

**Conference on
Challenges of Federal Governance
in the Russian and Canadian Federations
Ottawa, December 2000**

Overview

The purpose of the roundtable on “The Challenges of Federal Governance” was a very practical one: to bring together “practitioners” of federalism—those who are involved in making federal systems work—to exchange ideas and best-practices on several issues critical to federal governance.

The roundtable sessions took place in the context of a long history of cooperation between Russia and Canada in the area of governance, including federalism.

Two keynote presentations by experienced practitioners of federalism set the stage for the two-day event. Roy Romanow, Premier of Saskatchewan, presented his analysis of the current state of Canadian federalism. Vyacheslav Pozgalyev, the Governor of the Vologda Oblast, offered his views on the state of Russian federalism. These presentations provided participants with historical background, and with perspectives on the challenges which lay ahead for their countries.

A number of the principles and concepts presented during the opening session proved to be particularly influential throughout the two-day roundtable: Federations are “works in progress” which are constantly evolving, and they can only be built through a continuous process of compromise and accommodation. In this regard it is important that the potential of federal constitutions be fully exploited. Where procedural changes or reforms are required, ad hoc measures focused on achieving practical goals are often the most effective.

Both speakers discussed how they saw the future of federalism in their respective countries. Premier Romanow characterized the on-going debate about the status of Quebec as “unfinished” business. Governor Pozgalyev stressed the importance of completing the wide-ranging legal reform to ensure that the laws of Russia’s constituent units are consistent with the constitution. He said that this process is proceeding well and is nearing completion. He noted that the resulting improved efficiency in the functioning of the federal system will contribute greatly to economic growth and to attracting investment.

The ensuing roundtable sessions covered the following topics:

- The Role of Sub-National Units in the Global Economy;
- Federal Dialogue: Jurisdictions and Intergovernmental Relations;
- The Politics of Fiscal Federalism;
- Northern Partnership: Federalism, Economic Development, and Indigenous Communities;
- The Way Forward: Pathways for Future Collaboration.

Each session began with two short presentations—one on each of the federations. These presentations served as starting points for subsequent discussions that were open and free-flowing. We have organized the most salient points of the discussions under four broad headings: Globalization, Russia's Innovative Efforts at Federation-Building, Challenges shared by Canada and Russia, and The Value of Dialogue and Cooperation.

Globalization

It was clear from the discussion that globalization is having a substantial impact on both federations. Trade, while important, was not the sole concern. It was pointed out that specialization in the international market, the growing role of trans-national corporations and other international actors, and the expanding international activities of constituent units posed increasing challenges for federations.

It was felt that the ability of constituent units to function as full players in the global economy has given them new powers in the international arena, where economic strength can carry more weight than political power. Traditional concepts of constituent units are challenged by powerful new economic patterns which do not conform to the established political boundaries.

Traditional geographic entities—such as provinces, regions, or municipalities—are no longer solely defined by their participation as a member of one nation-state. There is now a tension between their international identity and their national one. At a time when constituent units may increasingly be acting according to economic self-interest, what kind of incentives can the central government create to ensure that the constituent units act for national goals? What kind of incentives can encourage the central government to represent the constituent units' interests in its international relations?

Some governments in federations are worried about the disintegrative pressures that might result from uncoordinated international activity of constituent units. In the past, the central government's economic sovereignty was coterminous with its political sovereignty. Globalization, and the growth of new technologies, has in some cases broken, or weakened, this once strong connection.

Globalization can, at the same time, bring benefits and additional challenges. However, participants also recognized that globalization was both inevitable, and in many respects, if properly managed, a positive force. Rather than seeking ways to return to an earlier reality, participants looked for new mechanisms to adapt their federations to the new international conditions.

A "globalized" world, in fact, provides hope for the resolution of problems which cannot be solved within traditional boundaries. Global climate change and other environmental concerns, for example, are international responsibilities, and require a multilateral, international solution. New forms of joint activity will require new forms of accountability and enhanced coordination, particularly in federal states where power and responsibility are shared. The trans-boundary vision of civil society and solidarity movements have challenged governments to develop these new patterns of accountability, and to work toward a stronger international policy in areas such as human rights and the environment.

Russia's Innovative Efforts at Federation-Building

Of great interest and importance to those from Canada was the discussion on the problems that Russia has dealt with during the past ten years. Participants spoke of the important steps Russia has taken to mitigate the effects of uncoordinated efforts of decentralization in the early 1990s. It became clear to all that not only have the Russian people and their governments had to cope with unparalleled changes after the dissolution of the Soviet Union, but that they had done so with an extraordinary burst of innovation. While older federations like Canada often have the luxury of being able to make changes in institutions and structures in a measured manner, Russia was forced to adopt whole areas of institutional change in a very short time.

This was most evident as participants heard directly from those involved in establishing the new seven coordinating districts instituted this year, but it was also an important theme which appeared throughout Russian reports on other areas. Canadian participants noted that considerable concern, particularly abroad, had greeted the naming of the seven Presidential Representatives to the regions. They heard from the Russian participants how experience and careful management of issues had led to broad acceptance of these representatives. The Presidential Representatives had respected the authorities of governments in their regions, and had even helped them to resolve regional coordination problems.

Participants emphasized the importance of coordinating laws, and the need for new laws to respect constitutional authorities.

Participants were able to identify and compare mechanisms in both countries, and to consider how the management of intergovernmental affairs could be more effective. Participants felt that these Russian experiences might offer lessons for other nations building new federations. They also suggested how some Canadian practices—such as the use of informal, rather than legal or constitutional, solutions—might be helpful to Russia. A ratio of 80% to 20% was proposed, suggesting that as much as 80% of improvements to federal systems could be accomplished through ad hoc agreements, informal mechanisms, or administrative arrangements.

During the discussion of such “functional federalism”, a number of principles which could guide practitioners were articulated: while the constitution must be respected, the federal system should be flexible; dialogue and exchange among practitioners ought to be frequent and free-flowing; each order of government should have the right to act within its jurisdiction; the public should be continually informed of the governments’ activities. Participants asserted the need for all constituent units to be treated equally by the central government. All constituent units, however, are not equal in their socio-economic conditions. For this reason, the equality of policy and procedure may not be sufficient to guarantee that all members of a federation share its benefits and burdens. Asymmetrical models of federalism may offer helpful concepts when considering such problems.

Challenges Shared by Canada and Russia

Despite the differences in age and makeup of the two federations, participants were able to identify a number of shared problems, challenges and opportunities. In particular, these related to similarities in geography and social makeup. Both countries are northern and have large territories in the arctic. Both countries have complex social orders that include substantial linguistic and ethnic minorities. Participants from Russia heard with interest about the real challenges faced in adapting Canadian federalism to accommodate the

legitimate needs and aspirations of indigenous peoples. Participants had the opportunity to share background information, experiences, successes and failures in coping with the internal strains that are generated by this diversity.

While there are differences between the two countries' northern territories, there are similar challenges in both countries. Remote communities require particular policies and mechanisms of relations with governments. The northern areas also have particular environmental needs which require tailored policies, and northern economic activity requires special forms of coordination. Participants from both countries agreed to put special emphasis on examining the needs of their northern regions.

The Value of Dialogue and Cooperation

Russian and Canadian participants found that there were stark differences between the conditions of government in the two federations. Even such things as the different number of constituent units lead inevitably to different mechanisms and techniques for intergovernmental relations, and for conflict resolution.

The exchange of information led to new readings of participants' own systems of government. In particular, they were able to identify practical and valuable insights that they could take home with them. This was most evident in the areas of fiscal arrangements, mechanisms of harmonization and coordination of judicial instruments, the relationship with municipal governments, as well as the sharing of practical non-constitutional changes that were referred to under the general title of "functional federalism."

The discussions at the roundtable confirmed the importance of economic issues to the effective functioning of federalism, and both Russian and Canadian participants strongly encouraged further Canada-Russia cooperation in this area. In addition, the roundtable led to the identification of a number of projects of common interest to Russian and Canadian practitioners. It was suggested that a similar roundtable be held next year in order to review strategically the state of Russian and Canadian federalism, as well as the cooperation programmes in federal governance between the two countries. It was also suggested that more narrowly focused projects be undertaken in order to explore, in a comparative fashion, topics such as the following:

- Fiscal frameworks: municipal budgets and sub-national budgets;
- Models of informal and administrative intergovernmental relations;
- Roles of sub-national units in the international relations of federations;
- Policies and mechanisms governing relations between multilateral organizations and federal states.

Overall, participants considered the roundtable to have been an effective forum for high-level practitioners to engage in rarely-held dialogue on the internal management of their respective federations.

LIST OF PARTICIPANTS

Canada, Federal Government

- Hon. Stéphane Dion, President of the Privy Council and Minister of Intergovernmental Affairs
- Hon. Maria Minna, Minister for International Cooperation
- Mr. George Anderson, Deputy Minister, Intergovernmental Affairs, Privy Council

Office

- Mr. Guillaume Bissonnette, Assistant Deputy Minister, Finance Department
- Mr. Peter Daniel, Vice-President, Canadian International Development Agency
- Mr. Gaetan Lavertu, Deputy Minister, Department of Foreign Affairs and International Trade
- Mr. Ron Halpin, Director General, Central, East and South Europe Bureau, Department of

Foreign Affairs and International Trade

- Mr. Rick Ward, Director General, Canadian International Development Agency
- Ms. Ingrid Knutson, Program Manager, Canadian International Development Agency
- Mr. Harald W. Finkler, Director, Circumpolar Liaison, Indian and Northern Affairs Canada

Canadian Provinces and Territories

- Hon. Roy Romanow, Premier, Saskatchewan
- Hon. Jack Hillson, Minister of Intergovernmental and Aboriginal Affairs, Saskatchewan
- Hon. Walter J. Paszkowski, Minister of Municipal Affairs, Alberta
- Hon. Lloyd Matthews, Minister of Finance, Newfoundland and Labrador
- Mr. Brent Cotter, Deputy Minister, Intergovernmental and Aboriginal Affairs, Saskatchewan
- Mr. Al Hilton, Assistant Deputy Minister, Federal-Provincial Relations, Saskatchewan
- Mr. Bruce Tait, Director, Federalism/Constitution of Canadian Intergovernmental Relations, Alberta

- Mr. Harley Trudeau, Acting Deputy Minister, Intergovernmental Relations, Yukon

Canadian Academics / NGO representatives

- Mr. Michael Mendelson, Senior Scholar, Caledon Institute of Social Policy–Former Assistant Deputy Minister, Ontario and Former Deputy Minister, Manitoba
- Mr. David Law, Association of Universities and Colleges of Canada
- Mr. Howard Leeson, University of Regina–Former Deputy Minister, Saskatchewan
- Dr. Harvey Lazar, Institute of Intergovernmental Relations, Queen's University–Former Assistant Deputy Minister, Human Resources Development Canada
- Dr. T. Russell Robinson, Consultant–Former Deputy Secretary, Privy Council Office
- Dr. Gordon Smith, University of Victoria–Former Deputy Minister, Department of Foreign Affairs and International Trade
- Dr. Richard Bird, University of Toronto–Consultant (World Bank)
- Mr. Peter Dobell, Parliamentary Centre (Founding Director)

International

- Mr. Clovis Panzarini, Department of Finance, Sao Paulo State, Brazil
- Prof. Amaresh Bagchi, National Institute of Public Finance and Policy, India
- Mr. Khalid Fareed Khan, National Reconstruction Bureau, Pakistan

Russian Federation

- Dr. Jahan Pollyeva, Deputy Head, Presidential Administration
- Mr. Leonid Drachevskiy, Presidential Representative for the Siberian District
- Mr. Alexander Blokhin, Minister of Federal Affairs, Nationalities and Migration Policy
- Mr. Yuri Yevdokimov, Governor of Murmansk Oblast
- Mr. Vyacheslav Pozgalev, Governor of Vologda Oblast
- Mr. Vladimir Kozhemyakin, Head, Department of Regional Development

- Mr. Valery Kirpichnikov, First Deputy Minister of Federal Affairs, Nationalities and Migration Policy
- Mr. Aleksei Ulyukayev, First Deputy Minister of Finance
- Mr. Mukhamed Tsikanov, Deputy Minister of Economic Development and Trade
- Mr. Beslan Bargandzhia, Head of State and Legislative Affairs Department
- Dr. Arthur Chilingarov, Deputy Chairman of the State Duma
- Mr. Pyotr Fedosov, Head of Section, Information and Analysis Department, Federation Council
- Mr. Valery Orlov, Deputy Head of Relations with the Subjects of the Federation, Parliament and NGOs, Department of Foreign Affairs
- Mr. Mikhail Roshin, Vologda Oblast
- Mr. Leonid Iogman, Vologda Oblast

Russian Federation Academics and NGO Representatives

- Mr. Vladimir Mau, Director, Centre for Economic Reforms
 - Mr. Sergei Kabyshev, President, Federalism Fund
 - Mr. Sergei Sinelnikov-Murylev, Institute of the Economy in Transition
 - Mr. Aleksei Avtonomov, Head of Section, Institute of State and Law, Russian Academy of Sciences
 - Mr. Vladimir Yakovlev, Protector, Higher School of Privatization and Enterprise
 - Mr. Vitaly Shipov, Secretary, Congress of Municipal Entities
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