

# Rural Development and Federalism

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## Abstract

*The paper attempts to explore the relationship between federalism and rural development. Federalism is a division of power, responsibility and accountability to bring the administrative and political power closer to the ground and essentially to increase the good governance. On the other hand, rural development is a complex and multidimensional issue- especially much demanding for least developed and developing countries. A descriptive and qualitative approach was carried out to study the complex relationship between rural development and federalism. Similarly, a SWOT analysis was carried out to have a better understanding of the relationship. The study found that there is significant potentiality for accelerated development of rural landscape in federalism if carefully executed. However, on the other hand, federalism may pose several risks on rural development and may restrict the development pace if not executed with appropriate care and understanding. Therefore, the study concludes that cooperation and coordination among the federal structures are crucial for better development of the rural economy.*

Keywords: Rural Development, Federalism, Developing Countries, Least Developed countries

## Introduction

Rural development is not a new concept. However, it is facing several conceptual issues since its inception (Rios, 1988). U.S. Bureau of the Census was the first to use the term “rural” in 1874 to define the population residing outside the cities (Whitaker, 1982). Several recent studies on sociological perspective are suggesting for more precision on the conceptualization of the meaning and definition of the term “rural” (Whitaker, Conceptualizing "Rural" for Research in Education: A Sociological Perspective, 1983). Broadly, the term rural can be characterized by not being urban. However, the rural setting of one particular geography may vastly vary from other landscape.

To achieve a balanced economic, socio-cultural and environmental development, rural development and planning are one of the pressing issues for the contemporary world (Silviu, Oana, Stefania, & Victor, 2011). More precisely, the rural development (RD) is a long-term, comprehensive and multifariously evolutionary process of positive and desired qualitative and quantitative changes of a rural landscape (Jacek , 2016).

## Federalism

The choice to become a federal, confederation or unitary system is a political decision (Salami, 2011). The federalism has been defined in various ways. The US has defined federalism as a system of power sharing among the central government and state governments (USLegal, 2016). Federalism is generally deemed better for several rationales. Administrative capacity to foster

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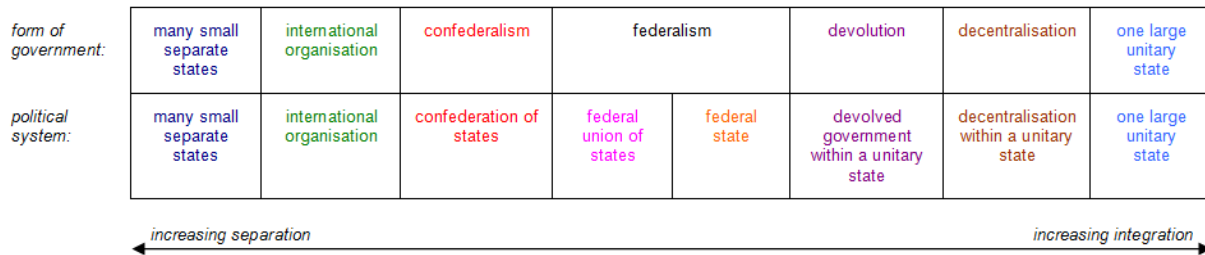
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desired growth and development, to encourage the local sourcing of partnerships and ideas with non-governmental actors, and to make the government more transparent and accountable (Mendonca & Tyson, 2018). Nepal is the youngest federal country among the club of 27 and the United States is the oldest federal country. The USA becomes a federal country in 1776 and Nepal joined the club in 2015. The list of federal nations is presented in Table 1.

Figure 1: Progression on Federalism



Source: (Wikipedia, 2019)

As presented in Figure 1 presents the pathway of federalism. According to the pathway, federalism is the mid-way of either integration or separation. For the unitary state, federalism is the half-way to separation and for the separate countries, it is half-way for integration or unification.

Table: List of Federal Countries in the world

Year est.	Federation	Federating units	Major federating units	Minor federating units
1776	United States of America	Political divisions of the United States	50 states	1 federal district; 16 territories
1821	United Mexican States	States of Mexico	32 federal entities, which are 31 states and its capital Mexico City	
1848	Swiss Confederation	Cantons of Switzerland	26 cantons	
1853	Argentine Republic	Provinces of Argentina	23 provinces	1 autonomous city
1863	Bolivarian Republic of Venezuela	States of Venezuela	23 states	1 federal district, 1 federal dependency
1867	Canada	Provinces and territories of Canada	10 provinces	3 territories

1889	Federative Republic of Brazil	States of Brazil and Municipalities of Brazil	27 federative units (of which one is a <b>federal district</b> and the others are states)	5,570 municipalities.
1901	Commonwealth of Australia	States and territories of Australia	6 states	3 federal territories (of which 2 are self-governing) and 7 external territories
1920	Republic of Austria	States of Austria	9 <i>Länder</i> or <i>Bundesländer</i>	
1949	Federal Republic of Germany	States of Germany	16 <i>Länder</i> or <i>Bundesländer</i>	
1950	Republic of India	States and union territories of India	29 states	7 Union Territories, including a National Capital Territory
1956	Islamic Republic of Pakistan	Provinces and territories of Pakistan	4 provinces	2 autonomous territories and 1 federal capital territory
1956	Republic of the Sudan	States of Sudan	17 states	
1963	Malaysia	States of Malaysia	13 states	3 federal territories
1963	Federal Republic of Nigeria	States of Nigeria	36 states	1 federal capital territory
1970	Kingdom of Belgium	Divisions of Belgium	3 communities, 3 regions	
1971	United Arab Emirates	Emirates of the UAE	7 emirates	Federal absolute monarchy with seven Emirates
1975	Union of the Comoros	Autonomous Islands of the Comoros	3 islands	
1979	Federated States of Micronesia	Administrative divisions of Micronesia	4 states	
1983	Federation of Saint Kitts and Nevis	The islands <b>St. Kitts and Nevis</b>	2 islands	
1991	Russian Federation	Federal subjects of Russia	46 <i>oblasts</i> , 22 republics, 9 <i>krais</i> , 4 autonomous <i>okrugs</i> , 3 federal-level cities, 1 autonomous <i>oblast</i>	

1995	Bosnia and Herzegovina	Divisions of Bosnia and Herzegovina	2 entities, one of which is itself a federation of 10 cantons	1 District
1995	Federal Democratic Republic of Ethiopia	Regions of Ethiopia	9 regions	2 chartered cities
2005	Republic of Iraq	Governorates of Iraq	18 provinces	
2011	Republic of South Sudan	States of South Sudan	32 states	
2012	Federal Republic of Somalia	Federal Member States of Somalia	18 regions	
2015	Federal Democratic Republic of Nepal	Provinces of Nepal	7 provinces	753 Local Governments

Source: (Wikipedia, 2019b)

## Federalism and Development

The clear scientific evidence was not found between federalism and development. However, a generalization can be done using the approaches of federalism. Federalism is generally understood as a power division (USLegal, 2016) or power sharing. It is deemed necessary for efficient management of resources (Mendonca & Tyson, 2018) – both for revenue collection and allocation of available funds. Similarly, shifting of power from the centre to local level may enable realistic planning and understanding of the local issue and ability to address these issues. As the federalism is also for the utilization of local resources and idea along with collaboration among non-governmental organizations (Mendonca & Tyson, 2018).

## SWOT Analysis of Rural Development in Federalism

A Strength, Weakness, Opportunity and Threat (SWOT) analysis is a popular research method in business and social science to understand the issue from all dimension – internal and external (GC & Ghimire, 2018). Therefore, here, we have tried to analyze the rural development in the context of the federalism.

### Strengths

The federalism by its concept is power decentralization. It means the governing power of the state will move to the lowest most possible administrative unit of the nation. This shift of power from the centre to local may enable a various positive and conducive environment for rural development. Rural development is complex phenomena than that of urban development and demands greater attention from the government. In the case of the urban development, the private sector has many roles, however, on the other hands, in the rural landscape; the role of the private sector is heavily limited. Moreover, understanding of rural ecology for development is crucial and generalization of the issue does not work in many

instances. Therefore, federalism may create a positive vibe on understanding the needs from the ground level. If the issues are assessed properly and appropriate majors are taken, the rural development may take significant pace.

### **Weaknesses**

Despite the aforementioned strengths, the federalism is not devoid of weaknesses. However, the extents of the weakness are subject to the various determinants. The factors affecting such weaknesses are level of power sharing or power division, level of peoples' empowerment, level of education, social structure, political well, level of governance and many more. Very often, the case of policy inconsistency at the subnational and national level is the major issues in case of federalism if the political ideology at the national and subnational level are different. Moreover, nascent federal structures may have several administrative weaknesses, which will limit the potential benefit from the federalism. Another prominent weakness for the federalism is the financial burden. At the initial stage of federalism, the recurrent expenditure and consumption expenditure at administration will increase significantly. However, if they can manage the issue well in an economic way, at the later stage, it might not be a major issue. Nonetheless, in the worst-case scenario, it may perpetuate an inefficient allocation of the resources may cause serious deficit on investment fund and bad governance may persist along with dis-benefiting people at large.

### **Opportunities**

The greatest opportunity of the federalism is the potential collaboration of larger stakeholder at a different level. Several community-based organizations and non-governmental organization may not able to contribute to the unitary system of governance due to several determinants including a level of influence and financial status. However, it may not be a case at the federal governance. At the good case scenario, federalism may yield better governance, which may lure international development partners for more investment. This will create a good opportunity for rural development. Moreover, inter-state competition may occur for development, which directly plays a role in accelerated rural development.

### **Threats**

Elite capture is a serious threat of the federalism. Especially, in the least developed and developing countries have a higher risk of capturing power at the local level for their own benefits. Likewise, a negative interaction between or among the subnational authorities may create hindrance flow of resources from one point to another. Such restriction on factor mobility may affect seriously on rural development.

## Conclusion

Federalism is a division of power, responsibility and accountability to bring the administrative and political power closer to the ground and essentially to increase the good governance. Conceptually, federalism facilitates the rural development acknowledging the realistic program planning and efficiency on resource allocation from the small administrative unit. However, the success of federalism depends on several determinants. Despite several opportunities lies on the federalism for rural development; it is surrounded by several threats. Therefore, cooperation and coordination are very crucial among the federal structural at the sub-national level.

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