

Vol. 4, No.2 / July 2004

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Voting Time

There is a lot about elections in this issue of *Federations*. The newly elected government in Spain shows signs of a more supple and open approach to relations with the autonomous communities than its predecessor. In India, the Congress Party is back, but for the first time in its history at the head of a coalition. As was the case for the BJP-led coalition, this new Congress-led government gives a large place to regional interests. The citizens of an expanded Europe may soon get a chance to vote on a new EU constitution, and in short order they will have to choose representatives to the European Parliament. The biggest challenge there, it seems, is widespread lack of interest and public engagement.

We have stories on all these electoral happenings, and a few more. But the election story that has captured the interest of much of the world is the one that won't take place until November in the United States.

In 2000, George W. Bush became the only U.S. President since the advent of universal suffrage in that country who managed to win an election while losing the popular vote. Even so, as recently as the beginning of 2004, war and continued threats of terrorism appeared to guarantee President Bush a second term.

Now, most political professionals are predicting another very close vote this November. And that raises the question of how fair and professionally organized this year's exercise will be. Have the Americans cured what seemed to ail their electoral process in 2000? There certainly has been considerable investment of money and technology in the electoral apparatus. Still, in many quarters there is fear that 2004 will bring some of the same problems related to voter access and ballot confusion that we heard so much about in Florida last time.

In May 2004, the League of Women Voters and the National Association for the Advancement of Colored People jointly warned that because promised measures have not been enacted the next U.S. election could face everything from uncounted ballots to voter registration and identification problems, to difficulties with voting machines. Our cover story outlines the reforms that federal and state governments undertook to implement since the last time. It then goes on to analyze the degree to which these reforms have actually happened.

We have a lot more for you in this issue as well. We talk with Vicente Trevas of Brazil about the Lula government's approach to federal relations. We report on how IMF and World Bank mandated market reforms in Nigeria are having an impact on the balance of economic forces in that country. And Bertus De Villiers who has worked in both Australia and South Africa examines the ways in which the two countries address the demands for justice and redress from peoples who have been forcibly removed from their lands.

The Forum of Federations produces this newsmagazine in the belief that it is of use to people around the world who have an interest in federalism. We also have a web site:

www.forumfed.org where you can find back issues of this magazine and many other helpful resources, all accessible through the Forum's online library.

If you have any comments on this magazine and its contents or the Forum's work in general please get in touch: nerenberg@forumfed.org

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A publication of the Forum of Federations

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Photos: Page 3: Socialist Party of Spain; Page 5: Parliament of India; Page 9: Austrian Embassy in Paris; Page 11: Galen Frysinger, www.galenfrysinger.com; Page 13: Outpost Bonny in Nigeria; Page 16: PBS Newshour; Page 22: United Nations

Federations is published four times per year by the Forum of Federations. Subscription rates are C\$20 per year in Canada, US\$20 per year anywhere else in the world. Contributions of articles are welcome. Contact the Editors at the above coordinates. The Forum of Federations cannot guarantee the return of unsolicited manuscripts.

Other editions: French — Fédérations — Le fédéralisme de par le monde, quoi de neuf. Russian — Федерации - Что нового в мире федерализма. Spanish — Federaciones: Lo nuevo del federalismo en el mundo



Elections shake up Spain's federal system

BY PABLO PÉREZ TREMPS AND VIOLETA RUIZ ALMENDRAL

Between March 11 and 14, Spain experienced the worst terrorist attack in its history, great confusion and political uncertainty in the days that followed and, finally, an unexpected — and unprecedented — electoral upset. In the general elections, the voters rejected the government of José María Aznar (*Partido Popular* - PP-) and voted instead for a government led by José Zapatero's socialists, the *Partido Socialista Obrero Español* (PSOE).

These facts have put a series of issues on the table that will keep political scientists and jurists busy for quite some time—aside from the fact that the country's entire reserve of tranquilizers has been used up!

The terrible attack perpetrated on March 11 received a great deal of attention in the international press. In many cases,

the foreign press attributed the loss of confidence in Aznar's party almost exclusively to the events that had taken place only three days prior to the election.

But simple explanations are often deceptive.

In reality, considering the usual behaviour of voters in times of crisis—rallying around the government and voting it back in—the effect was just the opposite, and

in one of the largest electoral turnouts in recent Spanish history, democracy won. In the days following the attack, many citizens had the feeling that the *Partido Popular* government, led by José María Aznar, was not offering transparent and up-to-date information about the terrorist organization responsible for the attack. This situation certainly influenced the massive participation in the elections on Sunday March 14 and the unexpected result that meant a parliamentary majority for a new coalition led by the socialists.

Changes in approach to federalism

The new government will mean changes in several areas of Spanish social and economic life but most specifically in federal issues.

The absolute majority that Aznar's party had enjoyed from

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José Zapatero, Spain's new Prime Minister.

March 2000 until the recent election allowed it to make decisions of great political significance, often against the united opposition of the rest of Congress. These decisions included reforms to the penal code, the educational model, the tax system and lastly the controversial decision to participate in the war in Iraq.

This way of governing alone, not counting on the rest of the parties or social groups, has had a major effect in the way federalism in Spain has worked. It is clear that for a multi-tier country to work a great deal of agreement and cooperation is needed. A federal system needs that and transparency to work properly, and this is where the Aznar Government appeared to fall short.

In recent years, several Autonomous
Communities have demanded a higher level of
control over their own affairs. To a large extent, these claims
were perceived by the former government as an attempt to
destabilize and dismember the Spanish State. The main
disputes were between the central government and the
nationalist parties in Catalonia and in the Basque country.
But in the end conflicts emerged between Aznar's
government and the rest of the parliamentary groups as

If the new socialist government remains faithful to its platform and to its intentions, this situation should change and give way to more cooperative policy-making. In this framework, demands for greater autonomy could be dealt with without the Aznar government's usual response that they were "unfaithful" to the Constitution.

Spain: a federal country?

Spain's post-Franco Constitution of 1978 opened the country to the possibility of building a highly decentralized state, granting certain territories the right to establish themselves as Autonomous Communities, so that they could approve their own "constituent regulations" or Statutes of Autonomy (Estatutos de Autonomía), and assume substantial responsibilities within the constitutional framework. This

..the most important

change that the new

government could

make would be

constitutional reform

meant a sort of "a la carte" model of federalism which, at the time, was fully accepted by the various political forces that participated in drafting the Constitution.

In the mid-eighties, not only the territories that traditionally had requested or enjoyed a certain autonomy in the past (Catalonia, Basque Country, Navarra, Galicia) but the entire Spanish territory was divided up into Autonomous Communities. Still, not all of the communities achieved the same level of

...the new President
has announced the
creation of a
Permanent Conference
of Presidents of
Autonomous
Communities

autonomy or authority. As a result, among the agreements reached in 1992 were new transfers to communities of issues that "had been left behind" and a certain equalization in the levels of autonomy.

Consequently, the system is now somewhat more symmetrical, although important differences persist. The most notable difference is the recognition of languages other than Castilian Spanish and the greater powers that the Basque Country and Navarra exercise, due to their status as "historic" communities. One of the main ways in which these Communities have greater powers than the rest is in their financial structure. They have far more power to tax and spend as they wish than the other Communities.

Before the elections

The first time Aznar's party won the elections (1996), his lack of a parliamentary majority forced him to seek consensus and agreement on major issues. His principal ally at that time was the Catalan government — controlled at the time by the Catalan nationalist party, the "CiU". The collaboration between Aznar's party and the CiU was a marriage of convenience, which is why it is not surprising that the relationship fell apart shortly after Aznar's party obtained a majority in Parliament in 2000.

That election marked the beginning of the most confrontational period in Spain since 1978, characterized by Aznar's highly centralist policies. Many disputes broke out between the nationalist communities and Aznar's conservative government, with an escalation in rhetoric.

Confrontation became the norm in Basque country in the face of radical Basque nationalism, which sometimes included support for terrorist activity. This support flared up after the banning of the party that had traditionally acted as a political branch of the ETA terrorist group — Herri Batasuna or HB. Support for extreme Basque nationalism also increased after the radical nationalist newspaper *Gara* was shut down because of its ties with the Basque terrorist organization. The confrontation was heightened in October 2003 by the so-called "Ibarretxe Plan," which would have given the region the status of "free association" with Spain. This plan challenged the constitutional status quo.

In Catalonia, a confrontation broke out after the Aznar government refused to allow the reform of Catalonia's

Statute of Autonomy. The "Catalan Issue" was further complicated following the regional elections of 2003 and the formation of a leftist coalition government that meant a political shut-out of Aznar's party in Catalonia.

Finally, the Community of Andalusia, governed since its creation by the Socialists, also expressed the desire to reform its own statute, which again resulted in increased confrontation, this time between Aznar's party and the socialists.

In the last parliament in Madrid there was a climate of tension unprecedented in Spanish politics. The absolute majority of Aznar's party permitted the government to act alone, in what opponents perceived as arrogance and a policy of centralism.

New perspectives for federalism?

The arrival of the Socialists could mean the beginning of a new era for the development of decentralization in Spain. In the case of Basque Country, although the Socialists do not support the "Ibarretxe Plan," they are willing to dialogue. The reforms of the statutes in Catalonia and in Andalusia create many uncertainties although with the support of regional socialist governments they could be supported by the new central Executive, which is also socialist.

But the most important change that the new government could make would be constitutional reform. In the final years of his government Aznar constantly defended the constitution and insisted that it was impossible to reform it. Any proposal for constitutional reform was identified as unpatriotic. The new government has the opportunity to address the unfinished agenda of amending the constitution to meet the needs of different regions of Spain.

Constitutional reform

Among the most pressing constitutional reforms cited by the socialists is the reform of the Senate, to convert it to an authentic congress with territorial representation. Such a reform would not be simple. Although there is agreement on the need for reform, there is no model to follow. An easier constitutional task would be to implement a proposal to list all the Autonomous Communities of Spain, by name, in the constitution.

Alongside the proposed constitutional reforms, the new government has proposed reforming the statutes of the communities. This could be seen as a way of integrating the regional debate into the building of a national consensus. An idea which seemed to have been lost in recent years was recovered: that a plurality of political opinions can exist at the same time as a consensus on the fundamental issues.

Finally, the new President has announced the creation of a Permanent Conference of Presidents of Autonomous Communities, which would meet regularly.

If dialogue and cooperation are the basis of federalism it is only possible to carry out reforms through continuous and productive dialogue with all of the stakeholders. The willingness to dialogue is seen by many as the most important change proposed by the new government.



India: The Congress Party returns

The newly-elected coalition victory leaves states as power brokers

BY RUPAK CHATTOPADHYAY

In an upset victory on May 13, the Congress Party won the largest number of seats of any party in India's lower house of parliament. Against all odds, Congress managed to unseat the coalition led by Prime Minister Vajpayee of the nationalist BJP. But without a majority on its own, the Congress Party had to form its first-ever coalition in Delhi and to name Mr. Manmohan Singh as Prime Minister rather than Italian-born Congress Party leader Sonia Gandhi. The coalition that Congress formed has only 215 seats – 58 short of a majority in the Lok Sabha. The opposition BJP-led coalition now holds 187 seats. To stay in power, the Congress Party has to count on support for its legislation from two communist parties that are not in the governing coalition.

The election results were unexpected. The Congress Party was so taken by surprise that it took more than a week to name a government. The verdict of this election is unique in many ways. This was the first time the Congress Party went into a general election with a pre-election alliance in place. The left parties also had their best-ever showing in the elections, winning around 60 seats in parliament – effectively putting them in a position to wield the balance of power.

A precarious coalition

The Congress Party cannot call the shots within its own coalition because it has far fewer seats than the BJP's 186 seats in the last parliament. This is likely to leave the new government hostage to the whims of coalition partners such as a Bihar-based party with 21 seats, and a Tamil Nadu party with 16 seats. Both parties have already been throwing tantrums over the allocation of cabinet portfolios.

Meanwhile, two communist parties – the Communist Party of India (Marxist) with 43 seats and the Communist Party of India with 10 seats, decided not to join the coalition. This means that they can in effect exercise power without taking responsibility, a move that could be potentially destabilizing. For the time being all parties supporting the governing coalition are united in their opposition to the BJP-led coalition at both the centre and in the states.

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Manmohan Singh, India's new Prime Minister

While federalism is not explicitly on the agenda of the new government, the composition of the new government makes it representative of the interests of the states. Mr. Manmohan Singh's elevation to the post of Prime Minister reaffirms India's secular credentials. This is the first time in India that both the head of state (President Kalam, a Muslim) and the head of government, Prime Minister Singh, a Sikh, are members of India's minority communities.

Parties from the regions share power

All parties supporting the new government are regional. For example, the Rashtriya Janata Dal is based in Bihar, the Dravida Munnetra Kazhagam comes from Tamil Nadu, the People's Democratic Party draws its strength from Kashmir and the members of the Communist Party of India (Marxist) have their electoral base in West Bengal and Kerala. The Congress Party's relative weakness in the coalition ensures that regional issues and centrestate relations will assume a place of

importance in all spheres of public policy.

Since 1996 the regional parties have played an important role in national politics. The party that ruled Andhra Pradesh until this year, Telegu Desam Party, leveraged its position as the largest ally of Vajapyee's coalition government to secure large-scale developmental assistance for the state. On such matters, the new Congress Party-led government in India could be a mirror image of the previous government. Prime Minister Singh emphasized the importance of smooth centre-state relations in his first press conference.

Continued on p. 8



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COVER STORY

USA: Will the state-run electoral process work this time?

Since 2000 the federal government has interceded in an unprecedented way in the financing and managing of the vote. What difference will it make in November?

BY THAD HALL AND TOVA ANDREA WANG

The 2000 U.S. presidential election was quite confusing for people around the world. The candidate with the most popular votes lost and election officials in several states could not do something as simple as count ballots. The election was finally decided by the Supreme Court, and the controversy left Americans—and the rest of worldwondering how the United States would solve its election problems.

The election controversy sparked interest in election reform in Congress, and there were at least two national election reform projects that made recommendations regarding how to reform the process. These reform projects—and the legislation they spurred—provide the framework for understanding how Americans will vote differently in the November 2, 2004 presidential election compared to 2000.

Is the Electoral College undemocratic?

In 2000, the Democratic candidate Al Gore won the most votes but lost the Presidential election. That was because in the United States, the president is not elected based strictly on the popular vote he receives, but rather is elected by the "Electoral College." Each state has a number of "electors" who are equal in number to the Members of Congress (House and Senate), from the state. Electors then cast votes for president based on whether the candidate received the most votes in their state. As a result, a very sparsely populated state like Wyoming gets at least three electoral votes while California only has 55 electoral votes – even though California has roughly 72 times the population of Wyoming. This formulation dates back to the creation of the constitution, when small states wanted a greater say in how the president was selected, and the Founding Fathers did not want the "uneducated" public to directly elect the President.

Many think that this system has become anachronistic over time, and these critics were temporarily given new life when the tallies of the 2000 election were revealed.

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Both authors worked for the National Commission on Federal Election Reform, one of the two commissions that made recommendations on reforming the US electoral process.

Numerous bills have been introduced in Congress over the years to reform or abolish the Electoral College. However, none of the major election reform proposals developed after the 2000 election strongly urged changing the Electoral College, in part because doing so would require amending the Constitution — a political non-starter.

Not only can the Electoral College lead to incongruous election results; it also has a tremendous impact on the way candidates conduct campaigns. Typically, candidates seriously campaign and invest resources only in states that are not dominated by one political party. In the 2004 election, it is expected that only 18 of the 50 states will be competitive between the 2 major political parties.

With the electorate still closely divided, it is again possible that in 2004 the candidate who wins the most popular votes will not be the person elected president.

Promised election agencies budgets didn't materialize

Once reforming the Electoral College was taken off the table, most election reform proposals focused on improving the process of registering to vote, voting, and counting votes. In 2002, Congress passed the Help America Vote Act (HAVA) to promote the process of reforming elections.

In general, HAVA is intended to encourage states to make certain electoral reforms and to provide them with ample cash to do that. The law promised states almost \$4 billion between 2003 and 2005 to improve voter registration, voting systems, poll worker recruitment and training, and voter education. States also are required to meet certain standards regarding voting machines; enact new voter registration and identification procedures; allow a voter whose registration status is questioned to cast a "provisional ballot;" and revamp voter registration procedures.

One of the most extraordinary aspects of HAVA is that it marks the first time the federal government has put any of its own money into managing elections. Until now, election administration was purely a state and local concern. Unfortunately, Congress and the President have not fully funded this law. In 2003, Congress only appropriated \$1.5 billion—70% of the original authorization—to implement HAVA. Worse, delays in setting up the new federal Election Assistance Commission, which is charged with distributing these funds to states, has kept more than half of this money from being disbursed. An additional \$1 billion that was appropriated in 2004 has not been allocated to the states either. For 2005, the President has proposed spending only \$65 million — ten per cent of what Congress envisioned.

If you didn't register, you couldn't vote

The United States is relatively unique in the world in that it requires voters to take the initiative to register to vote. Historically, the first time a voter wants to cast a ballot in an election, they must first register with their local election officials, typically, as much as 30 days prior to the election. Because voter rolls have until now been maintained by each individual local government, whenever a voter changes address she or he must re-register to vote. Since one-third of the U.S. population changes addresses in any two-year period, this can become quite onerous.

HAVA addresses this problem by consolidating voter registration at the state level. States will be provided with federal funds to build statewide voter registration databases. The statewide registration databases must be linked to other state databases to ensure that the voter rolls are as accurate as possible. Although HAVA asks that states set up these databases by 2004, most states have taken an available waiver until 2006. In 2004, only 10 states will have a completed their statewide voter

registration system. So in most states, voter registration will be just as it was in 2000, with the potential that voters will arrive at the polls on Election Day only to find that they are not registered to vote.

HAVA does help to ameliorate this problem by allowing any voter who shows up at the polls believing he or she is registered, but who is not on the voter rolls, to cast a "provisional ballot." The state determines later if the voter's ballot should be counted.

Finally, HAVA now requires that anyone registering to vote for the first time in a jurisdiction by mail to present some form of identification either when registering or voting. This element of the law has been most controversial, with many civil liberties advocates concerned that certain groups, such as the elderly, minorities and the poor, will not have the requisite documents. Moreover, this requirement may be improperly or discriminatorily implemented by some poll workers.

No paper trail for votes?

Just as the United States is different than many countries in its voter registration processes, it is also different in the way it holds elections. Almost all states hold federal, state, and local elections simultaneously, with voters voting for everything from President of the United States to the local sheriff on the same ballot. Because of this complexity, almost all voters vote on ballots that at least can be counted electronically, so that all races can be counted at once.

In the aftermath of the 2000 election, punch card ballots were considered the prime culprit in putting the election into question. HAVA encouraged states to modernize their voting systems and many jurisdictions went ahead and moved away from paper-based systems and toward electronic and computerized ones. At the same time, because of funding and fraud concerns, many jurisdictions stood pat. In 2004, approximately 32 million voters will still use punch card ballot machines.

Interestingly, while everyone is now familiar with the problems that can occur counting paper ballots, studies conducted after the 2000 election debacle illustrate other problems with paper ballots. For example, paper ballots are not accessible to blind voters, who must rely on a sighted person to interpret and vote for them. Also, many studies indicate that the votes of minority voters using paper ballots are more likely to go uncounted.

Because of these concerns with paper systems, the estimated proportion of voters using electronic equipment will surge from 13 per cent to 29 per cent. But the move from paper ballots to electronic voting has not been smooth

in much of the country. During the 1990s, many companies began to develop and market new electronic voting systems, but many of these systems are not always well-designed. Additionally, a series of mistakes by voting system manufacturers—most notably the Diebold Corporation—over the past two years have seriously undermined the transition to electronic voting.

Many Americans and elected officials have become increasingly alarmed about the possibility that computer-based voting

machines can malfunction or be changed by hackers. The concern is that with only an internal vote count on such machines, in a close or questioned election there is no way to independently recount the votes. In the last two years, several studies and a small number of incidents in actual elections have demonstrated that these concerns must be taken seriously.

Many states are now considering requiring all electronic voting systems to have a "voter-verified paper trail." Voters could then review a paper version of their electronic vote, and cast a paper and electronic ballot.

Unfortunately, the limited track record of voter-verified paper trails around the world shows that they can be difficult to implement. When Brazil tested a paper trail system with their national electronic voting system, it resulted in long lines at polling locations. Attaching a printer to voting machines can complicate the voting process by adding all of the problems that printers have—from paper jams to machines running out of paper.

The combination of a large number of voters casting ballots on paper systems and almost 30 per cent of voters casting ballots on electronic equipment that many don't trust will result in any close election coming under intense and highly partisan scrutiny.

Will the US try out different systems?

The 2000 election debacle put great pressure on everyone from the Congress to the local election officials to fix the problems and reform election administration immediately. Unfortunately, it is difficult to know if the right choices have been made. As one journalist has noted states can be "laboratories of experiment." After the 2000 election, it may be beneficial for the new national Election Assistance Commission to fund specific election reform experiments in the states and cities—much as the British are doing today—in order to determine how the 2000 election troubles can be avoided in the future. (§)



(This is) the first time

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has put any of its own

money into managing

elections

Congress faces demands from the regions

When it comes to federalism-related issues, the new government will also have to deal with a number of new challenges:

Pressure for patronage from states run by allies:

Developmental funds routed through the Planning Commission (*see Box*) have often been allocated as political patronage rather than on any objective criteria. With a new government at the centre, states ruled by the Congress Party and its allies are likely to expect funding instead of those ruled by the outgoing coalition. Mr. Laloo Prasad Yadav of the Rashtriya Janata Dal, a key ally of the new government, has already voiced his intention to obtain greater financial support for Bihar.

Dismissing state governments: The Indian constitution gives the central government the authority to dismiss any state government (notionally, a failure of the constitutional machinery in the state). This was included to cope with emergencies. But most often it was used as a pretext to dissolve state governments ruled by political opponents. Already, the Dravida Munnetra Kazhagam and its allies are pressuring the new Congress-led government to help it settle scores with its opponents in Tamil Nadu by dismissing the state government. Opposition parties in Gujarat may put pressure on the new central government to dismiss the BJP government in that state – the

All parties supporting the new government are regional.

government led by Mr. Modi. In this case, the reason for dismissal would be failing to prevent communal riots across the state in 2002.

Dismissing a state government may not be easy. To get rid of a state government requires the approval of both houses

of parliament. While the incoming government has a majority in the Lok Sabha, the opposing alliances are evenly matched in the upper house of parliament, Rajya Sabha. India is holding elections for 60 seats in 14 states for that chamber on June 21. These elections fill the vacancies caused by the retirement of several members. Given the BJP's sweeping victories in three state elections last November and its improved position in the newly elected Karnataka state legislature, the BJP and its allies are expected to achieve a majority in the Rajya Sabha. This is likely to limit efforts to dismiss any state governments, even though the Congress' allies are sure to keep up the pressure.

Pressure to create a new state: State elections in Andhra Pradesh were held at the same time as national elections to the Lok Sabha. A party allied to Congress in the state elections in Andhra Pradesh called for the creation of a new state called Telengana, to be carved out of Andhra Pradesh. This party, the newly-formed Telengana Rashtriya Samiti, represents the interests of the poor and economically

Distinguishing two Commissions

(from Federations, Special Triple Issue, August 2002)

The Indian **Finance Commission** is composed of five members, most of them economic and financial experts. The President appoints the Commission every five years.

The Commission draws its authority directly from the Constitution, not from the governments of the day, whether at the federal centre or in the constituent states. Its principal mandate is to award shares out of the proceeds of a number of constitutionally specified federal taxes and excise duties to the governments at both levels, and also among the states. It also determines how much extra assistance should be diverted to the resource-poor states, naturally at some cost to the better off, to help them improve their resources.

The total amounts of transfers to the states that the Finance Commission handles are sometimes smaller than those transfers handled by the **Planning Commission**, which is a federal government body established by parliamentary resolution in 1950 and chaired by the Prime Minister.

Both Commissions draw only upon the resources of the federal government for transfers to the states. The federal government is obliged by the Constitution to share the proceeds of certain taxes according to a fixed formula specified in the Constitution and distributed on the recommendation of the Finance Commission. But the additional amount the federal government may give to states is discretionary, is funnelled through the Planning Commission, and depends on how the federal government views the state's "Five Year Plan". Distribution of additional funds to the different states is also in accordance with certain principles, which have evolved over the years.

underdeveloped Telengana region of the state. The reason that the Congress Party struck up a pre-poll alliance with this party was the Congress Party's uncertainty of its ability to defeat the Andhra Pradesh government on its own.

As things turned out, the Congress Party won enough seats on its own. As a result, the situation has completely changed. Now the new Congress Party Chief Minister of Andhra Pradesh, Y. S. Rajshekhar Reddy is trying to play down the new party's demands for a new state. While the Telengana Rashtriya Samiti is part of the coalition government in the state and at the centre, its power in the coalition is rather weak. Still it has threatened to launch public agitation to pressure the state and central governments to carve out a new state. Such agitation could bring much of northwestern Andhra Pradesh to a standstill. The Congress-led government is concerned that giving away Telengana could weaken its position in the rest of the state. But at some point the new central and state governments may have a difficult choice to make: accept a new state or suffer unrest in the Telengana region.



Turnaround in elections adds to debate on Austrian federalism

BY MELANIE SULLY

In an electoral turnaround in April, Heinz Fischer became the first Social Democrat to be directly elected as Federal President in 18 years. Fischer defeated his rival, the ruling conservative People's Party candidate Benita Ferrero-Waldner, who will keep her job as Minister of Foreign Affairs for the time being. And in elections held in March, in two of Austria's nine Länder, the Social Democrats won an upset victory in Salzburg while Jörg Haider's Freedom Party held on to power in Carinthia.

The presence of right-wing politician Jörg Haider dominated the closing stages of the presidential elections. At a meeting with the Freedom Party and Haider, Heinz Fischer endorsed the "politics of exclusion" – he turned down any alliance with the "Haider/Freedom Party" because of Mr. Haider's past comments on the Third Reich. Mr. Fischer earned praise from the Greens but caused Mr. Haider to back the People's Party candidate, Benita Ferrero-Waldner. Political analysts considered Haider's support of her candidacy as dubious. Support from Green voters was a factor in Mr. Fischer's decisive victory.

Federalism cropped up briefly in the campaign when Ms. Ferrero-Waldner suggested that some *Land* legislatures and the national parliament could be smaller. Mr. Fischer opposed the idea saying it was important that deputies from all *Länder* should be represented in parliament. Ms. Ferrero-Waldner also questioned the competence (albeit restricted) of the Federal President to dissolve a *Land* legislature according to Article 100 of the Federal Constitution.

Last year, a founding committee made up of members of the federal government, members of parliament and some governors of the *Länder* established a special Constitutional Convention with 70 members to look at co-operative federalism as well as the role of the Austrian *Bundesrat*, the second chamber of parliament, and its veto power in limited cases, and other issues. The convention will present its recommendations for federal reform by the end of 2004.

People's Party loses in Land elections in Salzburg

The Social Democrats also made gains in the Salzburg *Land* elections and won a large enough share of the vote to seize the *Land* governorship from the People's Party. In

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Carinthia, where the Social Democrats had high hopes, the Freedom Party retained the governorship.

The result in Salzburg meant that for the first time since World War II the post of *Land* governor was filled by the Social Democrats, a woman named Gabi Burgstaller. (The



Heinz Fischer, new President of Austria

governor of a *Land* in Austria is actually the head of the government in the legislature.) Burgstaller's election was a minor sensation in conservative Salzburg and can partly be explained by the decline in popularity of the People's Party governor, Franz Schausberger. The Social Democrats succeeded in mobilising disaffected Freedom Party voters. Yet this new shooting star of the Social Democrats has often voiced criticism of the Vienna party leadership. Ms. Burgstaller is an open advocate of "great coalition" politics and as governor is working closely with the People's Party.

The importance of the Land governor

The upset in Salzburg was only the third time a political party has been ousted from the post of governor of a *Land* since 1945. In 1964 the People's Party lost the governorship to the Social Democrats in Burgenland and in 1989, in Carinthia, the Freedom Party secured the post at the expense of the Social Democrats. In both cases the change of power was consolidated at subsequent elections.

The loss of the governorship in Salzburg is a bitter pill for the People's Party since considerable powers of patronage go with the job (according to the federal constitution the governor is the president of the state council for all schools, which appoints heads of schools). The *Land* governor attends the regular Governors' Conference meetings which discuss co-ordination of *Land* interests (Austria's version of co-operative federalism).

Governors are represented in the Integration Conference of the *Länder* that represents common interests on European integration issues. The governors represent their states on the Committee of the Regions in Brussels. They also have the right to speak before the second chamber of parliament, the *Bundesrat*. The right of *Land* governors to take part in

the parliamentary process is guaranteed as outlined in Zögernitz, the standard parliamentary

Because every Land elects its own representatives to the *Bundesrat* by proportional representation, the results in Salzburg meant People's Party losses were reflected in this chamber. The president of the *Bundesrat* (speaker) rotates among the Länder and according to the federal constitution is drawn from the head of the state delegation which for Salzburg will now be a Social Democrat.

Haider's party re-elected in Carinthia

In Carinthia the Freedom Party managed to repeat its performance from the previous *Land* election in 1999 defying the pundits who said just months before that the party would collapse. Jörg Haider's personality plus the lacklustre offerings of the other parties contributed to the Freedom Party success. The result meant that Mr. Haider stayed on as *Land* governor, ending speculation that he would return to federal politics. Such a

	Salzburg Land Elections 2004	1
Initials	Party	Vote
ÖVP	Österreichische Volkspartei Austrian People's Party	37.9 %
SPÖ	Sozialdemokratische Partei Österreichs Social Democratic Party of Austria	45.4 %
FPÖ	Freiheitliche Partei Österreichs Freedom Party of Austria	8.7 %
Grüne	Greens	8.0 %
	Total:	100

move would have strained the People's Party/Freedom Party coalition and could possibly have led to early national elections. The result was also significant as the Carinthian Social Democrats accepted Mr. Haider as governor, a seeming classic U-turn away from the politics of exclusion. The move provoked intra-party conflict and was rebuked by Socialist parties abroad opposed to integrating Mr. Haider's party.

Continued from p. 11

he was taking a more federalist stance. He delivered the message that in all his discussions, the Commonwealth, the United Nations, the Summit of the Americas, the Caribbean

Community and the Organization of Eastern Caribbean States were all against the break-up of the federation. This would be a clear shift from the Labour Party's position as outlined in the Green Paper of 1982 which proposed two separate independent states with cooperation defined by a Treaty of Friendship.

the Commonwealth, the United Nations, the Summit of the Americas ... were all against the break-up of the federation

The Nevis Reformation Party, a party that had been a proponent of secession, also switched sides. Today the Nevis Reformation Party is in favour of a reformed federation. The party advocates constitutional reform along the lines of the recommendations of the Constitutional Commission of December 1997, popularly known as the Phillips Commission (*see interview with Sir Fred Phillips in Federations Vol. 3 No. 4*). They propose that the future relationship should be defined by a legislature for St. Kitts as well as a legislature for Nevis, and a federal government headed by a President responsible for certain defined matters.

Local and world opinion

Such a historical change of position may signal an evolving maturity of the parties and an acknowledgement of the

realities of globalization and the economic vulnerability of small states. After the last call for secession, emotion prevailed over reason. This time there have been many opportunities for discussion both formally and informally, in the press and on the street corners. Many persons and groups have declared a preference for unity. Some do not wish for secession to happen in their lifetime while others think the solution would be for the governments in both islands to sit down and solve the problems. Others espouse bringing in a mediator to listen to the two sides.

The local Chamber of Industry and Commerce says that it is "not in favour of secession", but instead supports the recommendations of "separate governments for St. Kitts and Nevis with limited functions of Government being legislated and administered by an agreed central body." This seems to be the most consistent view of many groups and individuals.

The dialogue on secession and constitutional reform has been wide ranging but it remains just that at the moment – dialogue. If a solution is to be found, it will require a spirit of compromise on both sides and a leap of faith toward a new constitutional structure that both sides can accept.



Will St. Kitts and Nevis break up?

Parties switch positions as the island of Nevis attempts to secede for a second time.

than does Nevis.

Nevisians used to

complain about poor

BY TERRY NISBETT

On the tiny Caribbean island of Nevis, a move to secede from the world's smallest federation has returned, led once again by Nevis Premier Vance Amory.

In 1998, Nevis tried for the first time to secede from the federation of St. Kitts and Nevis. Under their federal constitution, they could do so if they won two-thirds of the vote in a referendum in Nevis (*see Federations, Vol. 3 No. 2*). When Amory proposed secession then, many thought it was simply political rhetoric. But the proposal became a referendum even while people were wondering if he was serious. In that referendum, the secessionists won 61.7 per cent, just failing to reach the necessary two-thirds majority.

In 2003, when Premier Amory declared for a second time that he wanted to make Nevis an independent nation, people took him seriously. On July 17, 2003, the secession bill was given first reading in the Nevis Island Assembly. On August 12, Premier Amory tabled the proposals for a

constitution for Nevis, with explanations, as mandated by the present constitution of the federation.

A constitution for Nevis?

When six months had passed and there was no debate on the secession bill, the progress towards secession seemed to have halted. On both islands there was speculation that the Concerned Citizens

Movement of Premier Amory had experienced a change of heart. The Premier extinguished all doubts on April 7, 2004. He tabled an amended draft constitution in the Assembly. Premier Amory explained that the initial set of constitutional proposals had not included the steps to be taken after the referendum, to secure the independence of Nevis. He reaffirmed his position on secession and once more declared his intention to create an independent Nevis.

The roots of the secession movement lie in a perception that St. Kitts gets greater financial benefits out of federation

roads, inadequate water and the electricity supply. This time the people of Nevis are angry about how their taxes are spent, where grants go, and who gets aid assistance. "Nevis generates a substantial portion of the revenue but we get nothing," complains Ted

Hobson, a prominent Nevisian lawyer who supports independence for Nevis. There is

also a feeling of inequality, ironically because of the fact

that Nevis has a local legislature while St. Kitts does not – the legislature of the federation deals with local matters on the island of St. Kitts. (Citizens of St. Kitts and Nevis now face the same situation as the United Kingdom, which has regional legislatures for Scotland, Wales and Northern Ireland but none for England.)

"The present federal structure does not allow the Nevis electorate any influence in the direction and policy of the State," says Ted Hobson. Although Nevis elects members to the federal parliament, almost all are from a Nevis-based party. They sit on the opposition benches and are likely to sit

there after every election until one of the political parties in St. Kitts needs a coalition partner to form a government.

Interestingly however, the position of some other political parties has changed. The St. Kitts Nevis Labour Party, which forms the federal government, has switched its position. The Labour Party has abandoned its former wait-and-see position for one of warning about the unpopularity of Nevis secession in the rest of the world. However, the Labour Party softened its anti-secession stance by saying that they will not stand in the way of Nevis' obtaining secession. At a special Round Table meeting of stakeholders in January, Prime Minister Douglas first showed signs that

In 2003, when Premier Amory declared once again that he wanted to make Nevis an independent nation, people took him seriously.



Basseterre, capital of St. Kitts and Nevis.

Terry Nisbett works as an economist in the Ministry of International Trade in St. Kitts and Nevis.

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Will Europeans accept a constitution for the EU?

Europe hovers between its biggest change ever and voter disillusionment.

BY ARIELLE ROUBY

Now that the European Union has expanded to 25 members – including almost all Eastern and Central European countries, adopting a constitution is the EU's biggest challenge (rivalled only by the decline in voter turnout for European elections).

On July 10, 2003, the President of the European Convention, Valéry Giscard D'Estaing, presented a draft of a "constitutional Treaty" for Europe. The draft was produced by 207 politicians, representing different levels in Europe and coming from 28 countries — the 25 countries of the EU as of May 1, 2004, plus the candidate countries Bulgaria, Turkey and Romania. The result of more than a year's intensive work is astonishing, as the draft constitution proposes some radical changes for the enlarged EU. The constitution would replace all the previous treaties of the union from the Treaty Establishing the European Coal and Steel Community in Paris in 1951 to the Treaty of Nice in 2001.

Arguably, the proposed constitution would go a long way to making the EU function more like a single federal country. Most importantly, the constitution makes the Charter of Fundamental Rights, adopted by the EU in 2000, into a binding legal document. The Charter explicitly bans capital punishment and guarantees the freedom to marry and the right to conscientious objection "in accordance with the national laws governing the exercise of these rights". It enshrines the right of every EU citizen to seek employment and to work in any EU country. It also confers the right on every EU citizen to vote and stand for office not only in EU elections but also in municipal elections wherever she or he lives

How much will the EU change?

The constitution also creates the position of an EU Foreign Minister who would combine the jobs of the external relations commissioner (currently Chris Patten) and the EU's high representative for foreign policy (currently Javier Solana). The constitution gives the European Council (made up of heads of state or government of EU members) a permanent President, who would hold office for up to five years. Currently, the EU Presidency passes from country to country every six months. The constitution also calls for other important changes:

• "structural co-operation" in the area of defence

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- the imposition of a smaller European Commission, the body charged with EU management and implementation
- an increased number of areas in which the European Parliament and the European Council are co-legislators
- a simplified voting system in the Council of Ministers
- for the first time in the history of European integration, an exit clause for countries that might want to leave the union

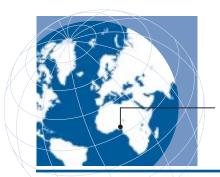
According to polls, more than 60 per cent of European citizens are willing to have a constitution for the EU, but so far the heads of states and governments have failed to reach any agreement on the adoption of this constitution. EU leaders revived the constitutional debate at the last European Council summit in March and committed themselves to finalize the constitution by the next EU Summit, in Ireland on June 17 and 18. The ratification of a European constitution could take a long time, as some of the members want changes in the text.

Even if the decision were made in Ireland that the current version of the constitution was the one that every EU member state must ratify, there could be a rough road ahead. Tony Blair announced recently that Great Britain will hold a referendum on the constitution in 2005. Ireland, Denmark, the Netherlands, France, Spain, Portugal, the Czech Republic and Luxembourg are expected to hold referendums as well. If some member states say no, it is unclear what the political ramifications for the EU will be. Legally, however, the constitution can only replace the current treaties if all 25 member states unanimously agree. A fear that some states might refuse the constitution is spreading within the European institutions. For that reason, the European Commission is advocating a simultaneous referendum (ratification vote) across Europe.

EU voter turnout at lowest point ever

The EU's other urgent challenge at the moment is to convince European citizens to go to the polls for the next European Parliament elections. The latest poll published by the European Commission shows that only half of the Europeans surveyed are likely to vote. Moreover only less than half of EU citizens agreed that their country's membership is a good thing. This is the lowest level ever recorded.

The constitution and the European elections are not the only challenges the new enlarged EU will have to face in the near future. EU leaders must also agree on the nomination of the new President of the European Commission. And at the end of the year they have to decide whether to start accession negotiations with Turkey. If admitted, Turkey would be the first Muslim country in the EU. Still, the challenge of an incipient federal constitution is the biggest unfinished job for the EU this year.



Market reforms strain the Nigerian federation

Nigeria copes with tensions between the oil rich states and the rest.

BY KINGSLEY KUBEYINJE

In Nigeria, the oil sector is the chief money-spinner — whatever happens there has a direct effect on the Nigerian federation. Oil provides the bulk of the money that propels the operations of the three levels of government: the federal government, 36 state governments and the 774 constitutionally recognized local councils. So in January, when the federal government announced a policy of accelerated privatization coupled with economic liberalization, the oil sector was the first to feel the effects.

Oil-producing states in the southern part of the country are starting to reap significant benefits from the opening of the sector to greater private investment. This has caused state governments in northern Nigeria — whose areas do not produce oil — to mount heavy pressure on the federal government to ensure the immediate resumption of oil exploration in their part of the country, particularly in the Chad Basin and the Benue trough.

The opening up of the oil sector is steadily translating into more jobs and investment opportunities, provision of more infrastructure and bigger internally-generated revenue — developments which tend to favour states in the oil-rich south, as well as their citizens. The government of oil-rich Rivers state, for example, has gone into partnership with three foreign firms, with the sole objective of acquiring the 51 per cent majority shares in the two federal refineries located in the state. The refineries are among the scores of federally owned public enterprises slated for privatization, under an IMF-World Bank prescribed program. The Akwa Ibom State government, also in the south and an oil-producing state, is set to build a refinery in partnership with some private investors.

Nigeria adopts IMF and World Bank reforms

The federal government agreed to market-oriented reforms to attract more private investment to the various subsectors of the oil industry in 1999, in an agreement with the International Monetary Fund. In January 2004, President Olusegun Obasanjo announced an "accelerated privatization" of the oil industry.

With a US\$28-billion debt overhang on coming to power in May 1999 — which has steadily grown to US\$32.9 billion early this year — the federal government agreed to the Bretton Woods institutions' guided reform program, which included the opening up of the economy and the privatization of all non-performing state-owned enterprises. Nigeria needed the support of the IMF and the World Bank to keep the cash flow from international

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creditors open and also to get its economy out of the thickets. So far, the federal government has realized about US\$310-million from the sale of some of the enterprises, including banks, insurance and cement firms.

As a strictly economic proposition the move to open up the oil subsectors appears to be paying off.

For instance, the Canadian Petroleum Institute was widely reported recently in the Nigerian press as having put together a US\$100-million offshore equity fund to assist cash-strapped potential investors to participate in oil exploration and production in Nigeria (as well as in some other African States). Before now, participation in the petroleum sector was in large measure a "closed-door affair", dominated largely by the multinationals with which the federal government had joint venture agreements. In the area of oil exploration and production, only the majors seemed to have the requisite capital, technology and expertise.

Federal government still dominates joint ventures

Under the new policy, the federal government has granted 24 licences to 31 local companies to produce crude oil in officially designated "marginal fields". These are rather small oil fields in the Niger delta in southern Nigeria, each with reserves of up to 17 million barrels of crude oil and capable of producing up to 10,000 barrels daily. The fields were abandoned many years ago by the multinationals because they were considered unprofitable.

The federal government has also granted 18 provisional licences to some firms to set up private refineries. Many states in southern Nigeria, and some of their better-heeled citizens, are substantial investors in some of the companies.

As part of the privatization policy, the federal government is set to privatize the Nigerian National Petroleum Company itself and its almost one dozen fully-owned subsidiaries. While 51 per cent of the shares will be sold to major investors, the remaining 49 per cent will be sold only to Nigerians.

Currently the federal government, through the Nigerian National Petroleum Corporation, has an average 57 per cent equity in all the joint venture agreements it has with multinational oil companies operating in the country. Even after privatization the federal government will keep this

1. Oil in the constitution

Natural resource ownership in Nigeria is governed by the 1999 Constitution, which also provides for the distribution of oil revenues among all the states. The ownership question is addressed in section 44 subsection (3) which states that: "... the entire property in and control of all minerals, mineral oils and natural gas in under or upon any land in Nigeria or, in under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation..."

The questions of distribution is addressed in section 162, subsection (2): "The President...shall table before the National Assembly proposals for revenue allocation from the federal Account and in determining the formula, the National Assembly shall take into account the allocation principles especially those of population, equality of states, internal revenue generation, land mass, terrain as well as population density..."

share. This coupled with its constitutional position will allow it to continue to play a dominating role in the national economy (*see Box 1*).

Northern states demand their share

All this is creating friction between oil and non-oil producing states — friction that is exacerbated by the practice of allocating 13 per cent of oil revenue to the producing states. This constitutionally prescribed special allocation, which runs into hundreds of millions of naira for each oil-bearing state, is the icing on the cake in the monthly allocation of funds to states from the federation account (*See box* 2.)

Owing to competing demands and ever-declining funds, the federal government, for now, appears not too keen on compelling oil multinationals in the country to embark on another round of oil exploration in the north. Such efforts had been fruitless in the past and had cost a whopping US\$374 million. The northern states tend to regard the unenthusiastic disposition of the federal government to their demand as a demonstration of its "insensitivity" to their aspirations.

The northern states believe that oil can be found in large quantities in the Chad Basin, and they can point to its production in the Chad Republic's section of the Basin.

2. Who gets what from Nigeria's oil

Nigeria produces 2.3 million barrels of crude oil daily. Earnings from the sale of crude oil account for 40 per cent of the nation's GDP, 80 per cent of its total revenue and 95 per cent of its foreign exchange earnings. Below are revenue allocations to some selected oil and non-oil producing states.

State	federal allocation a	Illocation to each state
1. Abia	1,037,347,233.58 naira	262,240,525.56 naira
2. Akwa Ibom	1,062,315,132.97 naira	2,472,435,790.43 naira
3. Bayelsa	840,263,873.01 naira	3,069,322,769.32 naira
4. Borno	1,348,852,300.10 naira	NIL
5. Kano	1,711,666,760.40 naira	NIL
6. Lagos	1,575,021,719.80 naira	NIL

^{***} Prevailing exchange rate \$1 U.S. = 130 naira

Source: Revenue Mobilisation Allocation and Fiscal Commission (RMAFC)

The northern state governments hold the view that the nondiscovery of oil in the Benue trough and the Nigerian section of the Chad Basin is, somehow, "deliberate and political", designed to keep the geo-political zone economically and permanently dependent on revenue generated in southern Nigeria.

"What is good for southern Nigeria should equally be good for northern Nigeria." says Adamu Musa, a political activist and a strong voice for the north. "As the federal government is pumping huge resources into the discovery of new oil fields in the south, it should do the same in the north. To deny the north the possibility of enjoying oil wealth is tantamount to robbing Peter to pay Paul."

Governor Modu Sheriff of Borno - whose state would be a principal beneficiary in the event of the discovery of oil in commercial quantities in the Chad Basin – warns that northerners will continue to insist that oil exploration resume in their geo-political zone. He points out that it took a lot of effort before oil was discovered in commercial quantities in Oloibiri in the southern state of Bayelsa in 1956. And he recently reminded the management of Nigerian State-owned oil firm, the Nigerian National Petroleum Corporation (NNPC), of the need to resume the oil search in the Chad Basin without delay. He said it was only fair to give all parts of the federation a sense of belonging in the deployment of resources.

Everybody wants a piece of the action

Even in the south, non-oil producing states are beginning to join the oil bandwagon. For example, Ogun State, a non-oil producing state in south western Nigeria and the home state of President Olusegun Obasanjo, has taken the bull by the horns. Its Governor, Gbenga Daniels, has informed the Nigerian National Petrolem Corporation that it has secured a US\$50-million loan to undertake seismic studies on the oil and gas deposits in the state.

"We also want to be an oil-producing state. We believe that oil and gas exist in commercial quantities in Ogun waterside and Tongeji Island. Geological surveys carried out 40 years ago indicated this. Full exploration of the deposits could commence after the studies," he said.

Shortly before his death last year, the King of Lagos, Adeyinka Oyekan, publicly dramatized his desire to see that Lagos also joins the league of oil producers. As if he had no confidence in modern geological maps, the then 85-year-old monarch sent for geological surveys, prepared by the English colonialists at the turn of the 20th century and which, he claimed, indicated that Lagos had oil deposits. He gleefully displayed the maps in his palace and called on federal authorities and the NNPC to ensure the immediate search for oil in the state.

In a politically volatile and religiously divided nation such as Nigeria — where petty quarrels between two cantankerous housewives or unruly school boys could turn into full-scale ethnic clashes — the various rumblings, particularly from the north, could be quite worrisome, more because President Obasanjo is from the south, although not from an oil-producing state.

So important is oil revenue in the politically-fragile Nigerian federation that discerning citizens often admit that it is the umbilical cord that ties the diverse ethnic groups together. "Remove the oil wealth and the Nigerian federation will crumble like a pack of cards", some Nigerians have said. 6

Federations



VIEWPOINT

Land for the dispossessed — A tale of two federations

BY BERTUS DE VILLIERS

South Africa and Australia are both home to populations who were forced from their lands. Today both countries seek to redress the wrongs of the past. The author, who has experience in both countries, compares the two federations.

The legacy of the Apartheid years in South Africa from 1948 to 1994 was the forcible removal of black South Africans from the land and the concentration of 87 per cent of the land in the hands of white South Africans, a minority of the population. The problem of this unjust distribution of land remained even after the transition to democracy in 1994, when all South Africans were able to vote.

In Australia, the belief that the continent was *terra nullius* — a land without owners — allowed settlers in Australia to appropriate nearly all the land by ignoring the relationship of Aboriginal Australians to their land. It was not until the Mabo decision in the Australian High Court in 1992 that the concept of *terra nullius* was overturned.

Land reform is probably one of the most complex challenges facing both South Africa and Australia today (*see box 1*) In both countries the process of land reform is unfinished. And this issue has become one of the most difficult to resolve in the domestic politics of both countries.

South Africa has the legal framework and policies to deal with land reform. But does the country have the resources, the patience and other practical prerequisites to implement reform effectively?

Australia was forced into the recognition of native title by the High Court in 1992, but the body politic and broad community are still struggling to come to grips with the concept and its practical implications. Popular resistance to native title is high. In the absence of a general policy of land reform, the focus is very much on native title as a make or break issue for Aboriginal people.

Bertus De Villiers advises Aboriginal groups in Australia on matters pertaining land claims and land reform. He was also involved as negotiator on behalf of South African National Parks in land claim negotiations in South Africa. He is a lawyer, an advocate of the High Court of South Africa and is currently Visiting Fellow at Faculty of Law, University of Western Australia. The opinions expressed in this article are entirely his own. He can be contacted at Bertusdv@glc.com.au.

1. What is land reform?

Land reform usually means restitution, redistribution or confirmation of rights to land to the benefit of the poor or dispossessed. Restitution is the restoration of rights in ancestral land that were dispossessed by previous regimes. Redistribution involves the acquisition of private land or distribution of state-owned land to the landless. Linked to land reform are policies to support the dispossessed when they return to or settle onto land. Land reform requires a long term vision, clear short and medium term objectives, sound strategies and resources. It also requires wide public support to ensure that any land reform is sustainable and protected against whims of changes in government.

Land reform can include a land claim process, securing rights to ancestral land that was lost due to discriminatory practices (which is arguably the most controversial of land reform measures). But the process of land reform also refers to the acquisition of land for distribution to the landless, changing and securing of tenure for those who occupy it, and involving traditional communities in the management and control of their ancestral land.

In its broadest sense, land reform encompasses land claims, acquisition and distribution of land, access to land for certain purposes, land-use planning, infrastructure development, farming and commercial support, resettlement programs, security of tenure and training.

Land reform in a federal context

There are some similarities — and some differences — in the approach to land reform in the two countries. In both countries, land reform is handled by the federal system in different ways. Here is how they compare:

In both countries, land reform is a national (federal) policy measure with the states or provinces having an important implementation role.

In South Africa, complaints have been directed at the national Department of Land Affairs for driving land reform without involving provinces and local governments enough in the process leading to communities being returned to land. As a result, provincial authorities have in many instances been unable to deal with resettlement issues experienced by new land owners.



In South Africa, 64,000 dispossessed farmers filed land claims by 1998.

In Australia the states are the main respondents in native title claims and with exceptions of a few consent determinations, the states have been resisting native title. Few states have a land reform policy in place to assist Aboriginal people to gain access, control and management of land for cultural and/or commercial purposes. In South Africa, there are specifically dedicated intergovernmental ministerial meetings between national and provincial ministers and senior bureaucrats regarding land reform. Yet in Australia, the intergovernmental structures have not developed a cohesive policy base from which to direct federal and state activities.

Different histories, unclear goals

The origins of land restitution in the two countries differ fundamentally.

Australia became reluctantly involved in land reform in general and the recognition of native title in particular through the Mabo decision followed by the Native Title Act. In South Africa restitution is part of the political and economic agenda of the majority, as well as the main minority parties, but settlements in areas where claims are contested such as in rural and agricultural areas can become very complex. While land reform in Australia centres mainly on the recognition of native title as a coexisting right, the reform process in South Africa seeks to provide access to land in the form of freehold for millions of people. And the provincial governments must provide services to those who are resettled.

In both countries, there is insufficient clarity of the main objectives of land reform. In other words, is land reform aimed at settling of claims, creating employment, improving production, ensuring greater access to land, or all of the above?

Experience in South Africa shows that although many claims have been settled by cash payments (a "success" in terms of numbers), the return of communities to rural lands can be very resource intensive and may even lead to increased unemployment if support services are not in

2. South Africa's path to land reform

Legal framework

In South Africa the main objectives of the land reform program begun in 1997 are to: redress the injustices of apartheid, to foster national reconciliation and stability, to underpin economic growth, and to improve household welfare and alleviate poverty.

In 1996, South Africa's post-apartheid constitution set out the legal framework for land reform. The land reform policy is made up of three elements: tenure reform, redistribution, and restitution. This policy was further set out in more than 22 statutes. A special court, the Land Claims Court, was established to deal with claims that could not be settled by consent and to deal with other matters arising from tenure reform.

Three elements of land reform in South Africa

Tenure reform refers to improving the rights especially of farm workers and persons within communal and homeland areas. It was estimated that approximately four million people could benefit by upgrading tenure and providing a better legal basis for their rights to be present on land and to access land.

Redistribution involves making available grants to individuals and families who do not qualify for tenure reform or restitution in order to assist them to purchase land on a willing buyerwilling seller basis.

Restitution is specifically aimed at compensating people who were removed from their land under apartheid as part of the consolidation of the so-called "black homelands" or the socalled "black spot" removal program. The process is claimdriven and requires basic evidence that people were deprived of their ancestral land in a manner that would be unconstitutional under the new constitution of South Africa. In order to be successful in a land claim, a person or community has to show that they occupied the land for a beneficial purpose for at least ten years since 1913, that they were deprived of their rights without adequate compensation, and that the deprivation would be unconstitutional under the current constitution. Approximately 64 000 claims had been lodged by the deadline of December 31, 1998. Of these, roughly 55% have been settled – most by means of cash payments.

Both countries have policies in place to complement the claim-driven process.

In Australia the hand-over of land held by state governments on behalf of Aboriginal people and the acquisition program of the Indigenous Land Corporation are examples. Thus far, both these programs have been slow in turning out results. Policies are mainly state-based and there is little federal coordination to ensure that Aboriginal people across the country have their reasonable land needs attended to.

Continued on p. 18

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In South Africa the claims process is supported by a wider array of options — the return or acquisition of freehold title is but one option. Other options are the provision of alternative state land, acquisition of alternative freehold land, payment of monetary compensation, assisting with resettlement costs, training programs and access to alternative housing schemes, joint management of national parks or a combination of these.

Final say to courts: provinces and states have different roles

In both countries, a national or federal court is in charge of the land claims process as the final arbiter of unresolved claims. In South Africa provision is made for a specialized Land Claims Court to deal with land claims and tenure matters. In Australia the Federal Court deals with native title claims.

The approaches adopted by the respective constituent units (provinces or states) in South Africa and Australia differ significantly. In South Africa the provinces are basically administrative "arms" for implementing the land reform policies of the national government. The provinces are not as much involved in considering the legal merit of a claim. They are however responsible for delivery of support once communities return to land.

In Australia the state governments in general play a leading role in the litigation process as primary respondents to native title claims. The state and Commonwealth governments are very reluctant to consent to native title except in exceptional circumstances limited to the outback of Australia. Some state governments such as Queensland have been developing alternative models for determining native title that could replace native title claims. But these initiatives are still in an experimental phase.

Complex and adversarial legal process

Both countries are experiencing severe constraints in implementing land reform programs. The complexity of land reform from a legal, administrative and financial perspective seems to have been underestimated in South Africa. In Australia, the main mechanism to deal with Aboriginal land claims is a very complicated litigation and adversarial process. The Indigenous Land Corporation has not had a good track record in providing post-settlement services for new landowners.

In South Africa there are support programs to assist claimants to settle on their acquired land. But in some cases, people have been resettled on land without sufficient infrastructure or training. There is a risk in both countries that land acquired through purchasing programs may end up being underutilized or that vast amounts are absorbed through acquisition programs but with little wealth or employment being created in the process.

3. Australia's approach to land reform

In Australia, the recognition of native title was imposed upon the country in 1992 by the High Court in the well known common-law-based Mabo-decision. The **Native Title Act** was passed to provide a statutory framework for claiming native title rights on ancestral land. On the basis of the *Mabo* and subsequent decisions such as *Wik, Ward* and *Yorta Yorta*, three key elements of proof are required for a successful claim of native title:

- A traditional connection with the land being claimed under the laws and customs of the group – in other words the claimants must show a continued linkage with the Aboriginal people who occupied the land at sovereignty (time of British settlement);
- An identifiable community or group with laws and customs regulating their access to and control of the land

 this requires a coherent set of laws and customs that, albeit with some adaptation, is derived from the original occupiers of the land; and
- A substantial maintenance of connection with land and observance of the laws and customs – this means continued abidance and application of traditional laws and customs.

It is not only very difficult to prove native title, but the title itself is also weak because it coexists with other rights and is limited by other rights if they are in conflict with it. Approximately 630 claims have been lodged since 1993, of which a mere 45 have been determined — with only 31 claims succeeding.

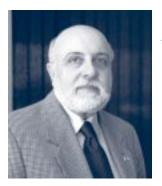
In addition to native title claims, the federal government also introduced the Indigenous Lands Corporation, which has responsibility to acquire land for Aboriginal people. The ILC has acquired approximately 150 properties that range from urban business to cattle and sheep stations.

Minimum standards needed

Land reform is a complex and arduous process. In federal countries or countries with federal attributes, success of land reform can depend on having a clear national vision which is supported by federal and state governments. States or provinces can experiment in land reform initiatives, but these have to be balanced with the need to guarantee equal rights of citizens to a fair and equitable system of land reform regardless of where they live. A successful land reform system needs to set minimum standards for all those seeking access to land.

Further Reading

Adams, Martin, *Breaking ground: Development aid for land reform.* London: Overseas Development Institute, 2000. De Villiers, Bertus, *Land reform: issues and challenges.* Johannesburg: Konrad Adenauer Foundation, Johannesburg, 2003. (§)



Practitioner's page

Vicente Trevas of Brazil How to balance Brazil's constitutional design

Vicente Trevas is Deputy Head of Federal Affairs of the Ministry of Political Coordination and Institutional Affairs of the Brazilian Presidency. He was interviewed in Brasilia by Forum of Federations staffers Diana Chebenova and David-Alexandre Mac Donald.

Federations:

After a year of the new Lula government, what are the results for reform of federal relations in Brazil?

Vicente Trevas:

There is a consensus that this first year (of Lula's term as president) was marked by a new relationship between Brazil's mayors and the federal government. This first year was characterized by a coming together of agendas of the municipal movement and of the federal government. Last week in Brasilia we held an important event, which is already on the national political agenda, the seventh annual Mayors' March to Brasilia to defend municipalities.

This common agenda is organized around three major issues. First, there is social security and tax reform. Second, there are resource transfer mechanisms, especially how to provide federal financing to municipalities. Third, there is the effort to complete the constitutional design of the Brazilian federal system. The federal government, the states and municipalities recognize that our constitutional design is unfinished, especially on certain issues. For example, the members of the Constituent Assembly of 1988 defined what they called common jurisdictions of members of the federation. And this definition, which has not been regulated by legislation, has been seen by municipalities as a mechanism for transferring responsibilities to them without providing the necessary resources.

Over environment, education, and health, the three federal levels all have jurisdiction, so this results in ambiguity, with the population sometimes demanding a resource, a service from the mayor that is actually a shared responsibility of the federation.

Federations:

How has the relationship between the federal government and the states improved?

Vicente Trevas:

The new federal relationship beginning with the Lula government was marked by the creation of a permanent negotiation forum. Because also, up to then, federal relations were bilateral relations, handled case-by-case, sporadic and not permanent.

In March of last year, besides creating a negotiation agenda, the government created a negotiation forum which was called the Federal Committee.

We are in the process of continental integration in South America. This is an integral part of our new predevelopment. We are aware that its success, as well as Brazil's, depends on the strengthening of Mercosul, the Latin American free trade area. It depends as well on the integration of South America. And it also depends on the re-entry of our country into the international community. We see very innovative developments here that are not only continental in scope, but include South Africa, India, and China.

And for the country to be able to operate on multiple levels of its development simultaneously, this requires a non-Jacobin view, a dynamic that is not one of a unitary state in carrying out national law. We have here in Brazil a federal constitutional design of a federation that dates from the 19th century. But we have a Jacobin tradition of a very strong unitary state in the dynamics of our nation.

So the recognition that our states and our municipalities are important actors in national development is essential. We cannot move actively in terms of Mercosul if the states of Rio Grande do Sul, Santa Catarina, and Paraná don't also have an initiative and aren't sensitive to this dimension.

Federations:

What is the government's position on free trade?

Vicente Trevas:

We have a number of taxes at the borders of our country that have always represented a barrier. We have to change this concept and see our borders as bridges. Therefore, a role of our border cities is also to facilitate continental integration. On the other hand, we are like you in Canada, a country of continental dimensions, a diverse and also very unequal country.

There is an awareness that without strengthening our urban network, without strengthening the linkages of production within our territory and those that pass through our cities, we will not strengthen our development. We face the challenge that the 20th century did not aid Brazil in development other than the kind that is concentrated socially and geographically. Brazil provides a case study for the 20th century, a case that economic policy-analysis manuals cite as a success of 20th century development. During a number of decades, we maintained a high rate of growth of more than 7 per cent. However, this development standard that we maintained during the 20th century reproduced structural defects in our country that are the defects of the country's social and regional inequalities.

How can we avoid reproducing these social and regional inequalities? That brings us to a dilemma in our task here, of the Executive Office, of federal actions. We believe that the way the federal design of organizing the Brazilian nation over more than 100 years was thought through very well by our dominant classes. They ruled our country and faced the following problem: how to preserve its continental dimensions, how to preserve its diversity, reproducing its inequalities.

The Brazilian federal system has always been a mechanism for making the reproduction of inequalities bearable, without damage to the territorial, social, and political fabric of the country. It was always a compensatory mechanism.

We are managing the federation in the other direction, to see how it can be a strategic resource as well from the point of view of not reproducing our inequalities, but to confront them. The federation is understood in this way in the Lula administration.

Federations:

How has the Lula government worked with the mayors and the representatives of the states?

Vicente Trevas:

Well, what characterized the Lula government and the federation in its first year was first of all intense federal mobilization. The President had four meetings with all the state governors. Besides this, the governors had two macroregional meetings. The Northeast region had about five regional meetings last year and there were meetings in the North, the Central-West and other regions.

The thing is, this intensive federal mobilization was bilateral; it wasn't full mobilization. It was the federal government and the states, the federal government and municipalities. We recognize that we need to prepare a transition to full participation. The Brazilian federation as a whole has a common agenda and common problems that call for participation by all. During a march last week, there was an important get-together — a full federal meeting. The group consisted of federal government members, governors and mayors. All made an effort to inaugurate this more comprehensive federal ideal.

The Constituent Assembly of 1988 removed a jurisdiction that belonged to the federal government, which was to regulate public policies for metropolitan regions. This

jurisdiction was passed on to the states. There was an imbalance in this transfer of jurisdiction. The most important metropolitan region of the country, that of Greater São Paulo, which has a population of 17 million people, was not redesigned in light of the 1988 Constitution.

In the 1970s you had a state authority charged with the metropolitan region — a metropolitan affairs secretariat. The design of the 1970s was not truly a federal one because in fact, the military was behind it. And although they maintained the appearance of a federation, it was dominated from the top. Governors were nominated by the President who, for his part directly appointed the mayors of the state capitals. Then you had a consultative council which was only window-dressing.

The economic crisis of the country is more dramatic in the metropolitan regions. The unemployment rates are much higher there, and a series of problems fester due to a lack of shared resolution. For example, the São Paulo Metropolitan Region again is almost at a standstill. Traffic congestion is reaching unsustainable limits because we don't have a federal agreement on urban transport.

There is an understanding within society that the question of public safety today — now a constitutional responsibility of the states — is impossible to face if we don't have a renewed federal agreement. The Lula government, since its beginnings, has proposed that public safety be under a unified system.

Federations:

How can Brazil deal with metropolitan management, with all the problems in its cities?

Vicente Trevas:

We need to reach a new agreement on the federation; a new agreement on the federal union, the federated states and municipalities and through these agreements, create instruments and institutions.

There is the question of transportation, the question of housing, the question of sanitation, and the question of public safety. There are a large number of questions on this agenda. The way to solve them is to design an arrangement that involves the three levels of government.

We have to redesign the format of public management in metropolitan areas because the design proposed by some states has proven to be insufficient. You have deliberative development councils; then one with shared authority that is half from the state government and half from municipalities; and then some regions create development agencies.

For the agency in Santos, according to my reports, the results have been meagre. The municipalities are sending their trash up into the mountains. That's a failure, and undermines the possibility of metropolitan public management, when a region is unable to come to agreement regarding its solid waste disposal. We will have to enter into new agreements regarding our institutional procedures and public policy questions.





Briefs Updates

Swiss voters reject three laws

In a referendum on May 16, voters in Switzerland rejected two laws which would have increased the funding for the state old-age pension plan by raising the Value Added Tax. They also rejected a law that would have reduced taxes for married couples, families and home owners. The Swiss Trade Union Federation organized the drive for a referendum against one of the pension reform laws. A number of cantons and Swiss citizens asked for the referendum on the law on tax reduction. Under Swiss law, any federal legislation can be put up for a referendum if 50,000 voters sign a petition to do so.

Putin re-elected President of Russia

Vladimir Putin was re-elected President for a second fouryear term with 71 per cent of the vote in Russian elections on March 14. His runner-up, Nikolaj Charitonov of the Communist Party, received only 13.7 per cent of the vote. A total of 64.3 per cent of Russians went to the polls in the presidential elections. President Putin increased his vote significantly from his first election in 2000, in which he won 52.5 per cent of the vote against the Communist runner-up Gennady Zyuganov, who received 29.4 per cent.

Canadian government funds Quebec's parental leave plan

The Quebec Liberal government has struck a deal with Canadian Prime Minister Paul Martin for federal funding of Quebec's own parental leave program. The federal government will provide 80 per cent funding for Quebec's more generous parental leave plan. The deal was made days before Mr. Martin called a federal election, to be held on June 28. The plan is the same one that was introduced by the separatist Parti Quebecois years ago. Quebec Liberal Premier Jean Charest endorsed the plan and won a decision in court in its favour. Under the plan agreed upon by the Quebec and federal governments on May 19, Quebecers can receive 75 per cent of their income for 40 weeks after a child is born. The federal government's current parental leave

plan funded through the federal Employment Insurance gives parents 55 per cent of their income up to \$39,400 for 50 weeks. The Quebec program raises the insurable income to \$52,500.

Horst Köhler elected President of Germany

Horst Köhler, the candidate of the centre-right, was elected the ninth President of the German Federal Republic on May 23 in a special assembly in Berlin's old Reichstag building. Mr. Köhler won with 604 votes over Gesine Schwan, a university president who was the candidate of the Social Democrats and the Greens. Mr. Köhler, a former managing director of the International Monetary Fund, was the candidate of the Christian Democrats, the Christian Social Union, and the Free Democrats (liberals). The special assembly, the *Bundesversammlung*, is made up of an equal number of members of the German Bundestag and the legislative assemblies of Germany's 16 *Länder*. Mr. Kohler succeeds Johannes Rau, a Social Democrat.

Referendum for reunification plan fails in Cyprus

A referendum on a constitutional arrangement to end the partition of the island of Cyprus was rejected in a referendum in April. While Turkish Cypriots approved the plan, it was rejected by Greek Cypriots. The plan's failure means that only southern Cyprus, the Greek Cypriot part of the island, was admitted into the European Union on May 1. Despite the failure, the Turkish Cypriot authorities eased tensions on May 26 by allowing all EU travellers, including Greek Cypriots, to enter the northern part of the island by showing identity cards instead of passports.

U.S. court rulings force air pollution cleanups

A decision by the U.S. Supreme Court upholding air quality standards in February 2004 means that smog cleanups must be carried out in 470 counties in 31 states. Environmental and public health groups such as the American Lung Association and Environmental Defense sued to force

government into action to reduce ozone pollution, according to the Associated Press on April 16. The decision will mean increasing vehicle inspections and maintenance, producing cleaner-burning gasoline, and other changes. In a second environmental lawsuit, a settlement ordered by a recent court decision pressured the U.S. Environmental Protection Agency (EPA) to adopt rules protecting vital ecosystems across the U.S. from harmful air pollution levels of nitrogen oxides. Under the court-ordered agreement, the EPA must issue a proposed rule by September 30, 2004 and a final rule by September 30, 2005, according to both the EPA and Environmental Defense websites. A decision in a third air-pollution lawsuit, brought by several states in the U.S. on the New Source Review program of the EPA (see Federations Vol 3. No. 4 and Vol. 4 No. 1), is not expected to be decided by the United States Court of Appeals for the District of Columbia before August 1.

Federal government in Malaysia to manage water supply

A federal water supply system is still not in operation despite the fact that all the states of Malaysia except Sabah and Sarawak agreed a year ago to give the federal government the right to manage the country's water supply. It will still take longer to iron out the agreement, according to federal Energy, Water and Communications Minister Datuk Seri Dr. Lim Keng Yaik. The takeover could require changes in laws and an amendment to the constitution, according to a report in the Malaysian National News Agency. The ministry also has to draft a benchmark document for the new federal water supply and management.

African National Congress majority increases in elections

In the South Africa elections on April 14, 2004, the African National Congress increased its majority to 62.7 per cent of the vote, giving it 279 of the 400 seats in the National Assembly. The second-largest party in the Assembly is the Democratic Alliance, with 50 seats after taking 13.2 per cent of the vote. Next came the Inkatha Freedom party with 28 seats and 7 per cent of the vote. The New National Party, successors to the National Party which ran the apartheid government in which whites only could vote, gained only 7 seats with just 1.7 per cent of the vote. A total of 76.7 per cent of South Africans went to the polls.

Government defeated in Sri Lanka elections

In the elections on April 2, the previous United National Party government was defeated by the United People's Freedom Alliance led by President Chandrika Bandaranaike



Sri Lanka's President Chandrika Bandaranaike Kumaratunga.

Kumaratunga. The new prime minister appointed by the President was Mahinda Rajapakse of the United People's Freedom Alliance, which won 45 per cent of the votes and 105 seats in the 225-seat legislature. The United National Party of outgoing Prime Minister Ranil Wickramasinghe won 82 seats with 37.8 per cent of the vote. The party backed by the Liberation Tigers of Tamil Eelam, the Tamil National Alliance, won 22 seats in parliament with 6.8 per cent of the vote.

Pakistan hopeful on peace talks after Indian elections

Pakistan's Foreign Secretary Riaz Khokhar told his country's Senate standing committee on foreign affairs that the government was heartened by a consensus on dialogue with Pakistan among the major Indian political parties, according to the Pakistani newspaper Dawn. Mr. Khokhar referred to President Pervez Musharraf's recent telephone conversations with the new Indian Prime Minister Manmohan Singh and the Congress Party leader Sonia Gandhi as both "positive and upbeat". The foreign secretary said the talks planned between foreign secretaries of the two countries in June would be a continuation of the process agreed to by Pakistan and the previous Indian government. The new Congress Party coalition government has promised to keep to the peace process. "So we will see from where they will like to pick up the threads — whether from Shimla, Lahore, Agra or Islamabad," he said. Mr. Khokhar added that Pakistan would keep a "positive attitude" in pursuing the dialogue, which includes talks to settle the Kashmir and Jammu dispute. 6



Coming Events

April-June 2004	Global Dialogue: Country Roundtables – 12 countries. The Forum of Federations and the International Association of Centers for Federal Studies are organizing 12 country roundtables to explore Legislative and Executive Governance in Federal Countries.	August 2004	Global Dialogue: International Roundtable - Melbourne, Australia. This international roundtable will explore Global Dialogue's Theme 3: Legislative and Executive Governance in Federal Democracies.	
June 1-July 11, 2004	Call for youth applications: Forum of Federations Youth International Internship Program 2004-2005.	Aug. 29-Sept. 12, 2004	Youth Summer Session on Federalism 2004 – Switzerland and Bosnia-Herzegovina. The Forum, in partnership with the Institute of Federalism in Fribo Switzerland, is organizing a two-week comparative study and travel program of federalism, in Switzerland and Bosnia-Herzegovina in 2004. Sixteen young professionals and scholars from around world will participate. Courses on Federalism – Sri Lanka. The	
June 14-21, 2004	State-level workshops on fiscal responsibility - Mexico. These workshops are organized in partnership with the National Institute for Federalism and Municipal Development, Secretary of Public Service, and the state governments of Mexico, Jalisco, Baja	AugSept. 2004		
June 26-29, 2004	California Sur and Coahuila. International Youth Network committee meeting- Ottawa, Canada. Committee members from 10 countries will assemble to brainstorm on plans for the year.	rag, cepu zooi	Forum of Federations and the Centre for Policy Alternatives will offer two courses on federalism in Colombo– Introduction to Federalism and Federalism, Peace and Better Governance in Multicultural	
June 28-29, 2004	•		Societies. The first course will be for peace activists, journalists and NGO staff. The second course will be for political scientist academics and civil servants.	
		Sept. 25, 2004	Global Dialogues on Democracy and Diversity – Barcelona, Spain. This one-da international conference is being organized by the Forum and five Spanish institutions	
July 15-17, 2004	First National Meeting of Tax Administrators - Salvador, Brazil. This event is organized in cooperation with Brazil's Secretariat of Finance of the State of Bahia and the Brazilian Federal Ministry of Finance/Federal Revenue.	Sept/Oct/Nov 2004	Regional Workshop on Federalism & Conflict Management – India (dates and location to be confirmed). The conference will bring together international practitioners of federalism working in the Indian Ocean Region, to explore current	
July 5, 2004	Roundtable for the Study Tour of Russian Indigenous Peoples – Ottawa, Canada. In cooperation with the United Nations Development Program and the Canadian International Development Agency, the Forum will be hosting a roundtable with Russian Indigenous Peoples from Kamchatka (Russia's Far East) and Canadian academics, officials and	Sept. 2004-Feb. 2005	Youth International Internship Program 2004-2005 (to be confirmed - dependent of funding) – various countries. The Forum coordinating internships for Canadian citizens and landed immigrants to go to Nigeria, South Africa and Sri Lanka, through the Forum's partner organizations in those countries.	
July-Sept. 30, 2004 C	Aboriginal leaders. Call for youth participants: International Conference on Federalism 2005, Belgium The three government youth bureaus in Belgium and the Forum will be accepting applicants for the youth program at the International Conference on Federalism 2005, hosted by the Belgian Government	October 2004	Proposed study tour of Brazil by Indian healthcare experts - Brazil.	
		December 2004	Federalism & Judicial Law – Sri Lanka. The Forum of Federations and the Centre for Policy Alternatives (Colombo) will hold a set of public awareness sessions with leginstitutions in Sri Lanka.	
	and the governments of the communities and regions of Belgium.	March 3-5, 2005	International Conference on Federalism - Brussels, Belgium (European Parliament buildings).	

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