

1ST QUARTERLY SEMINAR & MEETING

Philippine Association for Government Budget Administration (PAGBA), Inc.

April 05, 2017

Crown Legacy Hotel, Baguio City

RONALD R. BARCENA
Councilor, 1st District
Antipolo City, Rizal



Philippine Association of Government Budget Administration
2017 1st Quarterly Seminar & Meeting, April 5-8, 2017
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FEDERALISM

BRAZIL

GERMANY

SINGAPORE

MEXICO

AUSTRIA

SWITZERLAND

National

State

BELGIUM



CANADA

ARGENTINA

VENEZUELA

MALAYSIA

THE ORIGIN OF FEDERALISM

- Began in May 1787 when **George Washington**, **Alexander Hamilton**, and **James Madison** together with other nationalist leaders called upon a constitutional convention in Philadelphia
- The convention that produced the Constitution of the United States which was ratified in 1788.
- Framers of the Constitution rejected both confederal and unitary form of government, therefore; they based the new American government on a new theory **FEDERALISM**

THE ORIGIN OF FEDERALISM

FEDERALISTS thought that:

- In a **confederation**, the member states make up the union. Sovereignty remains with the states and individuals are citizens of their respective states, not of the national government.
- In a **unitary system**, on the other hand, the national government is sovereign and the states, if they exist at all, are mere administrative arms of the central government.
- In the **American federal system**, the people retain their basic sovereignty and they delegate some powers to the national government and reserve other powers to the states. Individuals are citizens of both the general government and their respective states.

DISTRIBUTION OF POWER

Describes **how power is organized**

- ✓ In a **UNITARY-** concentrated at one national level
- ✓ In a **CONFEDERATION-** decentralized at the regional level
- ✓ In a **FEDERAL SYSTEM-** Shared between national and regional levels

CONFEDERATION

FEDERATION

SOVEREIGNTY

- Held by the member states. In a Confederation, the federal government is accountable to the member states, who are the ultimate authority.
- Held by the federal government. In a Federation, the federal government will hold the ultimate authority and the member states will be subordinate to it.

CENTRAL AUTHORITY

- The central authority of a confederation is usually a weak body appointed by the member states.
- The central authority of a federation is a federal government which governs the member states.

POWERS OF THE CENTRAL AUTHORITY

- Usually will focus on joint foreign policy and defense matters, but rarely will have the power to do much more than that.
- Usually will focus on joint foreign policy and defense matters, but rarely will have the power to do much more than that.

By definition the difference between a **confederation** and a **federation** is that the membership of the member states in a **confederation** is voluntary, while the membership in a **federation** is not.

ADVANTAGES AND DISADVANTAGES OF FEDERALISM

Benefits:

- **As a Protection Against Tyranny** – one of the most important points to why the system was designed the way it was.
- **Diffusing Power** – serves as a means to make sure that all power is not centralized into a single person or group of people, since excessive power among a single group tends to be corrupting.
- **Increasing Citizen Participation** – being closer to the level of the common citizen, it increased a citizen's ability to effect their government, government policy, and lawmaking.

ADVANTAGES AND DISADVANTAGES OF FEDERALISM

Benefits:

- **More Efficient** – When some of the power of the government is dispersed among the states, giving states the right to solve some of their own problems, you allow for more efficiency within the system.
- **Conflict Management** – By allowing different communities and states to create their own policies, they allow for people with irreconcilable differences, or very strong disagreements, to live in separate areas, and create their own solutions, or policies, that would be totally disagreeable to the other people in other states or regions of the country.

ADVANTAGES AND DISADVANTAGES OF FEDERALISM

Benefits:

- **Innovation in Law and Policy is Encouraged** – By allowing for many state governments, different sets of policies can be tried, and the ones found most effective at solving its problems can then be implemented in other states, or on the national level.– something that is rejected in one state can most likely be tried in another state, with competition leading the way, based on effectiveness of those laws.
- **State Governments Can be More Responsive to Citizen Needs** – The closer a government entity is to its citizens, the more likely it is the respond to their needs. States are more likely to listen to citizen needs, and respond to them, than the national government would be.

ADVANTAGES AND DISADVANTAGES OF FEDERALISM

Disadvantages:

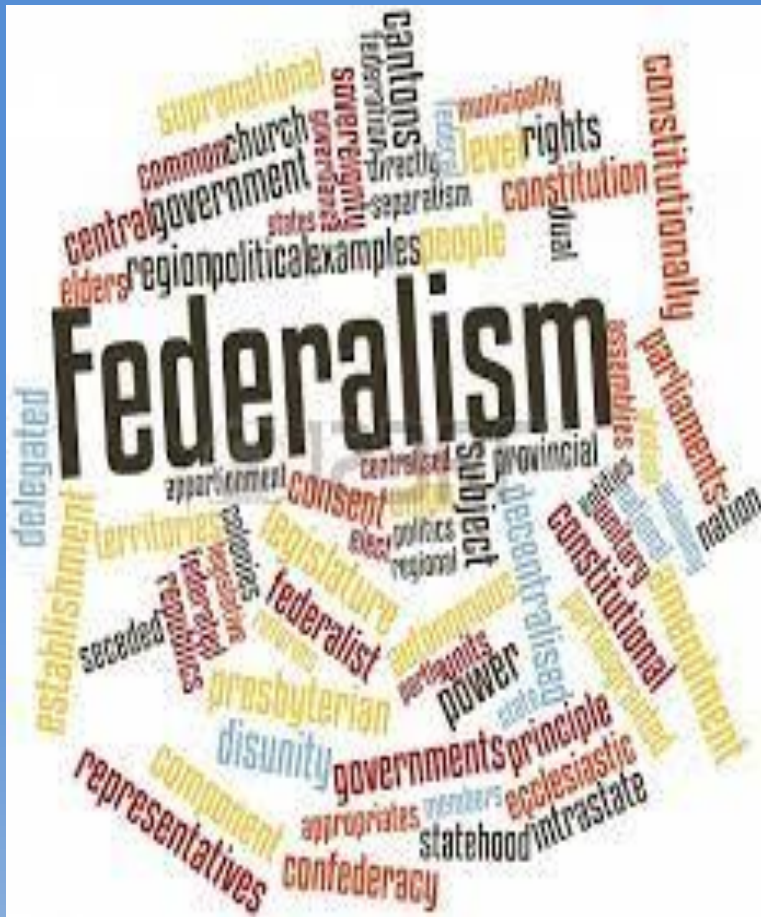
- **It had a History of Protecting Slavery and Segregation** – Cited as one of the main detriments, slavery was a state issue which was something that could not be removed on the national level.
- **It Allows for Inequalities Between Different States** – since it is a state issue, some states will spend more, per capita, than other states, causing what could be considered a disparity.

ADVANTAGES AND DISADVANTAGES OF FEDERALISM

Disadvantages:

- **The Blockage of Nationalist Policies by States** – States can fight against the existence of certain national laws by challenging them in court, or going out of their way to not enforce those national laws, or even deliberately obstructing enforcement of national laws.
- **Racing to the Bottom** – states will compete with each other in an oppositional way, by reducing the amount of benefits they give to welfare recipients compared to a neighboring state, motivating the undesirables to go to the neighboring state, thereby reducing their welfare costs even more. This reduction of state benefits to needy has been deemed the ‘race to the bottom.’

FROM UNITARY TO FEDERALISM...



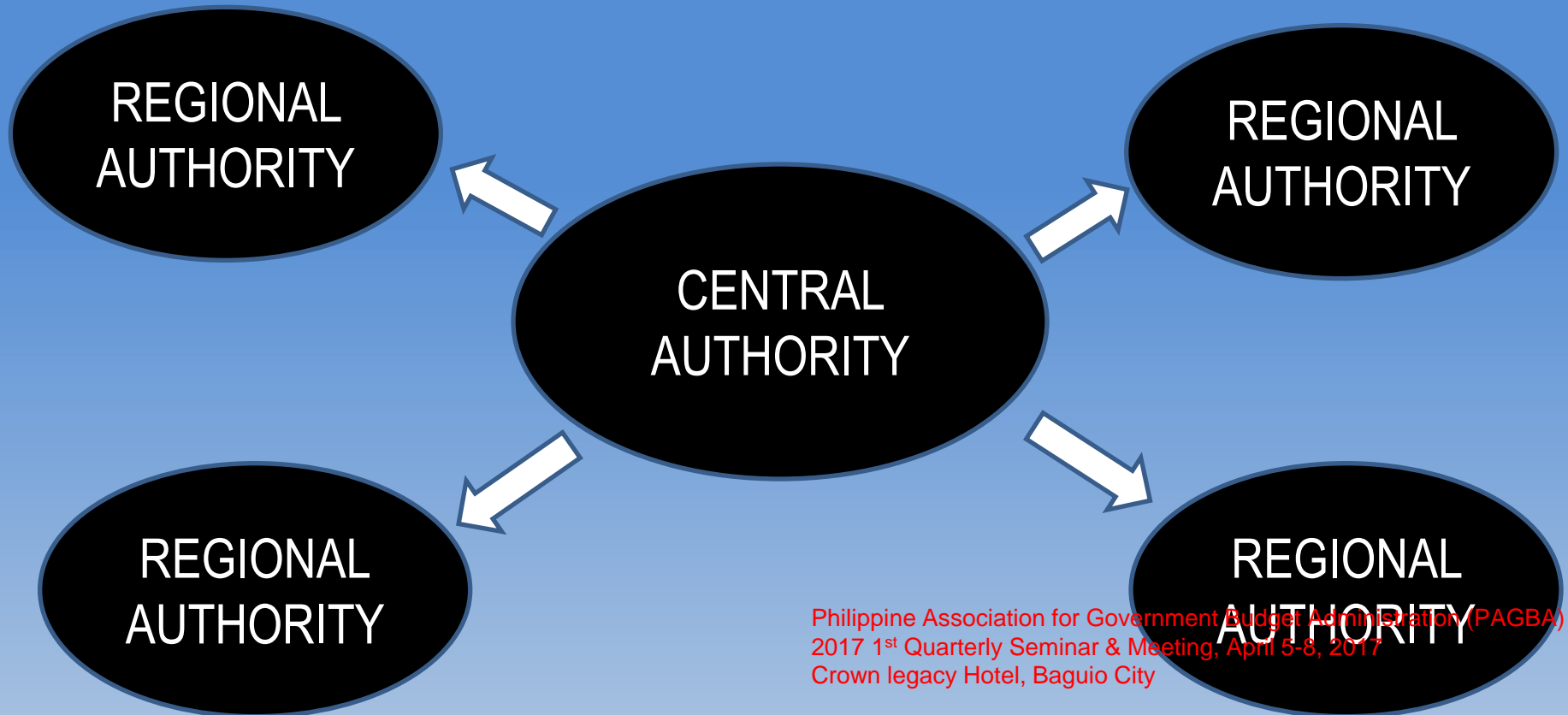
WILL IT BRING CHANGE???

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THE PRESENT SYSTEM OF GOVERNMENT

THE UNITARY SYSTEM

The power comes from the national government and flows down to the local governments and in which the central government has the power to create and abolish its administrative divisions or sub-national units. *(Bin, 2012)*



THE PRESENT SYSTEM OF GOVERNMENT

THE UNITARY SYSTEM

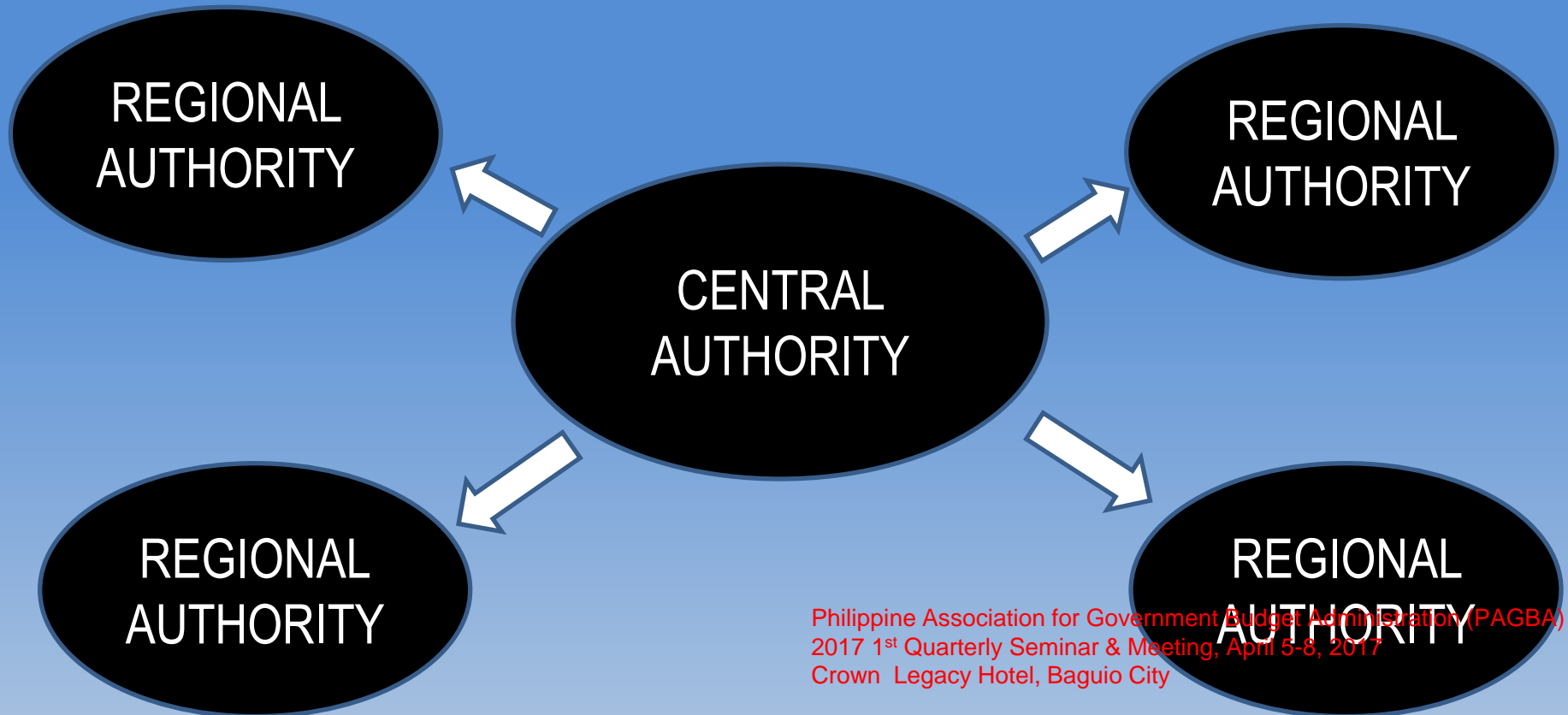
All Powers and Authority of the state are vested in the highly centralized government with the following aspects:

- It has a Constitution that outlines the duties, powers, and people of the central government. LGU has its uniform laws called Local Government Code
- It has a Constitution that outlines the duties, powers and people of the central government
- Central government can give power to create lower levels of government like cities, municipalities, provinces and regions.

THE PRESENT SYSTEM OF GOVERNMENT

THE UNITARY SYSTEM

- one in which power — decisions, policies, and programs — emerging from the central government.





- **Of the 100% revenues/annual income of the LGU, 70% is to be remitted to the central and 30% is to be retained by the LGU.**

- Budget and fiscal autonomy have been a long-standing issue among local government units (LGUs) in the country
- One contention of federalism advocates is that major tax revenues are turned over to the national government.
- programs of the national government are "downloaded" to lower-income municipalities without the benefit of evaluating whether they are applicable and sustainable

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- In this case, there is a little favor given to the people living live in the remote areas.
- They cannot fully acquire the resources that they are entitled to.
- Resources and authority are invisible and inaccessible to the people because of the costly, time- consuming, stifling, and demoralizing effects of excessive central government controls and regulation in our traditional unitary system

2016 NATIONAL BUDGET

Budget per Region



*Excludes allocations for the Office of the President, Office of the Vice President, and Congress which are located in this region.

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The background of the slide is a stylized graphic. On the left, there is a portion of the Philippine flag, showing the blue upper triangle, the white lower triangle, and the golden sun and star. On the right, there is a white silhouette of the Philippine archipelago against a dark blue background. The word "FEDERALISM" is written in large, white, bold, sans-serif capital letters across the center of the image.

FEDERALISM

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“His pitch for it mainly involves two things: economic development not just for Metro Manila but for all the regions and peace, particularly in the south.”



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FEDERALISM

- It is a form of government where sovereignty is constitutionally shared between a central governing authority and constituent political units called states or regions.
- In basic terms, it will break the country into autonomous regions with a national government focused only on interests with nationwide bearing: foreign policy and defense, for example.
- The autonomous regions or states, divided further into local government units, will have primary responsibility over developing their industries, public safety, education, healthcare, transportation, recreation, and culture. These states will have more power over their finances, development plans, and laws exclusive to their jurisdiction.
- The central government and states can also share certain powers.

FEDERALISM

- The process of shifting to the federal form from the present unitary form will require constitutional reform or charter change.
- Constitutional reform is a constituent act—one that must have the consent of the citizens.
- Thus, a plebiscite needs to be conducted after a massive information drive.

PROPOSED FEDERAL STATES

Based on a 2008 proposal by former Sen. Aquilino Pimentel Jr.



Source: Senate.gov.ph

State	Capital
Federal Administrative Region of Metro Manila	Manila
Northern Luzon	Tuguegarao
Central Luzon	Tarlac City
Southern Tagalog	Tagaytay
MinPaRoM	Mamburao
Bicol	Legazpi
Eastern Visayas	Catbalogan
Central Visayas	Cebu City
Western Visayas	Iloilo City
Northern Mindanao	Cagayan de Oro
Southern Mindanao	Dayao City
Bangsamoro	Marawi

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PROPOSED FEDERAL STATES

Based on a 2008 proposal by former Sen. Aquilino Pimentel Jr.



Source: Senate.gov.ph

INCOME SHARING

National Federal Government

20%

100%

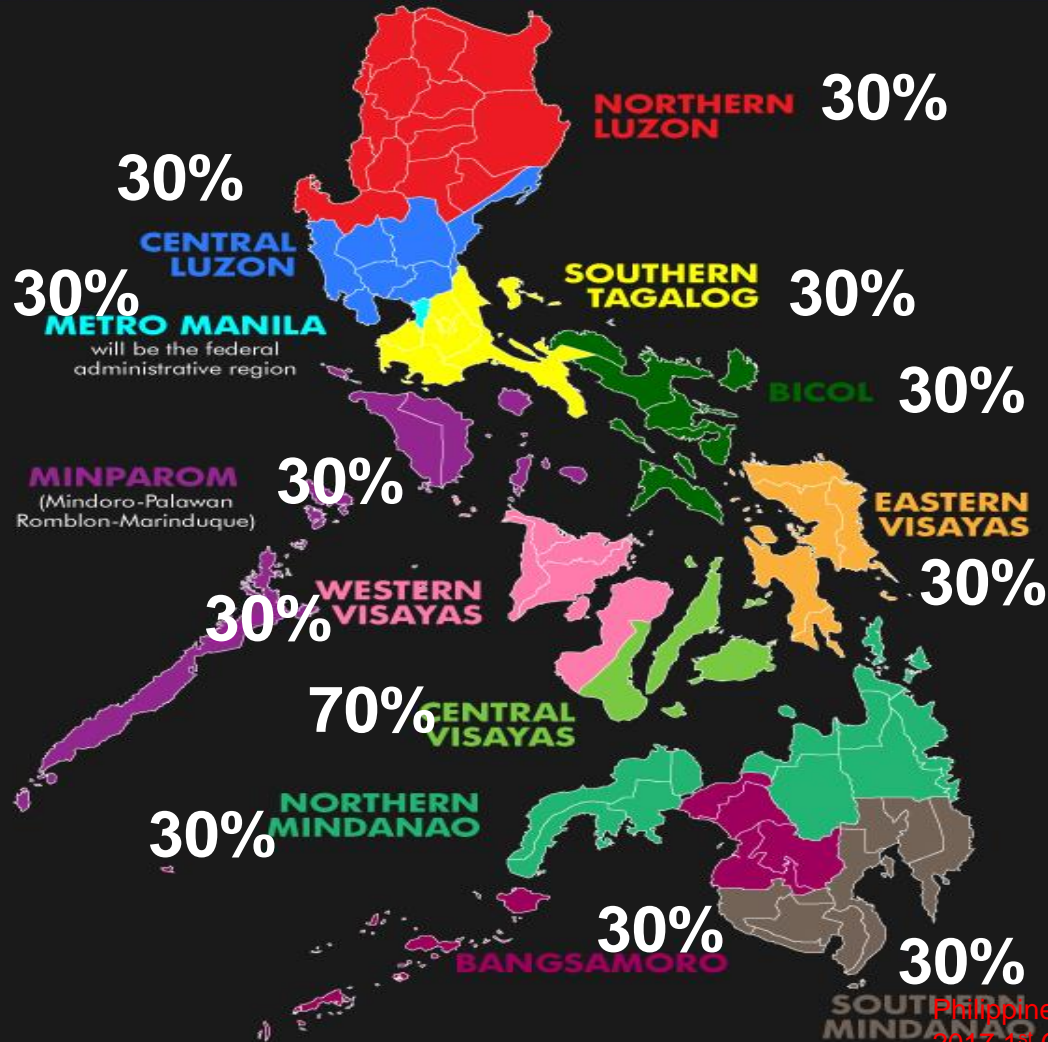
Local State Government

80%

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PROPOSED FEDERAL STATES

Based on a 2008 proposal by former Sen. Aquilino Pimentel Jr.



Source: Senate.gov.ph

INCOME SHARING

Local State Government

80%

70%

- Provinces
- Cities/Municipalities
- Barangays

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EXECUTIVE AND LEGISLATIVE BODY



- **PRESIDENT & VICE-PRESIDENT-** will be elected as tandem not separately
- **SENATORS**-each of the federal states will elect 6 senators that will serves as representatives for each state. Nine senators will also be elected overseas. Over all, there will be 81 senators in this new system of government .
- **REPRESENTATI VES-** will be elected per district

LEGISLATIVE POWERS

National Federal Government

- National security
- Coinage or currency
- International and foreign relations

Local State Government

- Establish local governments
- Powers of taxation
- Functions of providing social services, education, health, environmental protection, etc.

POWER SHARING AND COORDINATION

The Federal And State
Governments Are Coordinating On
The Following Aspects:

Environmental Protection

School Calendar Days

School Curriculum

Qualifications of Teachers

Enact and Enforce Law and Order

Tax Collection



PROMISES OF FEDERALISM



- **Locals decide for themselves.** Regions have their own unique problems, situations, geographic, cultural, social and economic contexts. Federalism allows them to create solutions to their own problems instead of distant Metro Manila deciding for them.

- The states can establish policies that may not be adopted nationwide. For example, liberal Metro Manila can allow same-sex marriage which the state of Bangsamoro, predominantly Muslim, would not allow.

- This makes sense in an archipelago of over 7,000 islands and 28 dominant ethnic groups. For decades, the national government has been struggling to address the concerns of 79 (now 81) provinces despite challenges posed by geography and cultural differences.

PROMISES OF FEDERALISM



- **More power over funds, resources.** Right now, local government units can only collect real estate tax and business permit fees. In federalism, they can retain more of their income and are required to turn over only a portion to the state government they fall under.

Thus, local governments and state governments can channel their own funds toward their own development instead of the bulk of the money going to the national government. They can spend the money on programs and policies they see fit without waiting for the national government's go signal.

PROMISES OF FEDERALISM



•**Promotes specialization.** The national and state governments can specialize in different policy domains. With most administrative powers now with the regional governments, the national government can focus on foreign policy, defense, and other nationwide concerns, like healthcare and taxation.

States have more autonomy to focus on economic development using their core competencies and industries. The state of Central Luzon can focus on becoming an agricultural hub. The state of Mimaropa, home to Palawan, can choose to use eco-tourism as its primary launch pad.

PROMISES OF FEDERALISM



• **Possible solution to the Mindanao conflict.** The creation of the state of Bangsamoro within a federalist system may address concerns of separatists who crave more autonomy over the administration of Muslim Mindanao.



• **Decongestion of Metro Manila.** Through fiscal autonomy for state governments, federalism will more evenly distribute the country's wealth. In 2015, 35% of the national budget went to Metro Manila even if it represents only 14% of the Philippine population.

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PROMISES OF FEDERALISM



- **Lessens dependence on Metro Manila.** With federalism, regions work independently of Metro Manila for most concerns especially during upheavals when most of the regions have nothing to do with them

- **Brings government closer to the people.** It will make all local leaders, including those part of political dynasties, more accountable to their constituents. State governments will no longer have any excuse for delays in services or projects that, in the present situation, are often blamed on choking bureaucracy in Manila.



PROMISES OF FEDERALISM



•**Encourages competition.** With states now more self-reliant and in control of their development, they will judge themselves relative to how their fellow states are progressing. The competitive spirit will hopefully motivate state leaders and citizens to level up in terms of quality of life, economic development, progressive policies, and governance.

DISADVANTAGES OF FEDERALISM



- **Confusing overlaps in Jurisdiction.** Where does the responsibility of state governments end and where does the responsibility of the national government begin? Unless these are very clearly stated in the amended Constitution, ambiguities may arise, leading to conflict and confusion.

DISADVANTAGES OF FEDERALISM



• **May not satisfy separatists in Mindanao.** Separatists are calling for their own country, not just a state that still belongs to a larger federal Philippines. Federalism may not be enough for them. After all, the conflict continues despite the creation of the Autonomous Region in Muslim Mindanao.

DISADVANTAGES OF FEDERALISM



Possibly divisive. Healthy competition among states can become alienating – creating rivalries and promoting the regionalism that some say already challenges the sense of unity in the country. It could enflame hostilities between ethnic groups in the country like Tagalogs, Cebuanos, Bicolanos, Ilocanos, Tausugs, and Zamboangueños.

DISADVANTAGES OF FEDERALISM

• **Uneven development among states.** Some states may not be as rich in natural resources or skilled labor as others. States with good leaders will progress faster while states with ineffective ones will degrade more than ever because national government will not be there to balance them out.



“Our unitary system of government, where power and financial resources are concentrated in the central government, has failed the Filipino people. It has spawned poverty, corruption and a host of other problems. Only those benefiting from the present system resist change. The time to break loose from a shackling system is now.”



RITA LINDA V. JIMENO

THE MOST IMPORTANT KEY TO FEDERALISM

Discipline

**is the bridge
between goals
and accomplishment**

-Jim Rohn

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“The combination of Federalism and Republicanism which formed the substance of the system, need not constitute a progressive and formative political principle, but it pointed in the direction of constructive formula.”

- Herbert Croley

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