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FEDERALISM AND THE MOVE TOWARD
SUBSTANTIVE REPRESENTATION AND
EQUITABLE FISCAL MANAGEMENT

THEORETICAL FOUNDATIONS

- Institutions according to Marsh and Olsen are a set of enduring collection of rules and organized practices embedded with meaning and resources invariant in the face of of turnover of individuals
- Critical to the current debate of Constitutional reform is the role of Political Institutions as arbiter and autonomous actors capable of demanding compliance in the achievement of shared communitarian goals.
- Failed States in Sub Saharan Africa and other conflict regions is often described as having failed institutions.
- Developed countries on the other hand with high levels of human developments are those countries with strong institutions
- Those that fall in between strong and failed institutions are sometimes described as States having a mixture strong institutions in terms of participatory democracies while weak in delivering basic public service.

NORMATIVE VS EMPIRICAL POLITICS

- The limits of theoretical framing similar to other social sciences is that evidence to support and generalization to support theoretical assertion is always subject available evidence.
- Even if evidence is available, describing correlations and causality is cautionary. For example in the book of Acemoglu and Robinson *Why Nations Fail*, while they made convincing generalization of why certain states failed and other didn't.
- Critics can always point out that choices elites make in State building in various point in history was not made in the perspective of a "State to succeed", colonization was done in India by the British in order for Indians to have a bureaucratic system for Indians. It was made colonial extraction. So rather than Path dependent framework, what made these State successful were mere historical accidents.

LIMITS OF EMPIRICAL PROOF

- Institutionalism therefore while it can be considered as the most “rational” model in the social science in terms of measuring governance performance. Its use should be guided by the understanding the normative bias still integral in its application.
- The normative bias exist when you seek to look for a specific pattern. In the case of Path Dependence, “choices and decision points”
- This is also similar to criticism against the Political Reform agenda of Federalism. Critics using evidences on current performance of the national government as proof of difficulty in Federalizing.
- First the Philippines have no experience on a Federal System and hence their is no empirical proof of either failure or success. The Philippines will enter a political unknown. BUT THE UNKNOWN REPRESENTS BOTH OPPORTUNITY AND CHALLENGES.

THE LEAP INTO THE UNKNOWN

- FEDERALISM AS A RENEGOTIATION OF POLITICAL AND FISCAL AUTHORITY
 - COUNTRIES THAT UNDERWENT FEDERALISM DID SO TO IMPROVE REPRESENTATION IN POLITICAL AUTHORITY AND MORE INCLUSIVE POLITICS.
 - The federal initiative in the Philippines aims to address the Unitary centralization of political administration. Wherein a two tier system exist, on one hand there is the centralized national and local government units and the other Regional Government of the ARMM that is the product of the peace process.

POLITICAL ADMINISTRATION IN A UNITARY SETUP

- In every Constitutional making process of the Philippine, political representation did not take cognizance of inclusiveness. Instead it continued the pre war tradition of centralized state building.
- This is achieved by creating a national legislative body to “theoretically reflect regions of the Republic but did not take into account actual regional representation.”
 - This created what Juan Linz would call Dual Legitimacy, “ Senators having national mandate similar to both Vice President and President.
 - In the absence of obvious check on Legislative-Executive relations due to the similarity of electoral mandate. Frequent deadlocks happen between the both branches.
 - Reinforced by the absence of clear legislative majorities in either houses of Congress.

GRIDLOCKS AND UNRESPONSIVE LEGISLATURES

- While a similar scenario is observed in the frequent government shutdown in the US Congress when neither Republicans and Democrats have clear comfortable majorities. Voters have a chance to “punish” recalcitrant legislators during midterm elections in their home states.
- A national mandate prevents disciplining erring legislators. Also makes it difficult to secure any clear legislative majorities.

THE ABSENCE OF PARTY DISCIPLINE ALSO INCREASING GRIDLOCKS

- While political party discipline can be passed into legislation as a mechanism to prevent turncoatism. the absence of regional constituencies wont make it effective since parties have to campaign on a national scale. Making all political contest national, burying regional and local issues.
- Political Party reform by the way have been in the agenda of every Congress since 1992 but has remained a dead legislation. The Political Party Reform Act will only be effective if bundled together with the Anti Political Dynasty bill and Constitutional Reform of Regional Constituencies.

REGIONAL REPRESENTATION DISSOLVES MANILA IMPERIALISM

- Regional Constituencies expands democratic participation by providing political actors whose base is limited in regions a platform to bring forward their agendas to the national discourse. That immediately expands democratic discourse, creating a plural space of competing interests and issues.
- We might finally get away from the mindset of “Regional and national news delivery” and treat all news as regions. Wherein the local would have the same level of importance as the national.

REGIONAL CONSTITUENCIES WILL EMPOWER POLITICAL DYNASTIES

- In Economics this is called First mover advantage, the 1987 Constitution called for a ban on political dynasties but Congress did not obliged, the Consultative Commission recently adopted the same provision and not seek to define the limits of dynastic ban. However the most effective ban on political dynasties are voters themselves.
- Electoral history in the Philippines have shown that the grip of dynasties should not be forever, by empowering regions competing power center can emerge and challenge these dynasties. Through public financing of political parties alternative political actors can emerge to provide adequate challenge to dynasties. But using "fear of political dynasties" as the basis of not reforming the system is self defeating.

ISLANDS OF BEST PRACTICES IN A SEA OF NON PERFORMING LGU'S AFTER MORE THAN 20 YEARS OF THE LOCAL GOVERNMENT CODE

- Another obstacle to Federalism is the capacities of LGUs. In the age of globalization governments are seen as improve the human development not only an aggregate level but on an individual scale. This requires targeted programs that specifically address the roots of poverty and underdevelopment. Such task requires skilled LGUs which are at the frontline of service delivery.
- However the experience of the Philippines is mixed. Islands of best practices exists but in the absence of activist local chief executive or vibrant civil society or both. LGUs empowerment is difficult.
- Again this assessment is done under the context of a Unitary setup. LGUs will be more empowered in a Federal set up, creating more spaces for innovation and development. But the reality of inequality needs to be addressed. Transition mechanism in a federal set up is necessary to alleviate uneven level of development.

FEDERAL EXCLUSIVE POWERS

Federal Government Exclusive Powers

Currency

National Defense and Security

Treaties and Agreements with other states

External trade

Citizenship

Major Infrastructure projects

Customs/excise taxes

Immigration

Economic Policy

POWER SHARING BETWEEN REGION AND CENTER

Regional Government Exclusive Powers

Primary/Secondary Education

Health Care

Local Governments

Licensing of public vehicles

Regional finance

– taxation, budget, and audit

Concurrent Powers

Environment

Police

Income taxes/VAT

Social welfare

Cultural Development

Natural Resources

Tourism

Roads and Highways

FISCAL DIMENSION OF FEDERALISM

- Revenue sharing and long term viability of created political units will surely be the bedrock of any Federal Union. Hence in the current debate both within Congress, Consultative Commission and agencies of the Executive Department are working on a formula grounded on real fiscal conditions.
- Revenue sharing measure proposal such as those aired by Former Senate President Pimentel who proposed as 80-20 percent revenue sharing remains a proposal.
- Experiences of Federal Countries illustrates a revenue sharing formula that will be based on compromise between Federal Government and State government.
- It should be noted models are being worked on by the DILG, PLLO, PIDS and Local Government Academy. We should be reminded that "costs" of political reform should not be seen as a Cost- Benefit divide, rather its an investment in the future stability and development of the Philippines.