ETA violence and the Basque Country: Does federalism offer a solution?

BY GURUTZ JAUREGUI

The Spanish system of regional autonomies has had very positive effects for the Basque Country. The progress made over the years in the recovery of Basque identity has been very significant. The system, however, has been unable to solve the ‘Basque problem’. The conflict between Basque separatists and Spain has left hundreds dead, and has caused untold suffering.

Today’s conflicts between the Basque region and the Spanish government are chiefly, although not exclusively, based on three aspects: distribution of powers, territory, and the right to self-determination.

Distribution of powers

The Spanish Constitution of 1978 established a system whereby power is distributed among seventeen autonomous communities. It is a hybrid that stands midway between regional and federal models of government. Its complex and ambiguous nature is a constant source of clashes between the federal and community governments. Rather than a list of powers, the Constitution establishes a distribution of functions. In many areas, the Constitution qualifies the functions of the autonomous regions with phrases such as ‘in the frame of’ or ‘according to’ (other authorities). The upshot is that the federal government has established regulations, directives and controls that have led to a real reduction in the powers of the autonomous regions.

The regions have very few possibilities for participating in overall federal government activities. The Senate—which is theoretically representative of the different territories—is, in fact, dominated by national political parties.

The problem of territory

The Basque region is located geographically in Spanish and French territory. Traditionally, the strategic aspiration of Basque nationalism has been to establish an independent State that covers the whole territory. Not only is the division between France and Spain a contentious issue, but there are also problems regarding the territorial boundaries of the Basque region inside Spain.

The Autonomy Statute identifies the provinces of Alava, Guipuzcoa and Vizcaya as comprising the Basque region, and also mentions Navarra, giving it the choice of joining this region. Basque nationalism holds that Navarra is an integral part of the Basque homeland. Basque nationalism, however, is very weak in Navarra. As a result, Navarrese
politicians decided not to join the Basque Country, but instead to have their own autonomous community.

These are just some of the problems surrounding how the Basque territory is defined.

**The right to self-determination and the European Union**

From the standpoint of Basque nationalists, the main political problem is the demand for recognition of the Basque people's right to self-determination. Even though this right could theoretically take the form of very different political options—autonomy, federalism, confederation, an independent state, etc.—Basque nationalism has traditionally identified self-determination with the right to an independent national state.

Yet globalization is quickly doing away with the classical conceptions of borders understood as lines of separation, and replacing it with a new concept, where borders are understood as privileged meeting points for international cooperation. This challenges the classical concept of sovereignty.

International relations are no longer the exclusive concern of nation-states, since they now extend to many other institutions and organizations. Outstanding among them are the regional institutions, which are acquiring great importance in this new emerging Europe.

In light of all these changes, what form and content will the right to self-determination take in the 21st century? Can the idea of an independent sovereign Basque state be replaced with one that would permit the Basque region to maintain its own identity within the European Union?

This new idea would signify the inclusion of Basque society in Europe, rather than its separation, as often implied in radical nationalism. As well, a policy to include an adequate institutionalized presence of the Basque region in the European Union could easily be adopted by nationalist and non-nationalist political forces alike.

In this way, a definitive solution to the 'Basque problem' could be closely linked to the evolution of the institutions of the European Union. Adequate Basque participation in the process of building Europe could defuse some of the most serious conflicts.

Some European States, such as Germany, Austria, and Belgium, have been able to solve similar problems through formulae adapted to the circumstances. In Germany, where a perfectly symmetrical federalism exists among various homogeneous Länder, decisions are made through multilateral and symmetrical relations between the government and the Länder. In Belgium, where there are virtually two 'nations' in a single state, relations are bilateral.

Turning to Spain, it must be kept in mind that the establishment of the Spanish autonomous communities had two main causes: regionalism and nationalism.

Regionalism is based on the principle of organizational efficiency—the distribution of powers among administrative units.

Nationalism's objective is to demand or guarantee the principle of 'difference'.

To ensure efficiency, you need to institute multilateral or symmetrical relations among constituent units.

To guarantee 'difference', it is sometimes necessary to establish bilateral, asymmetrical relations among the various autonomous groups.

In Spain's case, to do both it would be necessary to establish an asymmetrical federal system that would combine multilateralism with some bilateral relations.

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Nationalism and political independence have gone hand-in-hand in modern history. However, from the perspective of the new millennium and a new Europe, nation states are undergoing a sweeping process of change leading to a gradual shift of power in favour of new supranational power structures.

The Basque region has two possible alternatives. One, the traditional alternative, is to demand an independent state. The second is to demand that local territorial collectives, such as the Basque region, be included alongside states in building the new Europe.

The Basque region is split at present into various political divisions (Autonomous Basque Community in Spain, Navarra, and the Basque region in France). Today, it is impossible to demand the integration of Navarra or the unification of the Spanish and French regions. It is much more appropriate to establish instruments for cooperation designed to solve mutual problems (in such spheres as economics, culture, or technology), based on mutual respect and autonomy.

In fact, there has been excessive reliance on political solutions to problems, while social, economic and simply human aspects have been neglected. The development of a country, however, does not come solely from the exercise of political power. Social, cultural, and economic relationships also determine the character of a country. The emerging Europe offers new, unheard-of-before opportunities for the Basque region and other communities looking to have greater control over the factors that affect their lives.

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**Key Dates in the Basque Conflict**

- 1937 Francisco Franco occupies the Basque Country, cancelling Basque autonomy and persecuting Basques
- 1959 ETA founded
- 1968 First ETA political killing
- 1973 Spanish PM Admiral Luis Carrero Blanco assassinated by the ETA.
- 1975 Death of Francisco Franco
- 1978 Spanish government approves a new constitution providing for regional autonomies.
- 1978 Herri Batasuna, ETA's political wing, established
- 1979 Spain passes the Statute of Autonomy, which sets out the provisions of Basque autonomy.
- 1995 Failed attempt to assassinate opposition leader (now PM) José María Aznar
- 1997 ETA kills a Basque counsellor, sparking widespread protests in Spain against ETA violence
- 1997 23 members of Herri Batasuna are jailed for collaborating with the ETA.
- 1998 ETA announces indefinite cease-fire
- 1999 Spanish Government and ETA meet for the first and only time
- 1999 ETA ends 14-month cease-fire
- 2000 19 people killed in violence related to the conflict.
South Africa's young, post-apartheid federal system is in a state of flux. Some forces are pulling it towards greater decentralization while others pull it towards greater centralization. Analysts in South Africa are divided on which direction it will move.

Technically, there is still argument as to whether or not South Africa could really be said to have a federal system of government.

Professor Harold Rudolph of the University of the Witwatersrand says South Africa can't really be called 'federal' because none of the competencies of South Africa's nine provincial governments are exclusive.

"When push comes to shove," Rudolph says, "the central government prevails."

For most analysts this definition of federalism is too demanding and flies in the face of day-to-day practice whereby provinces make most of their own decisions about health, education, and a number of lesser areas.

But the fact remains that the central government has not been reluctant to assert its own power aggressively in the six years since the democratic system was introduced in South Africa.

The power of the ANC

This struggle between the central government and other areas of power raises a number of contentious issues.

South Africa's ruling African National Congress (ANC) government has a powerful majority in parliament, controls outright the governments in seven of the nine provinces, and is in a coalition government in an eighth.

The ANC's traditional structure and modus operandi encourage a centralized hierarchy which, if newspaper pundits are to be believed, has been strengthened by President Thabo Mbeki's preference for strong central control.

Recent political developments have appeared to underline this, with local grassroots democracy being pushed aside in favour of the appointment of candidates for provincial or metropolitan leadership by the ANC's National Executive Committee or one of its offshoots, the Redeployment Committee. This latter not only assigns political posts, but also names members of the ruling party to head government departments or para-state companies, such as the national electrical utility and the national railways.

Analyst Thabo Rapoo of Johannesburg's Centre for Policy Studies says the perception that Mbeki's government is bent on centralizing everything is "a bit superficial".

Rapoo points to ongoing efforts by the government of Kwazulu Natal province to secure tax-raising powers and for permission to set up export processing zones. Kwazulu Natal is ruled by the opposition Inkatha Freedom Party, which is the senior party in coalition with the ANC.

That view is supported by Professor Jonathan Klaaren of the School of Law at the University of the Witwatersrand. In his view the argument that greater centralization is taking place has only limited validity. He says there are a number of pieces of legislation from the national parliament which are, in essence, "framework legislation". In these cases the central government has set norms and standards but left it to the provinces to fill in the details.

Rapoo also points to the relatively small number of times that the central government has intervened, on the basis of its constitutional powers, in the functions that are assigned to provinces.

One of the more spectacular examples was in 1998 when the central government stepped into the Eastern Cape Province and took over the payment of pensions. It did this because inefficiency and disorganization in the provincial government meant many elderly people were not getting their pensions. The national government acted on the grounds of a section of the constitution that gives it the power to intervene when provinces fail to fulfill their constitutional obligations. Officials were seconded from Pretoria and the welfare functions were run by them, until provincial authorities could undertake to run those functions with a greater degree of efficiency.

A federal framework and a centralizing ruling party

Colin Eglin, a veteran politician from the liberal and federalist opposition Democratic Party has no doubt that there is a centralizing tendency within the ruling party. But Eglin, who was closely involved in the drawing up of South Africa's constitution, says this tendency has been checked by the constitution. And, he points out, there has been no attempt on the part of the ANC to change the constitution and make centralization easier.
The key tension, he believes, is that the ANC as a political movement has a more centralizing tendency than the constitution. Because the constitution was the product of negotiation with other political parties that firmly believed in federalism, the ANC was forced to compromise and accept a system with more federal characteristics than it might have liked.

This combination of a federal framework with a ruling party with centralist tendencies has, to a certain extent, undermined the elaborately written constitutional measures aimed at protecting the rights of provinces.

For instance, all officials of the ruling party are appointed or dismissed from the centre, and they naturally follow the orders of head office.

An even stronger factor in the movement towards the centre is the apparent inability of many provinces to run an efficient government that delivers infrastructure and social services to the people who were disadvantaged by the apartheid system. This has been exacerbated by the purging of qualified white officials from the civil service to make way for other races, in line with the government’s policy of “transformation”.

The constitution did provide for an institution that was supposed to give the provinces a voice in decision-making: the National Council of Provinces (the upper house of parliament). But it has thus far proved ineffective. Thabo Rapoo points to a weak administration and the fact that appointees are mostly from provinces controlled by the same party that controls the central government. That means they rarely contradict the legislative views of the lower house.

The upper chamber showed some dissent when it was chaired by Mosiuoa Lekota, an independent-minded ANC stalwart. Lekota’s budding career as government conscience ended, however, when the newly inaugurated President Mbeki gave him the defense portfolio in the federal cabinet.

This exposes the weaknesses of a federal system which is dominated by a single party. It also exposes federalism to the charge that it may simply not be workable when the amount of talent in government is limited.

The forces for decentralization

Closer examination however, shows that these political and practical pulls towards the centre are not the only factors determining the health of federalism in South Africa.

There are counterbalancing forces.

In the devolutionary corner are the two largest and pro-federalist opposition parties: Inkatha and the Democratic Party. Thus far they have been unsuccessful in their attempts to devolve power to the provinces. But their efforts have at least kept the demand for provincial powers on the national agenda.

More importantly, the current system that devolves some degree of authority and responsibility to the provinces has created vested interests in the ruling party that stand to profit by any enhancement of provincial power.

This push for devolution from within the ruling party has appeared more muted since President Mbeki took over from Nelson Mandela, but Rapoo believes this is a perception only. He says the style of Mbeki’s government is to keep dissent behind closed doors, and simply because provincial premiers are no longer making statements to newspapers does not mean they are no longer agitating for more powers.

As for the future, Professor Klaaren believes that South Africa will see the provinces flexing their muscles as they find there is still a lot of room in the system for exploiting devolution.

“In many cases,” he says, “it is the provincial governments which perform the key step between the policy of central government and its implementation.”

As provinces grow in capacity and confidence, they will use this role as an opportunity to interpret central government policies in their own way.

The role of cities

Another area where one ought to watch for the growth of alternative centres of power is that of the newly constituted metropolitan areas, mainly the six “mega-cities”. In contrast to the provinces, these “mega-cities” have powers to raise revenue, and often greater budgets than provincial administrations.

Although they have little devolved power, their day-to-day role in the lives of millions of people means the “mega-cities” have considerable power to fill in the framework of government legislation. The cities and district councils to watch in this regard are those where opposition parties have a great degree of political support.

Colin Eglin believes that this shift of power to a local level will eventually assert itself. He points out that local and provincial structures controlled by the ruling party are already showing signs that they resent the federal imposition of candidates for elected office at the provincial and local levels.

Perhaps the final word on the long-term view should belong to Eglin. He warns that in order for a federal system to work properly the philosophy of the various political parties has to be in accord with the federal philosophy of the constitution. He believes there is no such consensus in South Africa at the moment.

Still, Eglin is convinced there’s a good chance that both the center and the regional forces will eventually find themselves moving along same, or at least, similar paths. This will happen, he argues, as nature takes its course—that is, as the inherently decentralizing forces in the system assert themselves.
The states of the USA meet the global economy and the IT revolution

BY EARL FRY

In reaction to globalization and the information technology revolution, almost all states and some municipalities in the U.S. federal system have decided that they must be actively engaged in the international sector in order to protect the interests of their local constituents. Imports and exports now account for a quarter of U.S. GDP. Upwards of 18 million U.S. jobs are directly linked to the international economy, with 12 million tied directly to exports, one million to international tourism, and another 5 million Americans working for foreign-owned companies within the United States. Indirectly, even more jobs are tied to the international economy because import penetration is at record levels and local companies must compete in their own domestic marketplace against goods and services originating from abroad. Because such a large percentage of state and municipal government revenues is generated from local business activity, these governments consider that it is imperative to be engaged both nationally and internationally.

The international stage

U.S. states and major cities are potentially formidable economic players on the global stage. Ranked by their annual production of goods and services, three U.S. states (California, New York, and Texas) could be inserted among the top ten national economies in the world and twenty states among the top twenty-five nations. The expansion of state government economic activities internationally has been impressive. Four states maintained offices abroad in 1970. Now, forty-two states and Puerto Rico operate 180 foreign offices in almost 30 different countries. Many governors and big-city mayors lead at least one international mission annually, and state governments are allocating over 100 million dollars per year to their international programs, in addition to pledging billions of dollars in grants, loans, or tax holidays to foreign companies willing to set up subsidiary operations on American soil. For example, California, with a population base of 34 million, a state production base exceeding one trillion dollars annually, and a government budget approaching 100 billion dollars per year, maintains a dozen offices abroad and participates in numerous international trade missions, trade fairs, and other types of overseas activities.

Ohio has seven foreign offices plus three additional offices in Latin America jointly sponsored by several Great Lakes states. Tiny Utah, with a population of only two million, has contracted with representatives in 25 different countries to provide special services to Utah-based companies and to assist in attracting new investment and tourists to the state. Many states also enter into Sister State relationships and have periodic meetings with their counterparts abroad, especially with representatives from the neighbouring Canadian provinces and Mexican states. Some cities also sponsor international trade missions and, through Sister Cities International, 1,200 have paired with 2,100 municipalities in 127 different countries.

Economic globalization is intensifying with the international movement of goods, services, capital, technology, and people standing at record levels. World trade in goods and services is approaching seven trillion dollars (U.S.) annually, growing at a rate almost three times faster than the expansion in merchandise trade. The growth in commercial services, international direct and portfolio investment, and international tourism is even faster than the expansion in merchandise trade. McKinsey & Associates estimates that only one-fifth of world output is currently open to global competition in products, services, and ownership. However, within the next 30 years, McKinsey predicts that four-fifths of world output should be “globally contestable,” leading to an even more dramatic expansion in global economic integration.

The pace of global and regional interdependence is quickening because of the Information Technology (IT) revolution. The Encyclopedia of the Future estimates that scientific information is doubling every twelve years and general information every two and a half years. Bill Gates predicts that more changes will occur in the world’s business community over the next decade than during the past half century, and that velocity will be the keyword for the period between 2000 and 2010.

The IT revolution includes the proliferation of powerful computers, the rapid expansion of the Internet via cyberspace, digitization, wireless technology, miniaturization, fibre optics, and bandwidth expansion.

New technologies have solidified international production networks and perpetuated the 24-hour stock market and business cycle, roughly divided into 8-hour tranches in Asia, Europe, and the Americas.
The domestic agenda

At home, state and local governments are attempting to build internationally competitive economies, recognizing that globalization and the IT revolution may have an impact on one state or city far different from its effect on other states and cities in the U.S. federal system.

For example, Detroit has lost almost 70 percent of its manufacturing jobs since its peak years in the 1960s, whereas employment in Silicon Valley has increased by almost 1000 percent over the past two decades.

During 1999, Internet-related jobs in California more than doubled, at a time when farmers in many other states were suffering from the loss of agricultural exports.

Five metropolitan regions, Los Angeles, New York City, Miami, San Francisco, and Chicago, are home to one-half of all U.S. immigrants, whereas many regions of the country have very few foreign-born residents.

The Washington, D.C.-based Progressive Policy Institute points out that state programs concentrate on five major sectors: knowledge jobs, globalization, economic dynamism and competition, transformation to a digital economy, and technological innovation capacity.

Many are attempting to develop technological centers, hoping to create a clustering effect and evolve into mini-Silicon Valleys.

California’s Governor, Gray Davis, points out that Silicon Valley did not exist 50 years ago, the biotech industry did not exist 30 years ago, and the Internet did not exist a decade ago. The state government is now providing funds for California Institutes for Science and Innovation at several public universities, focusing on new discoveries in medicine, bioengineering, telecommunications and information systems, energy resources, space technology, and agricultural technology.

Many other states are following similar paths, perceiving that technological development will help ensure that their local business communities remain competitive domestically and internationally.

How are state and local governments doing?

The U.S. federal structure has both advantages and disadvantages in a period of globalization and the IT revolution.

In the latter category, state governments occasionally take different stances on international issues than the national government, such as Massachusetts’ attempt to place sanctions on companies doing business with Burma, making it more difficult for the nation to speak with a unified voice in foreign affairs.

A second concern involves the billions of dollars in incentives offered by state and local governments as they compete to attract foreign companies to their respective areas of jurisdiction, in spite of studies indicating almost all foreign enterprises are prepared to invest in the United States without receiving government incentives.

A third problem is the duplication of activities and services as states open foreign offices or sponsor their own trade missions, even though coordination with other states or with the federal government might save both money and effort.

A fourth concern centers on the sporadic nature of intergovernmental cooperation in preparing for globalization and rapid technological change.

And finally, a fifth problem is linked to the relatively modest resources that state governments are actually dedicating to their international programs. By contrast the Canadian province of Quebec has a larger international budget than all 50 U.S. state governments combined (exclusive of investment incentive packages).

The major advantage in the U.S. federal system is related to an observation made by former U.S. Supreme Court Justice Louis D. Brandeis:

“It is one of the happy incidents of the Federal System that a single, courageous state may, if its citizens choose, serve as a laboratory and try novel social and economic experimentation without risk to the rest of the country.”

Many state governments, working hand in hand with their private sectors, have been laboratories of innovation, especially in the development of new technologies.

State and local governments also bear the burden of developing world-class infrastructures and educational systems which are critical if their private sectors are to remain globally competitive. The flexibility and adaptability available in the U.S. federal system are major advantages in a period of unparalleled economic and technological change.

More than ever before, U.S. state and local governments are involved internationally and this activity should intensify as globalization and new technologies narrow the physical and psychological distance between local populations and the international arena.

Historically, the United States has been a rather parochial and insular nation, self absorbed and prone to navel-gazing. Perhaps the notion of “thinking globally and acting locally” will promote more constructive international involvement and underscore that many problems facing the world today cannot be solved singlehandedly by individual nation-states.

On the other hand, state and local governments have done little to promote expanded foreign language training and a better awareness of international affairs in public schools.

Unlike the Canadian province of Quebec, few U.S. states assist low-income families to acquire computers and log on to the Internet, exacerbating the digital divide between rich and poor.

And unlike the western Canadian province, Alberta, few states have serious plans to provide all rural communities with high-speed, broad-bandwidth Internet connectivity.

Perhaps even more importantly, only a handful of state governments have developed detailed strategic plans to cope with future challenges and opportunities in an era of globalization and the international technology revolution.

Without any doubt, the U.S. federal system must adapt more vigorously to a rapidly changing international environment, and new perspectives must be developed to enhance cooperation among the national, state, and local governments and the constituents whom they represent.
In November 2000 a national movement to shift from a unitary system of government to a federal system got underway in the Philippines. The movement took off with a pro-federalist resolution signed by twenty-two members of the twenty-four seat Philippine Senate.

The resolution proposed amending the 1987 Philippine Constitution in such a way to convert the country’s present fifteen administrative regions into ten federal states, with a federal capital district (Manila) similar to Canberra in Australia or Washington, D.C.

The catalyst for the revival of the federalist movement is the Muslim separatist rebellion in Mindanao, the resource-rich second largest island in the Philippines archipelago.

The Muslim population of Mindanao is spread through thirteen provinces and cities. These communities have been the hotbed of secessionist movements and rebellions for more than a century—in a country where more than 85 percent of the people are Christians.

The current rebellion in Central Mindanao is led by the Moro Islamic National Liberation Front (MILF), against which the government of President Joseph Estrada has waged a “total war” since May 2000. The MILF rebellion aims to establish a separate “Bangsa Moro state”, carved out of the present territory of the Philippine Republic. But some of its leaders have indicated a willingness to consider plans for wider Muslim autonomy within the Philippine State.

Senators driving the federalism movement have argued that a federal system would be the ultimate solution to the Muslim separatist rebellion.

Senator Aquilino Pimentel, who lives in Mindanao and who is one of the authors of the Senate resolution, says:

“The proposal to amend the Constitution...has no other purpose than to fast-track the development of the nation and secure peace once and for all in the troubled region of the Bangsa Moro in Mindanao.”

Mindanao has more than 14 million inhabitants of whom about 2.4 million are Muslims. The people of Mindanao complain that the island has received the least attention from Manila in the distribution of resources. To buttress that complaint a 1985 study by the National Economic and Development Authority (NEDA) revealed that 64.3 percent of Mindanao’s 2.13 million families were living below the poverty line and the Muslim provinces are among the poorest in the country.

A long history

The current revival of federalism is informed by a rich history of local and regional autonomy.

Prior to the Spanish conquest of the Philippines in the 16th Century, Muslims were ruled by independent sultanates. As early as 1899, following the Spanish surrender of Manila to the American forces, Filipino rebels in the central Visayas islands of Negros Occidental and Iloilo proclaimed their own “Federal Republic of Visayas.” In the formation of the First Philippine Republic, in January 1900, the American colonial administration installed the framework of democracy based on the American model, but did not adopt the United States’ federal structure.

At the convention that drafted the new country’s constitution most representatives came from Luzon Island. There was token representation from the Visayas and Mindanao, although the Muslim sultanates in Mindanao were not represented in the First Republic.

These “Luzon-biased” decisions sowed the seed of the present day movement for federalism.

Yet even during the colonial preparation for self-government, the first elections in 1901 were for local officials. The national government was built on the foundation of local governments.

The first Philippine Legislature in the early 1900s was composed of the representatives of provincial leaders and the Speaker of the legislature was the equivalent of a national leader. He was the one who dealt with the American governor-general.

During the transitional period to self-government from 1900 up to the establishment of the Philippine Commonwealth in 1935 (an intermediate stage on the route to independence), tendencies toward political regional autonomy were strong.

From Independence through the Marcos dictatorship to the present

Even during the first few decades following the establishment of a Republic in 1946, regional leaders were virtual warlords with whom the national president had to negotiate for political support, especially during the regular elections.

Senators were elected on the basis of regional districts, representing the linguistic divisions of the country. Political tradition also saw to it that in the election of the President and Vice-President, the political parties strove to have a balance between regions. For example, if a Presidential candidate from Luzon was nominated, the vice-president had to be a candidate from either the Visayan islands or Mindanao.
It was also an unstated practice that in the senatorial line up by the two main political parties there was room for two Muslim candidates as a gesture of national unity and promoting multi-religious and cultural integration into one national community. In the Cabinet, at least one portfolio was reserved for a Muslim.

This façade of integration in a centralized, unitary system, however, gave way to the demolition of the party system and the installation of an authoritarian system in 1972 by President Ferdinand Marcos. The devolution trend suffered a reversal under the Marcos regime lasting for fourteen years. Centralization reached its peak in that regime. The overthrow in 1986 of the dictatorship lifted the lid and released the pressure for local autonomy.

In 1991, the democratic government of President Corazon Aquino enacted the seminal Local Government Code, ceding a number of central government powers to local governments. Local government units, including municipal and provincial, were given broader leeway to impose taxes and a larger share in the national revenue collection. The Local Government Code of 1991 declared as state policy that the local governments “shall enjoy genuine and meaningful local autonomy to enable them to attain their development as self-reliant communities and make them more efficient partners in the attainment of national goals.”

Autonomous special economic zones were also created in selected areas of the country where economic projects could be initiated. Local governments were allowed to raise funds to finance development projects. A Department of Local Government was created in the Cabinet.

The devolution had mixed results. In some provinces and cities—rich in natural resources and with strong entrepreneurial traditions—it stimulated rapid growth. These high growth areas have become the strongest advocates (aside from the Muslims of Mindanao) of further autonomy and federalism.

Still, while local units have been given a larger percentage of national taxes collected in their jurisdictions, the central government has not given up its control easily. Manila can still delay the release of the internal revenue allocations (IRA) in provinces where local authorities are antagonistic to the central government leadership. The central government has refused to relinquish control of the national police over local police units. This national police system is one of the unhappy legacies of the Marcos regime’s mania for centralization.

**Federalism becomes a serious option**

The lure of federalism has appealed to a number of Filipino academics. Dr. Jose Abueva, former president of the University of the Philippines, presented a brief to Congress on the federalist movement. Abueva cited studies in the 1980s by two scholars at the University of the Philippines’ College of Public Administration—Rizal Buendia and Gabriel Iglesias—who argued for a shift to a federal system. Buendia argued that the Philippines had all the necessary preconditions for federalism, namely:

- "Divergence of economic interests with the federating unitary state leading to the desire of the component local governments to remain autonomous for certain economic, political and cultural purposes;"
- "Geographical obstacles to effective unitary government, i.e. large areas separated by bodies of water, mountains or physicals obstacles;"
- "Poor communications, existence of different laws, norms, practices, and ways of life."

Buendia cited Iglesias’ arguments on the advantages of a federal structure, to wit:

- It would accord equal stature and treatment to the needs of all parts of the country regardless of their ethnic, religious, linguistic or geographical condition.
- It would reduce pressure for separatism.
- It would serve as an equalizing factor by promoting a more balanced socio-economic and political development attuned to the needs of the regions.
- It would bring governments closer to the people.
- It would enhance national integration and unity.

Abueva proposes a ten-year transition period for the full implementation of a federal system, beginning with amendments to the constitution. He suggests the continuation of the presidential system with a bicameral legislature. In the Senate, the proposed ten federal states would have three seats each.

Abueva argues that while the “national redistribution of resources and welfare is a major function of the federal government...the states are to be the engines of economic and social development and the main provider of social services and public safety.”

He points out that the federal system is more democratic and more stable. He argues that it would have been difficult to stage a military coup of the sort mounted against the Aquino government in the 1980s within the framework of autonomous state governments.

While the legal framework for devolution has been established, the path toward federalism is full of obstacles. The first obstacle is, of course, the inertia of fifty years of a highly centralized system, reinforced by a powerful presidency with more powers than the President of the United States.

The second—a formidable one—is the strong public resistance to changing the Constitution. Many Filipinos fear that the amending process could be used to lift the term limit of six years on the presidency or to scrap other popular provisions of the constitution.

This resistance has to be overcome before the movement for federalism can find a medium—constitutional change—through which the shift could be translated into reality.

A crisis could help overcome the resistance. The economic and political impact of the Mindanao Muslim rebellion is one such development. And the current crisis of President Joseph Estrada might also encourage people to take a serious look at federalism. Estrada is on trial for impeachment sparked by serious charges of corruption. This crisis could encourage Filipinos to look to federalist reforms as part of a way out of an overly rigid presidential system.

Sometimes, in the life of a nation, crises provide opportunity as well as danger.
The year 1999 started out looking like it was going to be the “annus horribilis” of Belgian federalism.

In March of 1999, the Flemish Community Parliament adopted (with the almost unanimous support of both government and opposition parties) five resolutions that would have had the effect of completely overturning the current structures of the Belgian Federation.

In response, all the Francophone political parties formed a united front against what they saw as an attempt to move toward “confederalism” in Belgium. They adopted a declaration designed to stymie efforts to change the constitution.

A new Parliament was to be elected in June of 1999 and the Francophone parties sought via their declaration to limit the capacity of that new Parliament to change Belgian political institutions fundamentally.

On the eve of the June 1999 election Francophone and Flemish parties alike wondered how representatives of the two main communities would get along after the vote. Would there be a major political crisis?

In effect the Francophone parties were threatening to block the formation of a new federal government because they opposed constitutional changes. If they did that would run the risk of effectively weakening the very institutions they were seeking to defend?

This risk posed an even greater danger given that at the Regional and Community level new executives would take power without any delays.

Part of the explanation lies in the political crisis that broke out in the middle of the campaign when dioxins were found in some food products.

And a good part of it has to do with the jockeying for position among the rising new political forces as they saw the chance to gain a piece of federal power.

Indeed these new political players were no doubt euphoric at the chance of finally dethroning what had been, to that point, the main power fulcrums of Belgian politics: the Social Christians, both Flemish and Francophone.

On the other hand, one can’t underestimate the Belgian capacity for compromise.

In essence, the country’s democracy is built on a tradition of consensus and not confrontation. In the post election period both sides seemed to realize that they had a choice of living together in a single country—or totally renegotiating their relationship.

Improving the federal structure

Of particular interest in the governmental agreement of July 1999 is the part that deals with government institutions. There is only a little more than a page devoted to “renewing democratic institutions” in the thirty-one page agreement. But, however short, it is a very important passage.

The section begins by stating: “The structure of the Belgian federal state must be improved in order to eliminate tensions and assure
harmonious relations between regions and communities”.

To achieve this goal the agreement proposes the creation of an “Intergovernmental and Inter-Parliamentary Conference for Institutional Renewal”. This new entity is charged with analysing “the existing mechanisms by which the state functions and devising means to improve the functioning of federal institutions”.

The Conference was formed of representatives of the Federal Parliament, the Regions and the Communities and directed by a joint Francophone-Flemish presidency.

Its mission was twofold:

First, it had to develop practical propositions that could be agreed to unanimously. Then, it was to search for areas of agreement on the problems identified in a pre-election report adopted by the Belgian upper house, the Senate.

Among the specific questions it was to tackle:

• communal and provincial organization;
• how one might extend the power of the Regions and Communities;
• the issue of direct contact between regional and community governments and the European Union.

The Conference’s mission was to rework existing institutions rather than continue the process of reforming the federation by adding to the four reforms of 1970, 1980, 1988–89 and 1993.

The tough fiscal issues

One of the main motives for dealing with institutional questions via this special commission was to spare the new federal coalition government the burden of this touchy dossier.

Still, the new coalition in the federal Parliament was forced to deal with the question of financing federal entities, in particular with regard to the Communities’ responsibility for education—a responsibility that has posed very great difficulties for the Francophones since the beginning of the 1990s.

A significant agreement on education financing was reached in October 2000. The Communities got additional resources and succeeded in getting their funding indexed to the rate of economic growth. At the same time, the agreement strengthened regional financial autonomy.

Prior to this agreement the regions didn’t have the power to raise or lower the income tax on individuals. The agreement specified a range within which they could raise or lower tax rates (from 3.25% starting in 2001 to 6.75% starting in 2004) without being cited for practising unfair fiscal competition.

The question of the sharing of wealth between regions is one of the most delicate in Belgian federalism. In recent times the Flemish North has experienced strong prosperity while the Francophone South has struggled with a difficult economic situation.

A new law which is to come into effect in January 2002 will establish a new equilibrium between the Communities. It will provide for measures to refinance the Communities (in large measure to preserve the Francophone system of education). In exchange Flanders will get an increased measure of fiscal autonomy.

A resilient federalism

Belgian federalism has been torn between Flemish pressure for greater autonomy of the constituent units and Francophone fears that moves in that direction would threaten the very existence of the federation.

The negotiations undertaken both within the framework of the special Conference and within the Federal government itself confirm that federalism in Belgium has the capacity to evolve.

The tough fiscal issues states that one of the tasks of the “conference for institutional renewal” is to “formulate propositions to the big problems to come...starting from the principle of interpersonal solidarity.”

Reaffirming this principle is of fundamental importance in the context of a Francophone-Flemish dispute on the question of financial transfers from the North to the South.

The Flemish have been demanding more power in the area of health care and family benefits.

The Francophones see this as a challenge to the principle of “interpersonal solidarity” between all citizens of the Belgian federation, regardless of their region or community—a principle which is supposed to be the goal of the system of social security.

And yet, nobody doubts that the Flemish demands for more autonomy that date back to 1999 will be on the agenda of future federal governments.

So, in the final analysis, the survival of the Belgian federation, in a Europe where the degree of integration challenges the very notion of the nation-state, would appear to depend on its leaders’ ability to keep in balance two equally essential elements:

• the practice of “subsidiarity” with regard to the prerogatives of the constituent units, and
• a basic principle of solidarity between all the citizens of the federation, regardless of language or region.