



S a y P e a c e F i r s t

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Federalism: Risk Assessment

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Today, 40 percent of the world population lives under the rule of a federal state, but 60 percent under unitary. 30 (16% out of 192 UN members) matured, emergent, and micro-federations practice federalism. They are comprised not only of powerful and developed nations, but developing countries as well; namely, Argentina, Australia, Austria, Brazil, Canada, Germany, India, Iraq, Malaysia, Pakistan, South Africa, Spain, Switzerland, the USA, etc. Similarly, most of the 162 (84% out of 192 UN-member) nations such as China, France, Denmark, Finland, Indonesia, Israel, Iran, Italy, Japan, Jordan, South and North Korea, Netherlands, New Zealand, Norway, Poland, Romania, Saudi Arabia, Sweden, Ukraine, United Kingdom, etc. are unitary states. Federations are found both in advanced industrial nations (European American, or otherwise) to multi-cultural states (Asian nations such as India, Malaysia, and United Arab), to post communist European nations such as Czechoslovakia and former Yugoslavia to Asian Muslim countries like Pakistan. However, former communist countries such as Czechoslovakia and Yugoslavia and Pakistan are said to be failed federations due to balkanization or ongoing deep-rooted identity based conflict.

Despite the considerable national importance and political exertion over this very issue, research in Nepal comparing federal and unitary state systems has been thus-far severely lacking. Comparison of information advantageous and disadvantageous toward federalism stem taking into account unitary state alternatives has been given below:

#	Advantageous to Federalism	Disadvantageous to Federalism	Both
1	Concepts: <ul style="list-style-type: none">• A federation involves shared rule (reciprocal partnership) between the central government and the states and their constituencies. Shared	<ul style="list-style-type: none">• The alternative to a federation is unitary system (a single, centralized and national tier of government). A unitary state is a centrally administered government. Many parliamentary systems of	<ul style="list-style-type: none">• Both federal and unitary systems originate from multi-ethnic, multi-lingual, multi-religious, multi-cultural, multi-

rule is capable of carrying out re-distributive policies autonomously. It offers all citizens participation in full democratic processes in the legislative as well as executive operations.

- A federation (Latin: *foedus*, covenant) is a union comprising a number of self governing states united by a central federal government. It is an independent concept from the devolution or decentralization of powers.
- A federation is self rule or autonomous constituencies (states) united with the central federal government. It supplies power to all levels of government, making for political flexibility and defending individual liberty. It prevents laws of any one member state from achieving legal, socio-cultural, and political dominance of the organs of the central government.
- It is used as the power division in the largest complex democracies, such India, the US, Brazil, Germany, etc.
- Each federal state may develop loose alliances, with neighboring states and/or independent countries.
- Federal systems solidify constitutional authority of federation members which can not be changed by the central governments, unilaterally.
- It aspires toward smaller and self-governing political units to make the central government more responsive towards individual citizens in matters of language, culture, religion, region, socio-cultural behavior, and practices, reinforcing their autonomy and identity.

democratic countries follow the decentralization and right-based approach instead of federation. However, many unitary states suffer from identity based conflict.

- Unlike federations, a unitary system is where none of the regional, district, and local governments function autonomously prior to the consent of the central government. In unitary systems, the central laws, policies, and programs are applicable to all of them.
- Each federal state has varying quality of communication, manufacturing, financial, industrial, and transportation systems. Federalism also lacks uniformity in highway laws, health facilities and policies, education system, governance policies, etc.
- A federation can lead to diminished mutual trust and good faith among states and peoples with varying resources.
- Belgium, Spain, Ethiopia, and South Africa are formerly unitary states that predominantly practice federalism, but haven't fully implemented at their Constitution.
- China has functioned under a unitary system, even with such a huge population and diversity.
- A loose alliance of federal states may receive weak security support from each other when needed.
- The USA, as a federal system, has not been sensitive towards the 1 percent remaining (out of 306 million) population of indigenous peoples of the Americas (Native Americans) such as Alaska Natives, Hawaiians, Pacific Islanders, or American Indians.
- In the case of unitary systems, the central government has authority to amend constitutional provisions without the consent of regional and

regional, and multi-class situations with complexity, legality, and (in) flexibility.

- Some federal and unitary systems suffer from socio-cultural or identity based conflict.
- Both accept the majority and recognize minority from the center to grass-roots.
- The centralized process limits the scope of the federal government in controlling and developing its capital. Where the federation is relatively centralized, as in Austria, Germany, and Russia, the federal Government may have sufficient powers to influence the operation of the capital even though it is a city, separate from the federal government.
- In Federalism, it is hard to control states in disputes due to power decentralization, autonomy of the states, local authorities, and identity based issues.
- In a federation, any sub-government units cannot be created or abolished any time by the central government. Yet, within a unitary state the devolutionary regional elected

		district governments.	bodies can be created by the central government without any formal agreement with the regional or zonal government.
2	<p>Origin: Italy, Germany, and Switzerland started to develop loose links between states for trade and defense purposes, before they became federations. The oldest federation is the Swiss confederation. It was established in 1291 and lasted until 1798 (despite some disruptions) and was again renewed from 1815 till 1847. Several times, Switzerland tried to amend its constitution by the parliament between 1891 and 1999, whereas Australia attempted 42 times between 1901 and 2007, but only 8 attempts have succeeded. The US started the first modern constitutional federation in 1787 with the Philadelphia Convention. Latin-American countries such as Venezuela, Mexico, Argentina, and Brazil tried to imitate the US federal model, but are still suffering from autocratic, military, and unstable rule.</p> <p>Switzerland became the second modern federation, transforming its earlier confederation to a federation in 1848 immediately after its brief civil war. Canada became the third in 1867 and Australia the fourth in 1901. These federations are termed matured federations.</p>	<p>There are 25 historical defunct federal states: Austria-Hungary (1848-1918), the Inca Empire (1197-1572), the Confederate States of America (1861-1865), the Union of Soviet Socialist Republics (1922-1991), the United Provinces of Central America (1823-1838), French West Africa (1904-1958), French Equatorial Africa (1910-1960), the Socialist Federal Republic of Yugoslavia (1945-1992), the Federal Republic of Yugoslavia (1992-2003), the United States of Indonesia (1949-1950), the United Kingdom of Libya (1951-1963), the Federal Malay States (1896-1946), the Malayan Union (1946-1948), the Federation of Malaya (1948-1963), New Granada (1855-1886), the Federation of Rhodesia and Nyasaland (1953-1963), the West Indies Federation (1958-1962), the Mali Federation (1959-1960), the Federal Republic of Spain (1873-1974), the Federal Republic of Cameroon (1961-1972), the Federation of South Arabia (1962-1967), Czechoslovakia (1969-1992), Uganda (1962-1967), and Imperial Federation (1884-1919).</p> <p>Myanmar, which was formally known as Burma, has claimed federal status as the "Union of Myanmar", but the country imposed a unitary system when military dictator General Ne Win seized power in 1962.</p>	<p>The former USSR split into many independent states. Beside Russia, all are now unitary states. The same situation is also true in former Yugoslavia, except in Bosnia-Herzegovina.</p>
3	<p>Variations: The classifications based on 2007 operations are: (i) Quasi-federation: South Africa, Russia, India, Canada, Pakistan, Malaysia, and Venezuela; (ii) Micro-federation: Micronesia, Belau, St. Kitts-Nevis and Comoros; (iii) Federation: US,</p>	<p>Federal provinces have independent identities for budget, administration, physical assets, and civil service corps that vary the living standards among people in the same nation. Besides this, South Africa, Russia, India, Canada, Pakistan, Malaysia, Brazil, and Venezuela also practice both unitary and federal</p>	<p>Variations can be seen both in federal and unitary states.</p>

	<p>Switzerland, Canada, Australia, Austria, Germany, Brazil, Belgium, and Spain; (iv) Centralized federation: Mexico, Nigeria, and Ethiopia; (v) Hybrid federation: United Arab Emirates and EU; (vi) International sponsorship: Bosnia-Herzegovina; (vii) Transitional federation (post-conflict federal experiment): Sudan (2005), Iraq (2005), and Democratic Republic of Congo (2006); and (viii) Debatable federation: Nepal, Sri Lanka, Philippines, and Italy.</p>	<p>forms.</p> <p>The DR Congo is not a federal state, but in practice, it uses both - unitary and federal forms and indivisible states, similar to Nepal, with five-development regions, 14 zones, and 75 districts. It also acts as a federal state due to constitutional division between exclusive prerogatives at the central government and the regional governments. In unitary form, the center has a great deal of authority over the entities of provinces and territories, with a single hierarchical judicial system, security force, elected governors, etc.</p>	
4	<p>Approach:</p> <p>The approaches in the world follow: (i) Strengthen mutual security; e.g.: the former USSR, Yugoslavia, etc. (ii) Protection from secession; e.g.: Nigeria, Ethiopia, and India. (iii) Independence from colonialism. e.g.: Argentina from Spain, Australia from the UK, Brazil from Portugal, Canada from the UK, Comoros from France, India from the UK, Iraq from the UK, Malaysia from the UK, Mexico from Spain, Micronesia from the US, Russia from the former USSR, Sudan from the British Empire and Egypt, the US from the UK, and Venezuela from Spain. (iv) Ousting communist regimes; e.g.: Bosnia-Herzegovina. (v) Protection from Communism; e.g.: West Germany. (vi) Preservation of neutrality; e.g.: Switzerland and Nepal (declaring 14 zones and 75 districts), (vii) Consolidation of people's harmony; e.g.: United Arab Emirates and the Netherlands. (viii) Giant nations; e.g.: Argentina, Australia, Brazil, Ethiopia, Germany, India, Nigeria, Russia, and the United States. (ix) Identity; e.g.: South Africa, DR Congo, Bosnia-Herzegovina, India,</p>	<ul style="list-style-type: none"> • The former federal republics such as Yugoslavia and Czechoslovakia lasted relatively short times. Czechoslovakia had formed one united state, merging the Czech and Slovak into two distinct political entities seeking greater strength in economic opportunities and mutual security. Yugoslavia split into seven states: Albania, Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia, and Slovenia. • Many ex-colonial countries still practice unitary systems. • The unitary states with well implemented decentralization have managed identity-based conflict well, introducing inclusive democracy such as in Denmark, Norway, Finland, Japan, Netherlands, Sweden, etc. 	<ul style="list-style-type: none"> • The approaches of mutual security, protection from secession, independence from colonial state, consolidation of harmony, etc. are applicable in both unitary systems and federal states. • Jurisdiction of the state government is more limited in some centralized federations. Malaysia is a relatively centralized federation, where the federal government has used powers assigned to it under the general distribution of powers to legislate a <i>Federal Capital Act</i> (1960) for Kuala Lumpur without establishing a federal district or territory. • Not only giant nations, but small countries such as Belau/Palau, whose population is just 20,842, are federal

	Malaysia, Austria, Belgium, Germany and Spain. Self governing United Arab has now 7 states based on ethno-federal, regional, and cultural groups.		states.
5	<p>Federations/Secession: There are 30-federal state such as Argentina, Australia, Austria, Belau/Palau, Belgium, Bosnia-Herzegovina, Brazil, Canada, Comoros, Ethiopia, Germany, India, Iraq, Malaysia, Mexico, Micronesia, Nepal, Netherlands, Nigeria, Pakistan, Russia, Saint Kitts and Nevis, South Africa, Spain, Sudan, Switzerland, United Arab Emirates, United States, Venezuela, and Sudan. Nepal is the newest federal state (2008) after DR Congo (2006) and Iraq (2005).</p>	<ul style="list-style-type: none"> • There has been a wide range of dialogue, debate and discourse on federal systems in Sri Lanka, the Philippines, Nepal, and Italy, but these countries have not yet fully achieved federalism. Nepal is in the process of developing the model of federal states to incorporate in the new constitution. However, the secession into further federal territories is continuing in other states. Some federal states have divided further by as much as 1200 percent in a half century. For example: • Nigeria declared three-federal states in 1963. These later separated into 36 (and one federal capital territory). • Starting with three ethno-federal states, Sudan now has 26 states after 50 years time. • Eritrea seceded from Ethiopia. • Belau/Palau from Micronesia. • Pakistan from India. • Bangladesh from Pakistan, etc. 	To the states found in both the former Yugoslavia and USSR, Federalism could be called an advantage for the states that became independent. For those that were split and collapsed from identity based issues it would certainly be thought a disadvantage.
6	<p>Autonomy: Greater autonomy between the states and central government in terms of power sharing, freedom, economic distribution, and socio-cultural liberation (identity) are found in federal states. For example, Canada (Quebec), Spain (Catalonia or Basque), UK (Scottish, Welsh, and Northern Ireland), and China (Hong Kong and Macau).</p>	<ul style="list-style-type: none"> • The UK adopted unitary state but established different parliaments through asymmetrical devolution of powers as autonomy to the Scottish, Welsh, and Northern Ireland parliaments (created between 1998 and 1999.) • Although China is a unitary state, it has <i>de facto</i> characteristics of federalism. The Chinese central government has granted Special Administrative Region (SAR) authority to Hong Kong and Macau through its Basic Law. 	Local Autonomy is found both in federal and non-federal (unitary) countries who practices participatory-based inclusive democracy.
7	<p>Federal Capital: The capital comes under the jurisdiction of the</p>	In many cases, the federal capital is situated in the	In a few cases such as India and China, the capitals

	<p>member state within which it is located, in a manner broadly similar to other cities within that state. Eight examples are Bern (Bern, Switzerland), Ottawa (Ontario, Canada), Kuala Lumpur (Selangor, Malaysia), Bonn (North Rhine Westphalia, Germany, during 1949–90), Madrid (Madrid Autonomous Community, Spain), Basseterre (St. Kitts, St. Kitts and Nevis), Pretoria (Gauteng, South Africa) and Abu Dhabi (Abu Dhabi, United Arab Emirates).</p> <p>In decentralized federations such as Canada (Ottawa), federal government influence over the capital district has been mainly through the National Capital Commission and public works.</p> <p>Ronald Watts identifies federations that have established a federal district or territory under the exclusive jurisdiction of the federal government at their governing federal capital. Eight significant examples are: Washington DC (USA), Canberra, the Australian Capital Territory (Australia), the Federal District of Mexico City (Mexico), the Federal District of Caracas (Venezuela), the Union Territory of Delhi (India), the Capital Territory of Islamabad (Pakistan), Abuja Federal Capital Territory (Nigeria), and the Federal Capital City of Addis Ababa (Ethiopia).</p>	<p>largest member state, and sometimes, as with Bern, Basseterre, and Abu Dhabi, it is also the capital of that state.</p> <p>India’s capital, Delhi, is a sub-national administrative division of India, unlike the states of India. It has its own elected government under the Union Territory (called, National Capital Territory of Delhi). The union territories are directly ruled by the central federal government, the president appoints the Governor in each territory. Both Delhi and Puducherry, union territory, have limited powers (partial statehood) electing legislative assemblies and the executive councils of ministers.</p> <p>A further disadvantage with the federal district arrangements is that if they are not made large enough to begin with, problems arise when the urban population spreads beyond their boundaries (e.g., Buenos Aires, Caracas, Mexico City, Washington) especially since boundary changes requiring constitutional amendments are usually difficult to implement.</p>	<p>have a similar role in both federal and non-federal countries in terms of exercising power</p>
8	<p>Self-determination: There is a High degree of self-determination of fiscal capacity, development, and socio-cultural matters.</p>	<p>The right to self-determination is used by socio-cultural groups, particularly in communist nations, to secede and form an independent country rather than remain an autonomous power</p>	<p>The marginalized, disadvantaged, and indigenous communities have a great voice on the right to self-determination in both federal and non-federal states.</p>
9	<p>Identity-based Interest:</p>	<ul style="list-style-type: none"> • It lacks the accountability that grants were properly 	<p>Identity-based issues such as caste, ethnicity, language,</p>

	<ul style="list-style-type: none"> • States who administer cooperative federalism distribute categorical/block grants-in-aids as per the wishes of the local communities rather than nationally pursued defined goals. • Local people have the freedom to make vital policies that could not be uniform from one state to another. • It promotes stability and decreases the tensions amongst the ethnic-linguistic groups. • Diffused political-ideology, economic, socio-cultural, and historic dissatisfaction amongst the states. • State government looks closely at what its people desire and the laws are written and enforced accordingly. • Development practices are experimented with at state and local levels and socio-cultural, political, and regional interests are reflected in national laws. 	<p>used for states/national purposes.</p> <ul style="list-style-type: none"> • The different public policy, a market place of social trialing, and so forth resulted in a disparity in equality, injustice, and participation between the states and the nation. • Canada still recognizes the Queen of England as its formal sovereign rather than declaring people sovereign. • Further secessions are continually possible under federalism. • The state may sacrifice its own central identity for the sake of diversity. Yet, small groups may still constantly threaten armed conflicts. • The socio-cultural, political, and regional development practices may reflect only on local interests (rules). Such local plans/rules may block the national interest. In such cases, development endeavors are hard to coordinate in programs and policies at the national level. 	<p>region, religion, etc. have been prominent in both federal and non-federal states.</p>
10	<p>Federal Systems:</p> <ul style="list-style-type: none"> • It ensures greater opportunities to local people (citizen) participation in the government's political process on the course to develop and implement solutions to public problems. • The central government introduces, manages, and enforces uniform currency system, boarder security, and uniform migration policies, etc. under its constitutional jurisdiction to all its states. • The federal government remains close to its small group(s) of isolated places and the state encourages them for development in a decentralized/regional manner. It also allows for unique or innovative methods in its social, economic, and political problems and protects 	<ul style="list-style-type: none"> • Due to citizen's full participation in government process, local autonomy is inherent with full statehood, but federal systems are left with negligible control over its own-seat of government. • Powerful states and local people's asymmetrical interests block national progress. • There are no regular relationships in between constituent units (e.g., Canada, Malaysia, India, Spain, and Russia). • Each federal-district, city, state, and government which falls under constitutional jurisdiction faces their own peculiar problems due to uniform currency system, boarder security, and uniform migration policies, etc; Making laws difficult to create, manage, and enforce. • The struggle shall be intensified in the security 	<p>Both federal and non federal countries face political, economic, and socio-cultural problems.</p>

	<p>from majority dominance.</p> <ul style="list-style-type: none"> • India has a three tiers judiciary - Supreme Court, 21 High Courts, and a large number of trial courts. The Supreme Court involves on the cases fundamental rights and over disputes between states and the Center Government. Due to the set up of High Courts and the Trial Courts, the people in the concerned states receive justice speedy and easily. 	<p>system between the powerful state and the central government.</p> <ul style="list-style-type: none"> • Each federal state government duplicates its system inefficiently so that over-laps create contradiction amongst the people in different parts of the country due to unequal development between the states. Such inequality spawns unhealthy competition which promotes corruption or bad governance among them. Such rival relationships create differences amongst the states on criteria for welfare, legal authorizations, and costs of development programs. 	
11	<p>Executive-Legislative Authority:</p> <ul style="list-style-type: none"> • The USA, Canada, and Australia have close relationships between executive and legislative power, where such an arrangement strengthens the autonomy of the legislative bodies, the authority of each government is assured to implement its own legislation. Yet, the European parliamentary and the Indian parliamentary systems, which are formed on federal regimes, are failures in the areas of concurrent jurisdiction. The executive power of Austria, Germany, and Switzerland do not overlap with legislative authority. Austria and Germany interlinks between governments at different levels. The Canadian Constitution provides federal legislation and provincial administration against crime. In terms of the state administration, India and Malaysia provides federal laws for shared parallel jurisdiction. Russia constitutes a single arrangement of executive authority within the federation within federal and unitary executive bodies. 	<ul style="list-style-type: none"> • Brazil, Mexico, and Spain have a special constitutional category of jurisdiction to exercise the federal power to enact in certain fields. • Generally speaking, state-governed federal capitals (especially in decentralized Federations such as Switzerland, Canada, etc.) have enjoyed a high degree of self-government, but they have suffered from problems of divided jurisdiction, financial insufficiency, cultural domination by the governing state, and limitations upon the ability of the federal government to control its capital city in the interests of the federation as a whole. 	<ul style="list-style-type: none"> • Both federal and many non-federal states that genuinely practice participatory-based inclusive democracy have strong executive and legislative powers in all tiers

12	<p>Revenue Distribution:</p> <ul style="list-style-type: none"> • The levying and collection of tax compete among the constituent units. One such tax war occurred in Brazil following the transference of revenue powers, making necessary a U-turn on fiscal devolution and a fiscal discipline as per the law enacted in 2000. Another conflicting consideration is redistribution of the revenue. • Belgium has a special legislation in the revenue-raising shared powers between the constituent units and the central government. • The centralized state avoids tax (levying and collection) competition. • Restraining national government power over economy or resources could be a small price to pay for the mass participation of diverse socio- economic, religious, and intellectual benefit. • A few economists favor a measure of tax competition as a positive step. 	<ul style="list-style-type: none"> • No such levying, collection, and distribution of tax wars seen in unitary state. In Unitary state, all constituent units depend upon central transfers. Even in Belgium, there is no constitutional limit to sharing a tax between both orders of governments, but politicians a reluctant to bear the blame and a tolerant in favor of taxpayers. In recent emerged federations, there is more conflict in control of revenues in emergent federations than in the mature ones. • In the mature federations, the levied revenues range from 40 percent in Switzerland, 65 percent in Germany, to 75 percent in Australia. Emergent federations such as Brazil and Nigeria have 69 percent and 98 percent receptively in terms of percentage of total (Federal-State-Local) intergovernmental revenues transfer. • Centralized state has more problems in allocation of taxation power and revenue distribution under the jurisdiction of the state. • A “tax war” occurred in Brazil following the devolution of revenue powers. • Another consideration is equity. This may require a concentration of revenues in the federal government in order for it to play a redistributive role to avoid sharply different tax levels among constituent units with varied wealth. • Due to lack of uniformity amongst the states’ laws, planning, etc. business transaction may be complicated across the state borders. 	<p>Levying and collection of tax compete in both federal and unitary states due to elites’ desire to have more allocation of funds to their own constituencies or native (birth) places.</p>
13	<p>Natural Resources:</p> <ul style="list-style-type: none"> • Federations had a significant global share 48 percent of petroleum product and 59 percent gas in 2006. Principally, revenues are 	<ul style="list-style-type: none"> • There has been a sharp debates on collection of the revenues from resources and equalize the revenues among the constituent units. The rich federations such as USA, Canada, Russia, etc. are unevenly distributed among the constituent units that create 	<ul style="list-style-type: none"> • Conflict is inevitable due to unequal distribution of national and other resources within states or regional and district government in both federal and

<p>collected from license fees, royalties, export taxes, and corporate taxes.</p> <ul style="list-style-type: none"> • Nigeria and Iraq account for over 90 percent of government revenues from oil, Sudan and Venezuela for 50 percent, and Russia is for 30 percent. Mexico, the highly centralized regime, commits to share one half of its oil surplus revenues between the states and municipalities. The interim constitution of Sudan grants more revenue sharing arrangements to South Sudan, but not implemented fully. Small, but rich provinces of Argentina enjoy a substantial fiscal advantage. • In the United States, Alaska's permits annual payments to citizens. In many federations in 21st century, the federal government such as Nigeria largely controls revenues. In the case of decentralized federal government of Russia, it reasserts to control of the levying and collection of royalties and export taxes on natural resources. In both Sudan and Iraq resource revenues belong to the country as a whole. 	<p>conflicts particularly on oil, gas, diamonds, and some metals. If a rich constituent unit owns natural resources of the poor one, conflict is inevitable.</p> <ul style="list-style-type: none"> • The concentration of resources leads to enormous disparities in wealth of federations such as Argentina, Canada, Mexico, Nigeria, Russia, Sudan, and Venezuela. Major contention to Iraq in the constitutional negotiations. The constitution of Iraq is ambiguous in respect to the control and share of oil revenues. • The constituent unit called Alberta of Canada collects more revenue per capita than other units resulting a major debate over whether to use natural resource revenues for the purposes of equalization. In Nigeria, the federal government collects and transfers the revenues to the other constituent units as per the constitutional criteria, but the concerned province of natural resources claims for more benefit due to environmental damage for the local population. • However, underdeveloped and poor provinces complain of inadequate share. The corruption and lack of transparency in regard to resources intensify the insurgencies in the oil-producing regions. • There is a major debate over gas and oil of federal land, notably in Alaska. 	<p>non-federal countries.</p> <ul style="list-style-type: none"> • As International conflict will find those who have petroleum products, internal conflict will visit states with resources distributed unevenly over an artificial boundary. Nepal doesn't have an apparent excess of products, but who can say what lies underground, where it has been, and where it may go. Without the power to divine resources or determine humanity's next insatiable thirst, those drawing the boundaries would be wise to create arrangements of lasting, rather than momentary, mutual benefit as common property of all.
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Source: <http://en.wikipedia.org>, *Comparing Federal System* of Ronald Watts; *Exploring Federalism* of Daniel J. Elazar, *Human Rights Report* 2006) of UNDP, *Nepal's Maoists Federalism, Autonomy, and Social Justice* of CS Center, *Conflict Transformation by Peaceful Means* of Cs Center, *Work toward Federalism in Nepal Appears More Complex than the Peace Accord and Constituent Assembly* of CS Center, *Federalism: Lessons from India* of CS Center, *Peace for Human Rights* (forthcoming book), *India's Experience with Federalism: Lessons Learnt and Unlearnt* of Balveer Arora.

The present world is increasingly adopting federal systems as the globe is being polarized between capitalist expansion vs. identity groups, as apposed to communist ideology, which has been virtually eliminated since the 1990s. Political suppression, or denial of the multiple identities (political, social, cultural, academic, economic, occupational, etc.) within a diverse society has almost perpetually led to contention (step I- discussion, step II – polarization, and step III - segregation), and secession or civil war (step IV - destruction). The essential element of federation

is to encompass a diverse society, accepting the value of diversity and multiple authorities expressed in a government of constituent units of autonomy (self-rule) over the matters of the distinct identity.

Equality, the benefit of recognizing a diverse society within a federal system, can be ensured from shared objectives within the framework of parallel processes and shared-rule. Identity and its recognition within a diverse society can achieve considerable success. However, no single form of federation is applicable everywhere.

The mature federations such as the United States (1789), Switzerland (1848), Canada (1867), and Australia (1901) are among the longest continually operating constitutional systems in the world today. The practice of federations teaches of the potential dangers, desirable goals, and appropriate/inappropriate processes for achieving objectives, similar to the unitary state. According to *Human Development Report 2006*, some federations rank among the world's most livable countries: Australia ranks 3rd, Canada 6th, US 8th, Switzerland 9th, Austria 14th, Spain 19th, and Germany 21st. However; others do just as well. Norway ranks 1st, Iceland ranks 2nd, Ireland ranks 4th, Sweden ranks 5th, Japan ranks 7th,

Netherlands rank 10th and so on

State, area and population of Belau/Palau		
State	Area	Census 2005
Aimeliik	52	270
Airai	44	2,723
Angaur	8	320
Hatohobei	3	44
Kayangel	3	188
Koror	18	12,676
Melekeok	28	391
Ngaraard	36	581
Ngarchelong	10	488
Ngardmau	47	166
Ngaremleng	65	317
Ngatpang	47	464
Ngchesar	41	254
Ngiwal	26	223
Peleliu	13	702
Sonsorol	3	100
	1,489	20,842
Source: Peace for Human Rights (Unpublished Book): CS Center		

Many federal constituents practice unitary lower levels of government. The USA is a federal state, but its states devolve unitary systems such as municipalities through a state constitution or legislature. Nevertheless, none of such states can challenge the simple decision of the head of government. For example, Scotland of the UK (unitary state) has a wide degree of autonomy in terms of law-making power, but there is no right to challenge the constitution of the UK. In the case of Northern Ireland, the devolved powers have been suspended by a simple decision of the government on several occasions. The devolution of UK is asymmetrical owing to powers and status.

Palau is one of the world's youngest and smallest nations. Palau was admitted to the United Nations on December 15, 1994. In 1979, Palauans voted against joining the Federated States of Micronesia due to differences on language and culture and associated with the US in 1994. The U.S. has been responsible for Palau's defense for 50 years. In 1981, it voted for the world's first nuclear-free constitution.

The federal idea has now become popular due to world's interest in their self-identity; however, federal system is a means, but not an end. It is a process for running the government. Federal systems are not a universal remedy for political problems intrinsic to humans.

Federalism needs liberal democracy which is found in both republic and monarchial countries. That means participatory-based inclusive democracy in cultural, linguistic, and regional nationalism for greater harmony and unity. This depends upon the particular form and whether it is adopted or adapted for new innovations in its purpose.

The sovereignty and geo-integrity of countries have been endangered in both unitary (Sri Lanka, Afghanistan, China, Israel-Palestine, Philippines, Burma, etc.) and federal states (Pakistan, India, Sudan, Ethiopia, former USSR, former Yugoslavia, etc.). India's Jharkhanda (November 15, 2000) from Bihar, Uttaranchal (November 9, 2000) from Uttar Pradesh, and Chhatisgad (November 1, 2000) from eastern Madhya Pradesh have already been declared autonomous states. Bangladesh seceded from Pakistan in 1971 for

its lingual identity in the face of ethno-Islamic federalism. Russia's Chechen struggle, Sudan's Muslim versus Christian armed conflict, India's Kashmir Hindu versus Muslim violence, Assam's Bodo clash, Croatia's minority vs. majority fight, etc. are today's major ethno-federal, religio-federal, and culturo-federal violence within federal states. Similarly, not all federations are uniform in nature. The pathology of bi-communal federation is evident in Pakistan (1947–71), Czechoslovakia (1948–92), and Serbia and Montenegro (1992–2006), of which each disintegrated into two successor states. Similar cases are found with the USSR (1918–91), Yugoslavia (1946–91), the West Indies Federation (1958–62), and Rhodesia and Nyasaland (1953–63).

Nepali people have high hopes and expectations that the federal system will provide food, shelter, clothing, employment, education, freedom, and so forth. This is similar to when a great many people thought the new government formed after the *Jana Andolan* (people's movement) I and II would fulfill their hopes and expectations of "food and freedom" for ever. However, the resulting governments have ensured only that people's stomachs are free from food. The present CA and the Government, including civil society, should take the following measures in this priority. First, there must be enough debate and discussion among the people on what federal system is. What are the advantages and disadvantages of federal systems and unitary states? Where are the global ethnic, linguistic, and scientific administrative practices in federations? Why? Can't indigenous minority populations enjoy their rights and privileges in sovereign and inclusive democratic country like Nepal? Does a country need to be republic before the announcement of federation? Etc. These questions are to be addressed properly before Nepal can go into federal practices.

Second, if Nepal were to introduce federal states without calculating the pros and cons of ethnic, linguistic, and regional federal states and without precaution, it would be more vulnerable to socio-cultural 'identity-based' conflict due to Nepal's clear lacks of statesmanship and unclear concept of independence, integrity, sovereignty, federation, and so forth among the people. Even large numbers of politicians, CA members, senior bureaucrats, etc. are unclear on advantages and disadvantages of federal system. Such stakeholders do not wish to pursue more understanding on such critical issues from the concerned experts due to fear psychology. More than a few of the CA members don't even read frequently.

Finally, Nepal is a country of minorities (only 14 district out of 75 have a caste/ethnicity with more than 50% of the population) in terms of castes and ethnicities whose population have been scattered across the country, tarai, hill and mountain even unlike cluster populations of Assamese in Assam, Biharies in Bihar, Gujarathi in Gujarat, Kashmiries in Kashmir, Marathies in Maharastra, Manipuries in Manipur, Nagas in Nagaland, Tamil in Tamil Nadu, Punjabi in Punjab, Rajasthani in Rajasthan, Bengali in West Bengal states in India. Besides, Nepal should be aware that India suffers identity-based conflict in 64 percent (18) of its states. Otherwise, Nepal may follow a similar path to the federal state of Belau/Palau.

The territorial and cooperative forms of federalism can probably be combined in a creative way for Nepal incorporating the best features of both systems screening out elements alien to our values and norms that may hamper the growth of a healthy republic.

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