Minority Self-Governance in Economic Perspective

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MINORITY GOVERNANCE IN EUROPE

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On this matter it is useful to study the competencies of South Tyrol autonomy to elaborate a more detailed list. See L'Autonomia dell'Alto Adige, Provincie Autonome di Bolzano-Alto Adige 1994, Guerra provinciale, Bolzano, Italy.

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1. INTRODUCTION

The purpose of this paper is to provide an introduction to the main analytical tools used by economists in examining models of governance and to apply them to issues of self-governance as they appear in the debate on the legal and political position of minorities. This problem is of interest: firstly because minority issues have, in recent years, taken on increasing geopolitical salience, thereby increasing the relevance of various forms of power-sharing arrangements, with the attendant questions of distribution of competencies in economic matters; and secondly, because the rationale of the economic approach to governance has remained relatively under-utilized in the predominantly legal and institutional approaches usually brought to bear on the comparison between models of minority self-governance.

This paper is divided into three parts: the first reviews the economic literature on "federalism" (the blanket term used by economists working on these questions), as developed by classical authors in the field of public economics. The second proposes a brief reinterpretation, in economic perspective, of some of the key distinctions between models of self-governance found in the work of legal and political scholars. The third part uses the concepts reviewed in the first part, together with some concepts developed in the economics of language, to analyze core questions in the governance of linguistic diversity. A brief conclusion will outline priorities for further research.

2. THE ECONOMICS OF FEDERALISM

One of the long-established areas of economic analysis is "public economics," also referred to as "public finance." Economists working in this field were first and foremost concerned with establishing the theoretical foundations of the role of the state; milestones in this literature are contributions by the founding fathers of contemporary economic theory, in particular Adam Smith and John Stuart Mill, in the eighteenth and nineteenth century respectively. However, little work was done on what level of government should carry out what function until the second half of the twentieth century. Today, most countries are organized with at least two levels of government institutions, namely, central government (CG) and local government (LG), and often with subnational governments (SNGs) also present. Considerable differences exist between the powers of SNGs in different countries. In some states, there are no SNGs, with just administrative divisions of the CG instead, while in others, SNGs are strong and highly autonomous units. International differences also exist regarding the extent of the competencies exercised by LGs, but in most countries they are responsible, like municipalities, for a core group of activities such as the maintenance of parks.