civil servants and academics in federations. A key feature of the operation of the Forum of Federations has been

the holding of large triennial international conferences on federalism. The one held in New Delhi in November 2007 was the fourth.

Indeed, it was particularly appropriate that the 4th International Conference on federalism provided an opportunity for participants from other federations, as well as many other countries, to learn from the experience of the Indian Union in uniting its rich diversity of 1.1 billion people within an embracing unity. Among federations, the magnitude of India's diversity and its achievement of an encompassing unity stand out, although partition into the Dominion of India and the Dominion of Pakistan, along with some population exchanges, were required at the time of independence in 1947, and certain intergroup conflicts have persisted since independence. There are more linguistic variations in India than in any other federation on the globe. But also there is an enormous range of other forms of diversity. Four of the world's major religions—Hinduism, Buddhism, Jainism and Sikhism—originated on the Indian subcontinent, and Judaism, Zoroastrianism, Christianity, and Islam arrived there long ago. Indeed, Pandit Jawaharlal Nehru's *Discovery of India* (1946) described in lyrical terms the diversity of India from north to south and east to west. Hence, the appropriateness of the holding of the 4th International Conference in India.

Within the general focus of reconciling unity and diversity, the 4th International Conference was based on four broad themes; within each of these, there were three subthemes. These themes and subthemes were developed by a panel made half of Indian and half of international experts. The four theme and the twelve subtheme papers were prepared by expert scholars and were distributed in advance as background reading for the participants in the conference. These papers provided a framework for identifying specific cases and issues that were considered and discussed at the working sessions of the conference.

The four broad themes identified for the 4th International Conference on Federalism were: (1) building on and accommodating diversities, (2) emerging issues in fiscal federalism, (3) interaction within federal systems, and (4) local governments and metropolitan regions in federal systems.

The first theme, *Building on and Accommodating Diversities*, was chosen as the lead-off theme because of the widespread use of federalism throughout the world to accommodate diversities and the variety of arrangements that have been developed for doing this in different federations (e.g. Belgium, India, Nigeria, and Switzerland). The theme paper draws attention to the extent to which diversity is not to be viewed simply as a problem but as an asset to be built upon in the process of nation-building. This paper also makes the very important point that diversity can enrich a polity. Subtheme paper “Nation Building and Diversity” deals with the various forms of diversity that have to be accommodated in the process of nation-building. Nation-building is a necessity when the social milieu is diverse, and the various constituent groups need both identity and voice within the nation state rather than marginalization or homogenization. Subtheme paper “Autonomy and Diversity” relates to the use of autonomy by the constituent orders of government to accommodate the distinctive interests of diverse groups. The paper attempts to elucidate the concept of autonomy, suggest which groups can legitimately and realistically claim institutional autonomy, and examine the pros and cons of various territorial and personal accommodations of diversity. Subtheme paper “Managing Conflicts of Diversity”, deals with the various ways in which conflict among diverse groups has been moderated in federations, including lessons for mature federations drawn from the experience and innovations of newer federations. The author emphasizes that there are various good and effective conflict-management devices even while there are no universally applicable best practices. The preceding four papers constitute Volume I of four published volumes of the conference papers.

The second broad theme was *Emerging Issues in Fiscal Federalism*. This theme was considered to be of particular importance because the financial arrangements within a federation have significant impact on its operation. These arrangements can be especially salient and volatile in federations characterized by high levels of diversity wherein various groups are highly sensitive to who pays what and who gets what out of any given system of fiscal federalism. Here too, three subthemes were identified. The theme paper

examines the appropriate allocation of revenue and expenditure responsibilities, an important issue in all federations. The authors attempt to base the analysis on neutral principles derived from empirical research in political economy. Subtheme paper “Assignment Systems in Federations” examines the problems of establishing a harmonized VAT (value added tax)—which is a very widely used tax internationally—in a federal system, especially because of the difficulty of designing a destination-based subnational VAT. Subtheme paper “Managing Fiscal Conflicts” includes lessons from the experience in different federations. Fiscal conflicts, which are a regular feature of federal systems, can arise intergovernmentally between the national, regional, and/or local governments or interjurisdictionally between constituent governments or between local governments themselves. The existence of viable and long-lasting federations (e.g. Australia, Canada, Germany, Switzerland, and the United States) clearly indicates that such conflicts can be managed pacifically, but the existence of societal diversity and cultural cleavages within a federation can certainly make conflict management challenging. Subtheme paper “Fiscal Federalism and Regional Equity” includes appropriate corrective objectives and methods, especially in light of the mismatches between the resource-raising capacities and expenditure responsibilities of the various constituent governments of a federation. Issues associated with such mismatches can be heightened in federations characterized by diversity because various groups are desirous of remaining within various territorial units rather than being mobile across territorial jurisdictions. The preceding four papers make up Volume II of four published volumes of the conference papers.

The third overall theme was *Interaction in Federal Systems*. Given the unavoidability of overlaps in the responsibilities of governments within a federation, as well as the existence of culturally diverse constituent political communities in most federations, intergovernmental interaction has been an important element in all federations. The authors chose the term “interaction” in order to emphasize the breadth of the topic and the blurring that has occurred between government institutions and the many private and non-profit organizations in the market and in civil society that engage

governments. Three subthemes were selected for this discussion, too. Subtheme paper “Anticipating and Managing Tension and Conflicts” examines judicial, legislative, and executive approaches to managing conflicts that go beyond those associated with fiscal federalism. The author focuses particularly on financial equity across constituent units, threats of terrorism, and the ownership and taxation of natural resources. Subtheme paper “Techniques, Structures, and Processes” examines principally relations between federal or national governments and their constituent units. The author looks at both intra-state and inter-state interactions and seeks to uncover common features and converging trends of intergovernmental relations across federal countries. Subtheme paper “Accountability and Transparency” focuses on problems of corruption and on the importance of ensuring accountability and transparency in intergovernmental interactions. The preceding four papers constitute Volume III of four published volumes of the conference papers.

The fourth theme, *Local Government in Federal Systems*, was not a focus in any of the three previous international conferences. In all federations in recent years, there has been a growing awareness of the importance of local governments and also metropolitan regions. The fourth theme overview paper emphasizes local government’s closeness to civil society and its role in enabling disadvantaged groups, including women, to participate in governance. The authors also look at the differential constitutional arrangements for local governments in federal countries and highlight the complex challenges of governing megacities. The three subthemes include the following. Subtheme “Enhancement of Democracy through Empowerment of Disadvantaged Groups” focuses on enhancing democracy through the empowerment of disadvantaged groups and civil society in local government arenas. The author argues that there is a need to establish inclusive local democratic institutions by strengthening civil-society organizations locally, empowering women and disadvantaged groups, making local decision-making more participatory, and making participatory decision-making itself more inclusive. Subtheme papers “The Functioning of Local Governments and their Relationship with Upper Levels of Government” and “The Functioning of Local Government in

Federal Systems: Perspectives from India” focuses primarily on local government in India and critically examines a number of issues involving India’s local self-governments, including the utility of using the term “local self-government” as opposed simply to “local government”. Subtheme paper “Governance of Megacities in Federal Orders” examines the challenges and options for governing metropolitan regions and megacities, namely, cities of more than 10 million inhabitants. Given the growth of the number of megacities around the world, the importance of these regions as drivers of the economy and their position and relation to other governments and to states within federal systems make them somewhat anomalous in relation to traditional federal structures. According to the United Nations, 2007 was the first year in human history that the world’s urban population exceeded the rural population, a trend which indicates the importance of including an examination of the role of megacities within federations. The preceding four papers make up Volume IV of four published volumes of the conference papers.

These four sets of significant issues in contemporary federations are of interest to those working in all federations, old and new. Each set is related to the overall theme of the conference, the reconciling of diversity and unity. The theme and subtheme papers, revised to take account of discussions at the conference, and the analytical summaries of the workshop discussions, are now published in the form of four post-conference volumes, one for each theme. These issues discussed at the conference involve problems common to many federations. There is, therefore, a genuine value to those working in each federation, whether old or new, in learning from the experience of federations elsewhere. Of course, each federation reflects the particular circumstances and conditions that produce it; therefore, there is no pure ideal model of federalism that is applicable everywhere. Nevertheless, there are useful lessons to be learned from the discussions of the themes that served as the key foci for the 4th International Conference on Federalism.