



# Federations

What's new in federalism worldwide

*Special Triple Issue:  
Themes of the International  
Conference on Federalism 2002*

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*The Forum of Federations, an international network, seeks to strengthen democratic governance by promoting dialogue on and understanding of the values, practices, principles, and possibilities of federalism.*

## Message from Arnold Koller

*Chair of the Board of Directors, International Conference on Federalism 2002, and Former President of the Swiss Confederation.*



It is a great pleasure to welcome you to the International Conference on Federalism 2002 and to this special triple issue of *Federations* devoted to the themes of the conference. As somebody who has worked both with the Forum of Federations and with the organizing committee for this conference I can say that the co-operation between the two has been fruitful and productive.

As a member of the Forum's Board of Directors, I have personally insisted that work on federalism involves fundamental values as well as mechanisms and rules. These values include:

- An integration of diversity in unity, respecting one another,
- A closer relation with the citizens and more citizen participation,
- And a respect for human liberty in all its manifestations.

Much of what we will discuss here at Saint Gallen and in these pages involves technical and legalistic notions that are vitally important to the practice of federal governance. But our ultimate goal is to advance the fundamental values of federalism, which are basic human and democratic values.

Almost three years ago at Mont-Tremblant, Quebec, Canada, the first international conference on federalism in an era of globalization took place. Practitioners and researchers gathered from six continents. In the crisp Canadian autumn they worked and discussed together in a frank and open spirit of exchange. This year's conference in Saint Gallen is a successor to that one. Switzerland has more than 150 years experience in federalism and, despite being a small country, is until today one of the most decentralized federal states in the world. We hope to deepen the work of Mont-Tremblant and I know that all the participants have come here ready to engage in serious and open discussion learning from each other.

As an ongoing organization, the Forum of Federations was born at Mont-Tremblant and has been carrying out an active program of workshops, conferences and publications since then. I hope that this special triple issue of *Federations*, which is a truly joint effort of the Swiss organizing committee and the Forum, will lead to further collaboration in the future.

Best wishes to all for a productive and memorable conference.

Arnold Koller

*Chair of the Board of Directors, International Conference on Federalism 2002, and Former President of the Swiss Confederation.*

[www.federalism2002.ch](http://www.federalism2002.ch)

## From the editor

This is a special *triple issue* of *Federations: What's new in federalism worldwide*, the Forum of Federations' regular publication of news and events related to the practice of federalism worldwide.

In collaboration with the organizers of the International Conference on Federalism 2002 in Saint Gallen, the Forum of Federations is devoting an issue to each of the main themes of the conference and making all three issues available to participants in one volume, in our usual French and English versions and this time also in German.

We have tried to complement the main presentations at the conference itself, to deal with regions and topics different from those discussed elsewhere at the conference. Our eighteen articles deal with a wide variety of cases and regions, but given that there are over two dozen federal countries we obviously could not deal with them all.

We have articles on such "established" federal countries as Switzerland, Germany, Canada, Russia, Mexico, India and Argentina.

We have articles on "emerging" federations such as Bosnia and Herzegovina, and Nigeria.

We have an interview with a Philippines Senator who proposes some kind of federal structure as a partial solution to that country's problems of ethnic and religious conflict.

And we have reports from Italy and the Netherlands: in the first case discussing constitutional changes that might lead toward a more federal Italy in the future, and in the second telling the story of the Netherlands' federal past.

These are not supposed to be definitive and comprehensive treatments of their subjects. They are reports from the field that relate current news to the practice of federalism.

The Forum of Federations is a Canadian-based organization and in many ways a Canadian initiative, but its focus is international and multilateral. The Forum does not seek to export the Canadian or any other model of federal governance. Its main mission is to bring together experts in and practitioners of federalism and to act as a clearinghouse on knowledge, experience and expertise in the field of federal governance.

Socrates said that the unexamined life is not worth living. The citizens of federal countries seem to believe that about their structures of governance. In a great many cases they seem compelled to examine, analyze - and sometimes agonize over - their practice of federalism.

That "compulsion" is almost a fact of life in federal countries. And it is probably not a neurotic compulsion at all, but rather a healthy recognition that federalism is, in large measure, an ongoing act of compromise, negotiation and conciliation – all within a framework of constitutional rules of the game.

A number of the articles in this special triple issue deal with countries that are not currently organized on the federal principle, but where the notion of federalism might be useful. Senator Pimentel of the Philippines relates how his experience negotiating with rebel groups on Mindanao led him to consider federalism for his country.

And the Philippines is not the only country where federal solutions might be applied to seemingly intractable conflicts.

In Sri Lanka, for example, many believe that some form of multilevel government structure could be a key element in a peaceful solution to the conflict there.

Some readers of this publication may find that there is a surprising emphasis on the failings, weaknesses and unfulfilled

promises of federal systems – from the failure of India's fiscal system to address fundamental questions of inequality to the inefficient structure of incentives in Argentina's (to cite two examples in the category of fiscal federalism.)

Our purpose is not to look at federalism through rose-coloured glasses. It is, in large measure, to help chart the way federal structures grow and adapt to change. And we are convinced that we can all draw lessons as to how to deal with our own challenges by studying how others cope with theirs.

If there is one idea that all our authors share it is that federalism is never a static, immutable system. Whatever form it takes, it is always a living, breathing, human phenomenon.

We hope you find something of value in these pages.

We would like to thank Arnold Koller, former President of Switzerland and Chair of the Board of Directors of the International Conference on Federalism 2002, Dr. Raoul Blindenbacher, Executive Director of the Conference, and all the organizers of the International Conference on Federalism 2002 for their ongoing support and collaboration.

In addition we have to thank Dr. Ronald Watts, the Forum Board member responsible for vetting all our publications, who read and offered constructive criticisms on all the articles.

Elsewhere in this publication you'll find information about the Forum and its varied projects as well as guidance as to how to subscribe to *Federations* or acquire any of our other publications.

The Forum's web site, [www.forumfed.org](http://www.forumfed.org), serves as an ongoing venue for discussion of matters raised in this and other Forum publications. If you want to take issue with anything you read here send us an email and we will post it on our web site.

Karl Nerenberg

*Senior Editor and Director of Communications  
Forum of Federations*

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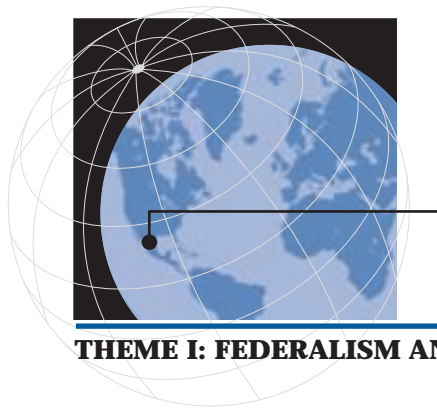
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# Mexico and the USA quarrel over shared waters

Mexican states make it difficult for President Fox to settle a protracted dispute with the Americans.

**THEME I: FEDERALISM AND FOREIGN POLICY**

BY YEMILE MIZRAHI

*In* April 2002, a long-standing problem between Mexico and the United States over the allocation of water from the Rio Bravo/Rio Grande began to escalate, turning by mid-June into a major political conflict between the two countries. The issue at stake was Mexico's failure to meet the terms of a 1944 water-sharing treaty.

According to this treaty, Mexico is committed to transfer to the U.S. one third of the flow reaching the main channel of the Rio Grande River from the Rio Conchos and five smaller tributaries. This transfer has to be at least 350,000 acre-feet annually and it has to be paid in five-year cycles. In exchange, the U.S. is committed to deliver to Mexico a guaranteed annual quantity of 1.5 million acre-feet of water from the Colorado River and an additional 200,000 acre-feet per year in times of surplus.

Due in great part to a severe and prolonged drought along the Texas-Mexico border region, Mexico has not been able to transfer its share of water to the U.S. Since 1996, Mexico has been accumulating a deficit of more than 1.1 million acre-feet of water, and by September 2002, this deficit is expected to reach more than 1.7 million acre-feet.

Although the 1944 treaty clearly benefits Mexico more than the U.S. in the allocation of water (overall, Mexico receives more than four times the amount of water it delivers to the U.S.), the beneficiaries of this treaty are not equally distributed along the Mexican border. The net beneficiaries are the states of Baja California and Sinaloa, whose farmers greatly depend on the water flows they receive from the Colorado River. In contrast, more than half of the total amount of water Mexico transfers to the U.S. comes from the Conchos River in the state of Chihuahua.

## *Drought conditions*

This regional imbalance did not create major concerns in Mexico so long as the flow from the Conchos River was sufficient to provide water to Chihuahua's farmers (who consume more than 80 percent of water in irrigation) and comply with the required water transfers to the U.S.

However, drought conditions during the past 10 years have drastically changed the situation. Scarcity of water has significantly reduced Mexico's capacity to meet its water obligations with the U.S., creating enormous tensions not only between these two countries, but also between the state of Chihuahua and Mexico's federal government.

Since 1993, a severe drought has afflicted the Rio Grande/Rio Bravo basin. This is the most serious drought since 1969. The state of Chihuahua has been hit particularly hard by persistent low levels of rainfall, affecting the flow from the Conchos River to the Rio Grande. Since the increasingly scarce water supply has been mostly used by Chihuahua's farmers, Mexico has been falling behind in its water deliveries to the U.S. Although the 1944 water treaty stipulates that water deficits can be paid during the next five-year cycle, as the 1997-2002 cycle comes to a close, Mexico still owes the U.S. 1.12 million acre-feet of water.

In 2002, the Mexican federal government declared 50 of 62 cities in Chihuahua disaster areas, making them eligible to receive federal relief funds. Currently, the Conchos basin's reservoirs are at 20% of their storage capacity. Chihuahua's farmers are turning to groundwater pumping to irrigate their lands, but this is extremely costly and not all farmers are able to afford it.

In Texas, farmers began experiencing cutbacks in irrigation water in 1996, and

pressed their state government to deal with this issue. According to Texas farmers, Chihuahua was hoarding water to benefit its own farmers, failing to comply with its international obligations.

Mexico insisted that due to the drought, it did not have enough water and that the 1944 treaty stated that lower deliveries of water did not constitute a violation of the treaty in cases of "extraordinary drought." Multiple meetings between Mexico and U.S. sections of the International Boundary and Water Commission ensued to try to solve the matter.

## *Efforts at agreement and mounting tensions*

In 1998, Mexico and the U.S. reached an agreement about the total amount of the deficit. Mexico offered a plan to repay this deficit provided the amount of water from rainfall reached a determined level. The U.S. on the other hand, wanted Mexico to release water from its reservoirs to pay the water debt. Mexico continued to claim that severe drought conditions did not allow for such releases, for Mexican reservoirs were at 20% of their capacity.

By 2001, with mounting pressure from Texas farmers and persistent claims by Chihuahua's government that there was no water, an agreement was finally signed between Mexico and the U.S.

On March 16, both countries signed the so-called "Minute 307," an agreement to resolve the mounting conflict in the short-term. Mexico committed to deliver 600,000 acre feet toward repayment of the deficit and both countries committed to work jointly to identify measures of cooperation on drought management of the Rio Grande Basin.

In February 2002, Mexico made a total payment of 427,544 acre-feet toward the



600,000 agreed upon under Minute 307. By March of that year, however, as the irrigation season was due to begin, Texas farmers began to press harder. Governor Perry of Texas, who is running for re-election next November, took a more aggressive position and demanded an immediate delivery of water.

The conflict over the allocation of water began to escalate, threatening President Fox's strategy of forging a closer relationship with the U.S. On May 14, 2002 President Fox promised President Bush that Mexico would pay its water obligations. However, the President's friendly gesture toward the U.S. was met with extreme hostility in Mexico. The Mexican Congress in which the President's party did not hold a majority passed a resolution stating that Mexico would not deliver water to the U.S. given the severe drought conditions, and that Mexican farmers had priority use of any available water supply.

Similarly, the Governors of Chihuahua, Coahuila, and Tamaulipas, insisted that due to severe drought conditions, transferring water to the United States was "anti-patriotic," and that Mexican farmers should come first.

Meanwhile, in the U.S., President Bush was considering whether to impose sanctions on Mexico for failure to comply with its commitments under the 1944 water treaty. The fear in Mexico was that these sanctions could include halting water transfers from the Colorado River, a devastating scenario for the states of Baja California and Sinaloa.

Finally, on June 28, 2002 Mexico and the U.S. reached an agreement on measures to begin diffusing the heated dispute. Mexico agreed to make an immediate transfer of 90,000 acre-feet of water to the U.S. This amount represents only 6 percent of the total water deficit. If rainfall does not reach sufficient levels to meet the municipal needs of Chihuahua's citizens, the U.S. is committed to transfer the necessary amount of water back to Mexico.

In addition, both governments along with the North American Development Bank (NADBank, a financial institution created by the North American Free Trade Agreement) agreed to provide \$210 million over the next four years to

spend in irrigation infrastructure improvements and water conservation projects.

### ***Water and federalism***

Beneath the water dispute between Mexico and the U.S. lurks a heated political dispute between the newly democratically elected President Fox of the PAN party and state governments controlled by the party that had dominated Mexico before his election, the PRI.

Water, like the all natural resources in Mexico is regarded by the Constitution as belonging to the nation as a whole and is totally controlled by the federal government. But President Fox does not have the power to decide on matters directly affecting the states without lobbying and negotiating with state governors.

In the past, Mexican presidents behaved like "six-year emperors". Governors and mayors heeded the dictates of the federal government. Without effective political competition, their future political careers depended heavily on the President's decisions.

Until opposition parties began to gain access to power at the state and local governments, federalism in Mexico was only a formality. Today the situation is exactly the reverse. Fox's party, the PAN, controls the federal government, but the majority of state and local governments are controlled by the PRI.

Given the new configuration of power in the country, the President's room to maneuver has been significantly constrained. The PRI has not only failed to collaborate with the PAN in Congress to bring about important reforms; it has in fact used every opportunity to distance itself from the PAN and the President in an effort to redefine its new political identity. Mexico's relationship with the U.S. has become a central issue in this political debate.

Since he assumed office, President Fox decided to adopt a closer and less ambiguous relationship with the U.S., departing from Mexico's more traditional "neutral" position in international affairs, and distancing itself from non-democratic countries such as Cuba. The water

dispute between Mexico and the U.S., and President's Fox readiness to reach an agreement, provided PRI governors and legislators an excellent opportunity to show their differences with the President and to oppose the federal government.

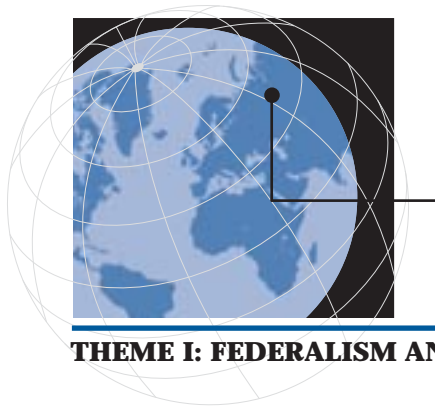
Chihuahua's governor took the most aggressive position, attacking the federal government for his readiness to reach an agreement with the U.S. without first considering the situation of Chihuahua's farmers. Farmers in the states of Tamaulipas and Coahuila protested water transfers to the U.S. agreed under Minute 307. Since these water transfers are totally in the control of the federal government, stakeholders at the state level can make their voice heard only through strong organization.

The negative and potentially explosive reaction of Congress and state governors after President Fox promised President Bush that Mexico would comply with the 1944 water treaty, convinced President Fox that he needed to negotiate with state governors before he could make any offer to the U.S.

On June 5, the federal government and state governors signed an agreement to optimize the use of water and coordinate their actions in solving the water dispute with the U.S. This agreement set the stage for the final agreement signed between Mexico and the U.S. on June 28, 2002.

Even though the water dispute between Mexico and the U.S. has been solved for now, the crisis has revealed the limitations of the water treaty agreement, which was signed in 1944 when the demographic and economic conditions of the Texas border region were completely different.

More importantly, the crisis has also revealed the limitations of an extremely centralized control of natural resources. Without a stake in water ownership and control, state governments have had no incentive to promote a more efficient use of water. While Mexico has definitely awakened from its authoritarian and centralized past, most of its legal and constitutional framework is still a legacy of that period. ⑥



# Would an expansion of the Russian Federation to the west be realistic?

There is interest in reuniting Belarus and Russia, but much disagreement as to how this might take place.

**THEME I: FEDERALISM AND FOREIGN POLICY**

BY **MARAT SALIKOV**

**In** December of last year, a federal law was passed in Russia regulating the procedure for the acceptance and incorporation of a new entity into the Russian Federation (see box). But the only more or less realistic candidate for entry into the Federation is Belarus – a former republic of the Soviet Union.

In spite of the stated desire on both sides for unification, there exist some problems and a need to clarify the relations between the two states.

For the last ten years, the basic theme in Russian foreign policy with regard to its relationship with its western neighbour leaned towards thorough integration. To this end, the Russian Federation and Belarus signed an appropriate Agreement, adopted a charter and also formed united bodies: a Supreme Soviet (the executive body) and a Parliamentary Assembly (the legislative body).

There are plans for the near future to directly elect the Parliamentary Assembly. At the present time, there is a draft of a so-called “Constitutional Act” – the quasi-constitution of the Union of Russia and Belarus – which anticipates further integration, including the institution of a common currency, etc. The plan is to pass this Act by holding a referendum in each state.

## **A difference of opinion on unification**

In the last while, the idea of a union has been sorely tested. It concerns some fairly straightforward words on the part

of the Presidents of the two states both on integration and on its form.

The President of Russia, Vladimir Putin, reminded Russians: “We should not forget that the economy of Belarus is 3% of the Russian economy.” Membership in the Russian Federation currently consists of 89 entities. According to Putin, Belarus could become its 90<sup>th</sup> entity.

*The option of a united parliament with very broad powers and with an incomprehensible mechanism for their implementation cannot function.*

Commenting on Putin’s proposal, the President of Belarus, A. Lukashenko, stated that:

“Belarus is an independent state with all the attributes of sovereignty. We do not intend to become the north-western or the north-eastern territory of any country.”

According to Lukashenko, Putin is only offering Belarus a proportional role in the united country. But, as Belarus’s population is 15 times smaller than Russia’s and its economy 30 times smaller, that proportional share will not be very great.

“Belarus would only be one of 90 entities in the Russian Federation,” said Lukashenko at the June 18 press conference, “and there can be no question of that. That is an ‘insult’ to Belarus.”

Nor does President Lukashenko support the alternative suggested by Putin – namely a union between the two countries “similar to that of the European Union”. According to Lukashenko:

“We don’t need that. We have experience of life and cooperation in the Soviet Union and it is precisely this experience that should be exploited.”

On June 24 of this year, there was a large press conference in which Russian and foreign correspondents took part and at which President Putin further clarified his position on the question of relations with Belarus. In answer to the question on the essence of the disagreement with the President of Belarus, Putin said:

“There is no disagreement. It is a working process. It is fairly effective. It is simply time to stop chewing on ten-year-old cud. And we have to determine whether we want to or not, and what it is that we want.”

## **Options for a united parliament**

According to the Russian President, the former division into two states was not only without foundation but detrimental and pernicious both to the people of Belarus and to the Russian people so that the unification of these nationalities must be conducted on an unconditional basis, within the framework of a single state. Putin stressed that there should be neither a

State Duma of the Russian Federation nor a Belarus parliament, no Russian government or Belarus government, but a single union parliament, a single government and a single country.

Whereas before, the discussion focused on, first, the creation of a union of two states, and later fully united states, Putin's statement basically vocalized his preference that Belarus become a part of Russia.

Nevertheless, assessing the draft of the Constitutional Act of a united country, and specifically securing within it such principles as the sovereignty of Belarus, territorial integrity and the right of veto, Putin stated that one must respect the opinions of the Belarus people, who represent the interests of their country.

At the same time, Russia must also be guaranteed sovereignty, territorial integrity and the right of veto. This can be guaranteed with the help of a mechanism used in a unified Europe. When the European Parliament makes a decision, it is confirmed by the national parliament of each country-member of the European Union, is signed by the head of that state, and takes the form of a national law. In this case, the national law has the same standing as law initiated by that country's parliament.

The option of a united parliament with very broad powers and with an incomprehensible mechanism for their implementation cannot function.

The President of Russia stressed:

"I simply fear that, if we choose it in this form, on the basis of these documents, this united parliament will pass laws which will not be implemented either in Belarus, if they don't like them, or in Russia, if they are not liked in Russia.

And then we will discredit the very idea of unification".

Taking into consideration the inexorable character of the statements made by the Belarus side, it is quite possible that the implementation of a new Russian law

that would allow for taking a new entity into the structure of the Federation might be postponed for a very long time. ☹

## *How to join the Russian Federation*

The acceptance of a new entity into the Russian Federation is a procedure that provides for changes in the membership of the Russian Federation as a result of a foreign state, or part of a state, joining it. In accordance with that law, the expansion of the Federation occurs within the framework of stages that are subsequently replaced by mutual agreement and in accordance with an international agreement.

If an entire foreign state is accepted into the Russian Federation as a new entity, it is given the status of a republic, although an international agreement can provide the new entity with another status such as, for instance, the status of a Krai (territory) or Oblast' (province or region).

The foreign state in question initiates the proposal to become part of the Russian Federation. After receiving such a proposal, the President of the Russian Federation must advise the chambers of the Federal Assembly (the State Duma and the Federation Council), the Government and, if required, must hold appropriate consultations with them.

An international agreement can determine a transitional period during which the new entity must be integrated into the economic, financial, credit and judicial systems of the Federation as well as into the system of its bodies. Moreover, a procedure for the Constitutional Court to verify the concordance with the federal Constitution of the given international agreement has been provided for.

If the international agreement is considered constitutional, it is tabled at the Duma for ratification. At the same time, a draft of the federal constitutional law on the acceptance of the new entity into the Russian Federation is tabled and must contain information stating the name, status and boundaries of the new entity as well as the time frame of the transitional period.

After the federal act on the ratification of the international agreement and the federal constitutional law on the acceptance of the new entity have been passed, changes are made to Section 1, Article 65 of the Constitution of the Russian Federation, which specifies its composition.





# Relations with its neighbours challenge India's federal system

Many of India's states share ethnic groups and borders with neighbours such as Nepal and Sri Lanka – a reality the central government cannot ignore.

**THEME I: FEDERALISM AND FOREIGN POLICY**

BY *PRAN CHOPRA*

*In* the matter of foreign policy, India has to ride two horses. One is the "Union of India", to quote the full name of the Indian federation as given in the Constitution. The other "horse" is collective: the constituent units of the federation. The former has a unitary temper, but the other, a federalist, has also begun to assert itself.

The two horses supplement each other when they pull in the same direction. But some times they do not, and that can complicate many aspects of Indian public affairs, including the foreign policy. This was quite visible in recent weeks. First when the King of India's northern neighbour, Nepal, came calling on New Delhi, and then at the opposite end, in India's relations with its southern neighbour, Sri Lanka.

There are several complex aspects to this story. But the one most relevant is that both federalism and democracy are galloping faster than India's expertise in managing the speed at which it is maturing. The constituent units assert their constitutional rights more forcefully as state level parties ripen quicker in the heat of India's universal adult franchise elections – an electorate of 600 million!

## ***Regional predominance and rampant irredentism***

The geography of South Asia is also very relevant to the problems of a vigorously democratic federation. So is the cultural map of South Asia, and the history, which has defined the map. India forms perhaps three quarters of the area and population of SAARC – the South Asian Association for Regional Cooperation. This organization is the only region-wide politico-functional organization of this continent sized region, which dominates

the vital maritime routes linking the Gulf region in West Asia with the major economies of East Asia.

Each member of SAARC has a common land or maritime border with India, but none among them has a border with another member. This gives geographical centrality to India in SAARC, which is further magnified by the size of the country. In terms of area and population, India is at least half a dozen times bigger than the next biggest among its SAARC neighbours, and at least a score times bigger than most of the smaller neighbours. In the same way one could contrast the size of India's economy and military to its neighbours. All of these

features of this region factor in the conduct of the foreign policy of the Indian federation.

The whole of India's neighbourhood is awash with irredentist possibilities. These can be slippery for the foreign policy of any country to handle but are even more so for India for two reasons.

First, many touchy and emotive issues lie on both sides of many a dividing line.

When parts of India broke away to form Pakistan, a couple of million Sikhs migrated to India. But many of their most sacred shrines remained in Pakistan. Large numbers of Muslims migrated from the northern Indian

## ***Similarities lead to further complications***

If the differences between the countries of South Asia were not factors enough to complicate Indian foreign policy, some of the similarities between them complicate it even more. Until about the 1940s, all South Asian countries had been a part of the British Empire for close to 200 years, and any that was not was only nominally independent of Britain. For a longer period in a deeper past, they had all been parts of the dense cultural and demographic mosaic called India. They were woven together by an economy nurtured by rivers shared by many of them. Therefore the political boundaries which separated one South Asian country from another were largely arbitrary lines, drawn according to where the advance of one army was stopped by another.

The same people live on both sides of practically every border that divides India from a SAARC neighbour. There are Kashmiris on both sides of the line dividing India from Pakistan in the disputed state of Jammu and Kashmir. In the plains to the south, the line divides huge numbers of Indian and Pakistani Punjabis. At the southern end of South Asia assertive Tamils live in the Indian state of Tamil Nadu and in the Tamil province of Jaffna in northern Sri Lanka. The east is teeming with the Bengalis of the Indian state of West Bengal, and the even more numerous Bengalis of Bangladesh, which was East Bengal once and then became East Pakistan, before the war of 1971 when it became an independent Bangladesh. India's northeast is a patchwork quilt of races, religions, languages, stretching up to Burma and Tibet. SAARC reaches its northernmost peak in Bhutan and Nepal, an area dominated by the vigorous Gorkhas and Bhots of these two countries.

plains, which are watered by the river Ganga, the holiest water body for Hindus. But the finest flowering of Muslim culture, including the world famous Taj Mahal and the Muslim face of Delhi, as well as the shrine of a Muslim saint which is visited by more South Asian Muslims than Mecca in Saudi Arabia, remained in India.

Sri Lankan Tamils claim they are the true repositories of ancient Tamil culture, not the Tamils of India's Tamil Nadu. The Bengalis of India's West Bengal bemoan the loss of Bangladesh, which is seen by the Bengalis on both sides as the seedbed of Bengali culture. So, neither side sees disputed territory on either side of a line as just a piece of land.

Second, India is a federation, and that brings us to the "two horses" mentioned at the start.

The biggest stakeholder in this policy is the Union of India, which believes that all authority for India's foreign policy belongs to the Union and resides in the national capital, New Delhi. In its dealings with other countries, India's sovereignty is as indivisible as it would be if the country were unitary.

But out there now roams the second horse, which increasingly claims that a federated state has a stake in India's relations with a foreign neighbour with which it shares a border.

The claim is justified because the irredentist background (*see box*) makes it inevitable for any large unrest on one side of the border to seep across to the other side. And the claim is now staked with more strength as Indian democracy and federalism jointly take more vigorous wing and state level parties multiply. Thanks to them, single party governments at the federal centre have given way to multi-party coalitions, giving state level parties a bigger role, not only in governing the states but at the centre as well.

This should not be confused with any separatist theory. In fact India is less plagued by separatism today than at any

time in the fifty plus years of its history as an independent country. Intercourse and interdependence are also denser than ever before, between the centre and the states and among the states. More threads of interchange between governments at all levels criss-cross the country than ever did before.

But in dealing with any neighbouring country India now has to consider more closely the views of the Indian states who share borders with other countries. All the more so if the matter in hand sits astride the line which, in India's federal constitution, divides or shares out the powers of the centre and the states (*see box*).

### ***Maoists in Nepal***

When the new King of Nepal came to New Delhi in the last week of June 2002 on his first foreign visit since his recent accession to the throne, the subject most on his mind was the internal security of his kingdom, which has lately been facing a serious rebellion by armed groups of radical extremists who call themselves "Maoists".

These extremist groups have successfully taken on the King's police and even the army in many clashes. India is worried about this and is willing to give all the help it can, as it has been doing for months. The matter clearly falls within the domain of the government of the Union of India.

But the federated states have also become a part of the scene, in the form of other groups, also known as Maoists, led by the Maoist Communist Centre. They roam the wilds of the state of Bihar, which is adjacent to Nepal. Identical peoples live on both sides of the border, and both sides are rife with armed disputes between landlords and the landless. The Maoists on each side are suspected of being in league with those on the other.

The governments of both countries are keen to end this problem but India faces a federal problem. The Constitution clearly places India's external security in

the domain of the Union government. But it places internal law and order and land relations in the domain of the federated states.

The Union government can press the government of Bihar only up to a point, a limitation which the King of Nepal might have had some difficulty in understanding. The Constitution allows the Union to expand its authority over a state temporarily by using its power to declare an "emergency". The Union often (mis)used this power in the past when the same party was in power at the centre and in many of the states, as it was for almost forty years. But now it is wary of exercising this power.

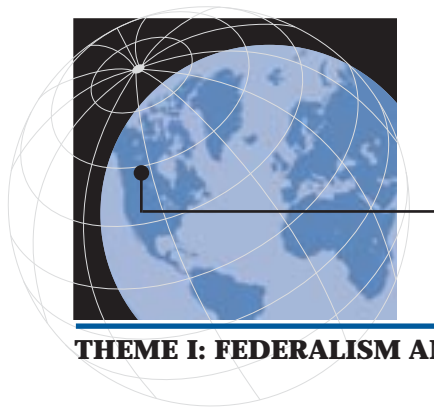
### ***Tamils of India and relations with Sri Lanka***

India has also grown more diligent in protecting the needs and sensitivities of Sri Lanka, which has been battling Tamil militants, the Tamil Tigers, for close to 40 years.

But the Union government is also obliged to be sensitive to the politics of Tamil Nadu, which has enough members in Parliament to affect the stability of the federal government. The Tamil Nadu state government has proceeded against a minor Tamil party there, which is a member of the coalition in Delhi, on charges of inciting people against the Sri Lanka government, and the Union government is caught in the cross-fire of Tamil as well as Sri Lankan politics.

The same is the case in the north-east, where some governments are demanding and some opposing the Union government's program of sending back large numbers of illegal immigrants from Bangladesh.

Such glitches abound. But the bottom line is that both federalism and democracy are more set on course now than at any time in the past, despite the zigzags and roundabouts. ☺



# Provinces have a role in Canadian foreign policy

The Canadian federal government has to deal with many matters internationally that the provinces control domestically.

**THEME I: FEDERALISM AND FOREIGN POLICY**

BY *DOUGLAS M. BROWN*

**For** some decades now, the Canadian provinces have been active on the world stage. Many will know about Quebec's particular role in promoting an international personality abroad, and indeed note how its foreign relations are often tied to aspirations of independence. Yet it is important to put these relations, and those of the other provinces, in a larger context. This multilevel governance need not be conflictual and can often be complementary and cooperative.

## **Constitutional context**

Typically foreign policy, particularly treaty making, is a central government task. There is the important case of Belgium, where exceptionally, the language communities are able to sign treaties in areas of their competence.

More usually, the federal government has unambiguous legal control over foreign affairs. But the world of federalism has evolved from an emphasis on divided jurisdictions, to one of shared jurisdiction in practice. Indeed, the story in Canada is a gradual process of sharing among governments more and more responsibility for Canada's personality and relationships abroad.

Part of this cooperative sharing practice is by constitutional necessity.

When Canada was formed as a federation in 1867, it was still a colony of the British Empire. Once the country actually became more independent after the First World War, the issue arose about how independence would affect the federal/provincial distribution of power. In a major case in the 1930s (*"Labour Conventions"*), the Judicial Committee of the Privy Council ruled that while only the Federal Government could enter into treaties, the Federal Parliament could only pass laws *to implement treaties in fields of federal competence*. When the treaties touched provincial jurisdictions

only the provincial legislatures could pass legislation to give them effect.

Considering that Canadian provinces have a long list of exclusive legislative jurisdiction over such fields as education, health care, property law, labour relations, and natural resources to name a few, the potential impact on Canada's treaty obligations and on its ability to enter into such obligations, is enormous. In settling the *"Labour Conventions"* case, the court emphasized that Canada as a whole has plenty of power to conduct foreign relations but the process requires a cooperative effort on the part of governments.

Over sixty years later, we have intensive and, for the most part, productive federal-provincial relationships. The federal government brings the provinces into the early stages of the negotiation of new international commitments, including in many cases as part of the delegation. And, at the end of the day, the provinces normally pass the legislation that is required, since they have been involved from the start.

Canadian provinces do not have the legal power to make their own treaties, although the Government of Quebec contests this. They do enter into other sorts of international agreements, not binding in international law. Quebec has currently over 400 such agreements in force.

## **Multilevel governance**

Increasingly, policy-making is an interdependent exercise. All governments are now involved and the trend is intensifying. There are three intersecting rings or arenas of multilevel governance in Canada.

The largest and most significant is that of Canadian foreign policy as such, conducted by the federal government, with only the indirect involvement of the provinces. This policy of course reflects the usual competitive mixture of regional, national, economic, social and partisan considerations.

A second, much smaller ring intersecting the first is the direct international activities of the provinces.

Third is the ring of domestic intergovernmental relations between the federal government and the provincial and territorial governments. This often involves international issues. This third ring overlaps significantly with the first, and a bit with the second.

## **Federal provincial relations are not just domestic any more**

The third ring is the most familiar to us: the day-to-day relationships between the central, federal government and the provinces and territories.

Figure 1: Multilevel Governance



Here international issues increasingly turn up. There is no single agenda – the issues arise across a variety of forums and sectors: environment, finance, agriculture, health, etc. Also, there is little or no effort to coordinate the whole. Indeed, such an attempt would be counter-productive and just about impossible.

The most formal of these relationships are in fields of exclusive provincial jurisdiction, such as education or labour relations. Here the federal government has no choice but to follow the provinces' lead in terms of determining what Canada's foreign policy will be. But the more common pattern is of an emerging shared responsibility for international matters, reflecting the effect of regional or global integration on domestic sovereignty.

For example, international trade policy now involves a wide agenda of domestic economic matters, well beyond tariffs. Provincial policies have been involved for many years now. The federal government consults with the provinces on general trade policy, on specific international negotiations, such as those that led to the Canada-US Free Trade Agreement, or the WTO Agreements, and on trade disputes.

As a further example, we are now in version six (!) of the softwood lumber dispute with the Americans. Here the main issue to dispute is the provincial royalty regimes on their forestry resources.

Overall, the relationship on trade matters is important, productive and co-operative. It can break down when it comes to some trade disputes, and at the end of the day it is not a joint decision-making process. The provinces have been pushing the Federal Government to adopt more formal procedures, but Ottawa puts them off, and prefers not to be locked into formal joint decision-making.

The question remains: when push comes to shove on key trade co-ordination problems, how can we ensure that an integral Canadian position is maintained without a binding decision-making process?

A second major area is environment. Again it is hard to find where provincial jurisdiction ends and federal jurisdiction

begins; it is very much a shared responsibility. Also the current international agenda is very broad. To implement the Kyoto Accord, for example, Canadian governments collectively have developed an innovative and integrated consultative process among governments and with industry and other interest groups. The relationship is not always smooth and joint actions are taken by consensus, but this process represents the kind of intensive, interlocking multilevel relations that we will see more of in the future.

### ***The provinces abroad***

The second ring is the direct involvement of Canadian provinces in international activities. The main objective is to promote trade and investment. The resources deployed vary enormously because the ten provinces and three territorial governments vary greatly in size and in fiscal clout. The Province of Quebec has had the most consistent effort. It's the only one with a separate Ministry of International Relations and maintains over thirty offices abroad.

The provinces' activities are mainly complementary of the Government of Canada's foreign policy, with one exception – when Quebec engages in "proto-diplomacy", a sort of diplomacy with training wheels. This has been the goal of the Parti Québécois when in power – to prepare the world for Quebec as an internationally separate country. But all the governments of Quebec, federalist or separatist, maintain a less controversial role of making sure the world understands Quebec's unique position with the only majority French-speaking society in North America.

### ***Federalism does not always matter***

The third ring is Canadian foreign policy as such.

The chief preoccupations of the last decade have been economic globalization, multipolar security, and environmental challenges. Canada is also defined by several key relationships, none so important as its trade and security relations with the United States. Canada is also fortunate in being a member of several key clubs: the G-8, the Commonwealth of Nations, La

Francophonie, and the Organization of American States. It's the only country in the world that is a member of all these four simultaneously. So it gives Canada a kind of middle power status.

In none of these relationships, with the possible exception of La Francophonie, does the federalism factor amount to much. Canada's geo-political position is determined much more by its position on the North side of the 49<sup>th</sup> parallel, and by its status as a wealthier industrial economy.

In that sense federalism is important only as an underlying necessity – it is what provides Canada with its unity. There would not be a united, single geo-political entity north of the US border without being a federal state. If one of the units such as Quebec were to secede, Canada's clout in the world and its ability to set foreign policy would suffer.

### ***Compared to other federations***

Canada seems to lead the world in direct provincial activities abroad, particularly in those activities that are not just cross-border issues. But it doesn't have the kind of formal intergovernmental mechanisms of Germany or the upper house representation of the United States for involving the constituent governments in the ratification or approval of treaties. Canada's process is not much more centralized or decentralized as others. It's just different.

There is no federal monopoly in international relations in Canada, certainly not anymore. It is increasingly a shared task – a conclusion that can be borne out for many other federations.

Moreover, the record in Canada in recent years is of manageable co-ordination and co-operation. There are three arenas of interaction, but there is no attempted integration, and it is not likely, possible or desirable. Still, there is one major obstacle: the decision-making machinery at present is not really up to the task if you need results binding on all the parties. The current, informal relationships put a lot of burden on consensus building and may not be adequate for the more intensive multilevel governance of the 21<sup>st</sup> Century. (6)





# Reforming Swiss federalism: ready for the EU?

Recent reforms have revitalized the Swiss federal system by clarifying cantonal roles and improving equalization mechanisms. But are the Swiss cantons ready to take the next step and approve a possible joining with the EU?

**THEME I: FEDERALISM AND FOREIGN POLICY**

BY *RAINER J. SCHWEIZER*

*In* the last century, the Swiss federal government assumed power over almost all the government functions that first emerged with the creation of the modern social and economic state. Yet virtually no functions were taken away from the Swiss cantons in the last century. Now the cantons have very few substantive powers in these areas to pass legislation of their own. Too little if any attention was paid to the question of whether the interests affected in this process could have been better handled on the canton or municipal level. As a result, the federal structure of the Swiss state was undermined.

Since the 1990s though, there has been a marked change and a new departure, which found expression in the creation of the Conference of Cantonal Governments in 1993. Attempts are underway to revive the federal system. The citizens of Switzerland approved a totally revised federal Constitution, in a plebiscite on April 18, 1999. Currently under consideration by the federal government are the plans for the redesign of financial equalization and functions (the so-called "*Neugestaltung des Finanzausgleichs und der Aufgaben [NFA]*").

## ***The new federal Constitution***

The new Constitution didn't do anything to change the prominent features of the Swiss federal state, but did recognize its federal nature in the written law of the land.

The division of power is expressed through the tripartite structure, consisting of the federal government, the cantons and the municipalities. Municipalities are expressly mentioned for the first time, although this does not change the fact that the cantons remain the partners with whom the federal government deals directly. The federal government guarantees the existence, territorial integrity and constitutional order of the cantons.

As for the distribution of powers and responsibilities, the new constitution gives the reserve power to the federal government while the cantons have subsidiary jurisdiction. In addition, the federal government acts as "guarantor" of the cantonal constitutions - thus assuring that cantons cannot pass laws that go against the division of powers.

The cantons are all basically equal. They have substantial autonomy to determine and implement their programs, to determine, collect and use their revenues, and to determine their organization and political procedures. They can look after their common interests in cooperation with one another, whether through written agreements or through joint organizations or institutions.

The federal state is therefore unified in two ways: through the federal government and among the cantons. All intergovernmental relationships within the two levels are marked by a duty to cooperate (the so-called "*Bundestreue*" or faithfulness to the federal state).

To ensure power sharing, the new Constitution contains substantial rights for the cantons to participate in the development of federal policies. This finds expression above all in the fact that the federal constitution cannot be changed against the will of the majority of the cantons. In addition, eight cantons can come together to invoke the optional referendum against the enactment of federal legislation.

However, long before this could happen, the federal government would have to inform the cantons about its plans, and they would have a right to state their views through the consultation procedure. The same holds in the realm of foreign policy.

After federal legislation is enacted, the cantons take charge of its implementation and the federal government is supposed to allow them the widest possible latitude to shape it as they see fit in each of their cantons.

***See also "Reforming Swiss federalism: who will pay?", by Ulrich Klöti on page 39***

The federal government must give them sufficient money to do this and provide for appropriate financial equalization. This is intended to prevent the federal state from becoming a mere decentralized state as a result of extensive material requirements by the federal government in the spheres of competence of the cantons.

## ***The redesign of equalization***

In addition to ensuring financial equalization in the federal government's relation with the cantons, there has to be a similar balance of power among the cantons. The redesign of financial equalization and functions (the NFA) attempts to find appropriate solutions in both areas of cooperative federalism, which includes working together in solidarity with one another and out of concern for each other's needs.

It also attempts to strengthen the federal structure by disentangling competences and improving the instruments of cooperation.

The redesign of competences is based first on newly introduced Art. 3 on the subsidiarity principle (*see box p. 43*). It states: "The subsidiarity principle must be adhered to in the allocation and discharge of government functions." Centralization is only considered when horizontal cooperation fails or the costs of coordinating it would be excessive. The NFA provides for the first time for fiscal equivalence, equal treatment in the provision of basic services, and the requirement to meet the need in an economically efficient way to be viewed as additional criteria

in the assignment of government functions.

The new Constitution encourages cantons to work together with each other and with the federal government. The NFA creates a legal basis and legal certainty for agreements between these governments on the implementation of federal legislation.

The federal government can declare inter-cantonal agreements generally binding, or require cantons to participate in them, if interested cantons ask it to do so.

But the declaration that something is generally binding is tied in the draft Financial Equalization Act to such a high quorum (18 cantons) that there must be a very broad consensus among the cantons. In contrast to a change to the Constitution, a simple majority in the upper house will not suffice. This means that in an area of pan-Swiss importance, there must be an even greater consensus regarding a federal settlement.

Inter-cantonal legislation is also given priority over cantonal legislation. For the first time the status of inter-cantonal norms is settled in the Federal Constitution with the recognition of them as an intermediate level in the federal state. This settles what was previously an unclear relationship.

Finally, certain jurisdictions are ascribed either entirely to the federal government or the cantons, or jointly to the federal government and the cantons, or to the inter-cantonal level. The Federal Court can also review federal legislation to ensure that it complies with the constitutional division of functions.

### ***Ideas on integration with the EU***

Even after these institutional reforms, there are still some dangers facing the supreme authority of the cantons.

The federal government binds the cantons more and more through its foreign policy and integration policy, i.e., through the development and implementation of ideas for continuing European integration and Switzerland's possible entry at some point into the EU. It is therefore necessary to develop institutions and procedures that will enable the cantons to control developments and preserve their autonomy. The cantons are no longer just subordinate territorial entities that carry out tasks. In accordance with a

modern understanding of federal states, they are actual partners in certain areas who are even co-responsible for federal policy – since it can only be fully realized with the support and implementation powers of the member states in the confederation.

If Switzerland were to join the EU, a large number of cantonal jurisdictions would likely be cut back to some extent or restructured. This is especially true of education and culture; health; regional planning and infrastructure; economic development; industrial inspection (*Gewerbepolizei*); professional diplomas; public procurement; public service legislation; justice and the police; and taxation.

The cantons' ability to regulate in these areas would be limited while their enforcement duties would increase. In addition, the cantons' functions could be considerably altered or entirely new functions could be added.

The new Constitution does not explicitly address the possibility of membership in the EU. And the power of the federal government to conclude international treaties does nothing in regard to the allocation of jurisdictions. In fact, there is a danger that a centralization process will set in, as occurred in Austria after it joined the EU, because the internal organization of the state has not been prepared for and adapted to joining the EU.

The EU can only be compared in very limited ways to standard international treaties. After (or better: before) Switzerland joins, the Federal Constitution will have to stipulate in its basic elements the various responsibilities, requirements and controls regarding the implementation of EU legislation.

### ***What role for the cantons in the EU?***

A further consequence of Switzerland joining the EU is the fact that the cantonal right to participate in the conclusion of international treaties could no longer be implemented. European policy takes the form of regulations, guidelines or decisions

***If Switzerland were to join the EU, a large number of cantonal jurisdictions would likely be cut back to some extent or restructured.***

issued by legislative or quasi-legislative authorities. Once a European decision has been made, it no longer needs the approval of the individual national authorities.

The cantons would therefore have to register their views

very early in the process. The most common case would be reacting to proposals of the EU Commission – the only organ with the right of initiative.

The tools available to the cantons are:

- a statement in the consultation procedure,
- the formulation of mandates,
- inclusion in a Swiss delegation and the conduct of negotiations,
- sitting on the working groups of the Council of Ministers, and;
- sitting on the Committee of the Regions.

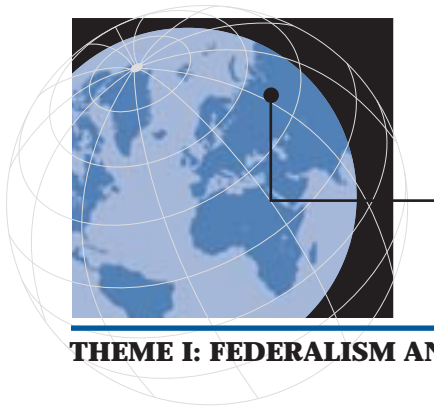
It is very common for the Commission to make proposals at the instigation of member states. This means that a canton could request that the federal government make a proposal on its behalf.

In addition, the member states can place numerous experts on the committees that prepare the Commission's proposals. The federal government would be totally free to appoint people to these committees who are recommended by the cantons as well.

Since many tasks can only be undertaken now on the European or even global level, it would not be very sensible for the cantons to adopt a defensive posture and attempt to prevent increased political integration.

In the words of Thomas Pfisterer: "An offensive strategy of participation is therefore called for. The cantons must:

1. Reform themselves internally to make themselves suitable (for Europe),
2. Intervene in the division of functions in the field of foreign relations and in implementation and financing and also work together with the federal government and neighbours,
3. Cooperate within the country and in relation to the Community,
4. Play an active part in European politics." ☺



# Border issues, regional aspirations and realism in the Russian Federation

The aim of conducting their own foreign policy may exceed the capacity of many of Russia's eighty-nine constituent units.

**THEME I: FEDERALISM AND FOREIGN POLICY**

BY *ALEXEI S. AVTONOMOV*

*In* the past, the term "foreign policy" meant primarily war and peace and security of boundaries. In the industrial epoch, customs regulations, promotion of national merchants and trade abroad were added to the foreign policy sphere. From those perspectives foreign policy did not involve constituent units of a federal country directly.

Today, however, especially in the rapidly changing international system, a country's foreign policy involves much more than this. Along with national and collective security and international trade, it covers such matters as foreign investment, living conditions, humanitarian cooperation, the environment, energy, communication, transportation, etc. There has been a diversification of objectives and the geographical framework for policy-determining factors has broadened from national and bilateral to regional and worldwide.

Local, national and international public policy interpenetrate one another, reflecting structural changes such as the internationalization of various fields of activity and technological change. Economic conditions, especially in crisis periods have a great impact on the degree to which foreign and domestic policy-making become intertwined. These days no country can be immune to global economic events. Indeed by the 1990s, world economic crises had reached a genuinely global scale. During the crisis of 1997-1999 almost all countries were affected, while earlier the Soviet Union and other socialist countries would have been somewhat insulated from worldwide developments of the market economy.

## *Along the "frontier strip"*

The Russian Federation is an immense and, in many regions, sparsely-populated country. The majority of the population lives in the smaller European part of the national territory. The bigger territory to the east of the Urals is less populated.

More than one third of all of Russia's constituent units are situated along the land boundaries of the Russian Federation. If we add to them constituent units that are attached to the Russian sea and ocean boundaries, we can easily see that the majority of constituent units are within the "frontier strip" of the Russian Federation and are naturally interested in the adequate regulation of boundary economic activities and trans-boundary cooperation.

With some of the former Soviet Republics (for instance, Belarus or Kazakhstan) the Russian frontier is more virtual than real, and a long history of relationships ties some Russian Federation constituent units with the former Soviet Republics of Kazakhstan, the Ukraine and Belarus.

Some ethnic groups living in the Russian Federation are close ethnically and culturally to those living in the neighbouring countries. All these factors stimulate Russian Federation constituent units' interest to become involved in shaping Russian foreign policy.

## *Seeking more control*

At the beginning of the 1990s, in the process of disintegration of the Soviet Union, some constituent units of the Russian Federation claimed their right to full independence or at least a special status within the Russian Federation.

Among these were the Tatarstan Republic (which is a major oil producer) and the Sakha (Yakutia) Republic (an important producer of diamonds) which both proclaimed their own jurisdiction and interests abroad.

Neither the Russian Federation nor the international community recognized the full international legal capacity of Russian constituent units. Meanwhile, "real life" showed that the perspectives of development or even survival of any of these regions without cooperation within the Russian Federation were not bright. By the end of the 1990s it became clear enough that for most constituent units, attempts to have a separate foreign policy were more burdensome than beneficial. On the other hand it was (and it is) clear that constituent units in the contemporary situation had (and have) their own interests in transnational cooperation. So, the problem is how to harmonize national and regional interests in the conduct of foreign policy and how to take into account regional interests in the course of conducting foreign policy without prejudice to the national interest.

## *A role of federal bodies*

According to the 1993 Russian Constitution, the Russian Federation is vested with all powers in the fields of foreign policy and international relations, international treaties, as well as foreign economic relations. The Russian Federation Government insists that foreign *policy* is exclusively within the powers of the federal bodies. However, it recognizes a certain role for constituent units authorities in transnational *activities*.



The Russian Federation has mechanisms for involving representatives of constituent units in the federal governing bodies' decision-making process dealing with certain foreign policy. For example, the Federation Council (the upper house of the central government, consisting of representatives of the constituent units) has the jurisdiction to approve (or not approve) decrees of the Russian President on the introduction of martial law, and has the right to decide on deploying the armed forces of Russia outside the territory of the Russian Federation. As well, the Federation Council approves or rejects laws adopted by the State Duma (the other house of the Russian Parliament – the Federal Assembly). According to the Constitutional provisions, if the Federation Council does reach a decision dealing with this or that law within a period of 14 days, the law is considered to be approved by the Federation Council.

However, the Federation Council must examine laws dealing with certain matters. Among these are ratification or rejection of international treaties of the Russian Federation, laws concerning the status and protection of the border of the Russian Federation, war and peace, currency, credit, and customs regulation. The Russian President, in accordance with the Constitution, appoints and dismisses diplomatic representatives of the Russian Federation in foreign states and international organizations only after consultations with appropriate committees and commissions of the Federal Assembly (i.e. the Federation Council and the State Duma). So, the Federation Council has the constitutional responsibility to play an important role in some foreign policy decisions.

From 1996 to 1999 the head of the executive branch of government and speaker of the legislature of each constituent unit were *ex officio* members of the Federation Council. In 1999 a new law on the formation of the Federation Council was adopted.

According to the new law, each regional legislature and each regional executive body *appointed* its own representative

as a member of the Federation Council. The Law provided for a transitional period till the end of 2001, when the heads of constituent units' executive and legislative bodies would be substituted by their appointed representatives. Now (since January 1, 2002) all the members of the Federation Council are representatives of regional executive and legislative bodies.

In any event, despite a change in the procedure for selecting members of the Federation Council, the main principle that the Federation Council is composed of representatives of constituent unit authorities has been preserved. The Russian Federation is comprised of 89 constituent units: 21 republics, 6 provinces, 49 regions, 2 federal cities, 1 autonomous region and 10 autonomous districts, and each constituent unit has two representatives in the Federation Council.

At the end of 1999 a new institution with a consultative status was created by the decree of the Russian President. It is the State Council, which consists of all heads of administration of constituent units. The Chair of the State Council is the President of the Russian Federation, who convokes this body from time to time to discuss the most important issues of politics (these are predominantly domestic, but theoretically foreign policy issues might be examined by the State Council as well).

In May 2002 a Union of Legislators was set up. It consists of all speakers of constituent units' legislatures and is presided by the chairman of the Federation Council. It was announced that one of the aims of the Union is to advise the Russian President on actual issues of Russian Federation politics (it is quite possible that foreign policy issues might be under its examination).

### ***Constituent units' legitimate interests***

Along with participating in federal foreign policy decisions through their representatives at the centre, constituent units of the Russian Federation conduct their own transnational activity.


There are a lot of contacts between the authorities of constituent units of the Russian Federation and the authorities of territorial units of foreign (federal and unitary) States. One of the forms of transnational activities is an exchange of delegations, composed of high executive officials or regional legislators. In many cases treaties and agreements on economic and cultural cooperation are signed as a result of those visits.

Unfortunately, there are no reliable statistics dealing with these activities. But, in general, hundreds of such visits take place every year.

Of course, those constituent units that are stronger economically have more possibilities and are more active in transnational activities. On the one hand they have more resources for the development of such activities. On the other hand, they have a greater need to develop relations abroad. Constituent units situated along the frontier strip are developing trans-boundary cooperation with territorial units of foreign countries, attached to the same border on the other side.

Some constituent units of the Russian Federation even have agreements on economic and cultural cooperation with certain countries. Those constituent units, whose transnational activities are very intensive, have representation offices abroad.

As the experience of the previous ten years has shown, despite the ambiguous declarations of certain constituent units to the effect that they wish to conduct their own foreign policy, all their transnational activities are of an economic or cultural nature, because their greatest interests lie in promoting the economic development of their regions.

In addition to all the activities detailed above, we should add that Russian Federation constituent units take part in the activities of the Council of Europe and are represented in the Congress of Regional and Local Authorities. 



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