

**2005 Consultative Commission to Propose the
Revision of the 1987 Constitution**

**Transcript of the Proceedings
Session No. 15
09 December 2005**

CALL TO ORDER

At 10:45 a.m., the presiding officer, Commissioner Alfredo E. Abueg, Jr., called the session to order.

COMMISSIONER ABUEG.
The session is in order. Floor Leader?

NATIONAL ANTHEM

COMMISSIONER APOSTOL.
Mr. Chair, let's sing the national anthem.

COMMISSIONER ABUEG.
May we request everybody to please rise?

(The Commissioners sing the Philippine National Anthem.)

PRAYER

COMMISSIONER ABUEG.
Please remain standing for the invocation.

COMMISSIONER APOSTOL.
I move that we recognize Sister Soriano to lead the prayer.

COMMISSIONER ABUEG.
Sister Soriano may please lead the prayer.

COMMISSIONER SORIANO.
Let us pause for a moment and ask the Holy Spirit to guide us in all our deliberations and discussions today.

Come Holy Spirit, fill the hearts of Your faithful and enkindle in them the fire of Your love. Send forth Your Spirit and they shall be created and You shall renew the face of the earth.

Let us pray. O, God, please instruct the hearts of Your faithful by the light of the Holy Spirit. Grant that by the gift of the same spirit, we may be always truly wise and rejoice in His consolations, through Christ, our Lord. Amen.

ROLL CALL

COMMISSIONER ABUEG.
Floor Leader.

COMMISSIONER APOSTOL.
Mr. Chair, I move that we suspend the calling of the roll.

COMMISSIONER ABUEG.
Any objection? There being none, the roll call is suspended. Floor Leader.

COMMISSIONER APOSTOL.
Mr. Chair, on the Business of the Day, we take up the Structure of the Republic. I move that we recognize the Chairman, the Honorable Teves, to deliver the sponsorship speech.

COMMISSIONER ABUEG.
No objection for the...?

QUESTION OF PRIVILEGE BY COMMISSIONER GARCIA

COMMISSIONER GARCIA.
Mr. Chairman, I rise on a question of personal and collective privilege.

COMMISSIONER ABUEG.
May the gentleman please state his reason thereof?

COMMISSIONER GARCIA.
Yes, it involves the dignity and integrity of this person, as well as the collective integrity and dignity of this Commission.

COMMISSIONER ABUEG.
The gentleman has five minutes.

COMMISSIONER GARCIA.
Mr. Chairman, last night, I was not able to attend the party because I was visited by the ghost of Hamlet. And so I recall a few lines, "To be or not to be, that is the question. Whether 'tis nobler in the mind to suffer the slings and arrows of outrageous fortune, or take arms against a sea of troubles, and in desperation, end them." Yesterday, Mr. Chairman, I was the victim of an outrageous fortune. I felt betrayed by the leadership. I felt that I was being used by the leadership in extricating himself from a problematic situation for which he was ill-prepared to handle.

Yesterday morning, we had a breakfast meeting or conference with Secretary Ermita, Secretary Tiglao, Secretary Reyes, Secretary Claudio. You were there, Mr. Chairman. My understanding was that that meeting was supposed to be confidential. And when Secretary Ermita said that this is, we had a free-wheeling discussion so we expressed our views on certain issues. I brought out my concern and it was not intended for any purpose than just to bring into attention of the Secretary because we are here by virtue of an Executive Order and we wanted our efforts to succeed. I did not realize that the Chairman could have felt responsible for the situation. And I did not also realize that he would handle the situation in his own way. And so yesterday afternoon, I was rather shocked that the matter had to be brought out in the open and the

Chairman had to call an executive session. This was a problem that should have been handled with tact, with wisdom and with courage. But I suppose the Chairman did not want to handle it himself. He wanted some support. So he wanted to throw the problem to the entire Commission and betrayed the confidence that was supposed to be communicated in that meeting. I would not care what would happen, that was my own view. But probably he felt responsible for it because, indeed, he is responsible. From the beginning, we have stressed again and again that our mandate is only to deal with three provisions in the Constitution. But yet the Chairman...

COMMISSIONER ROMUALDO.
May I ask that this be an executive session?

COMMISSIONER LORENZANA
Can we ask the...?

COMMISSIONER APOSTOL
Mr. Chair, I move that we call for a two-minute recess.

SUSPENSION OF SESSION

COMMISSIONER ABUEG.
Session is suspended.

It was 10:55 a.m.

RESUMPTION OF SESSION

The session resumed at 11:34 a.m.

COMMISSIONER APOSTOL.
I move that we consider the Business of the Day. We should treat first the report of the Committee on Structure of the Republic. So I now call, I request now for recognition of the Chairman of the Committee on Structure of the Republic, the Honorable Teves, to deliver his sponsorship speech.

COMMISSIONER ABUEG.
No objection? The Honorable Teves is recognized.

SPONSORSHIP SPEECH BY COMMISSIONER TEVES

COMMISSIONER TEVES.
Before I make my sponsorship, I don't know if it's still in form, but I'd like to request some Commissioners of the Committee to join me in panel for the interpellation and other aspects, for the debate. I'd like to request Commissioner Joji Bian, Commissioner Adamat, of course, our main proponent, Commissioner Chairman Abueva, Jarius Bondoc, Oca Rodriguez later on.

COMMISSIONER LORENZANA
Tabanda.

COMMISSIONER TEVES
And Betty Tabanda. Mr. Chairman, Honorable Members of the Consultative Commission, my colleagues in the Committee on the Structure of the Republic, ladies and gentlemen. We are

now at the end of an exciting and very rewarding journeying. Indeed, for this Committee, we've been through some humps and bumps and some soft and smooth ride as well. Then again, we are not done yet, this is home stretch but not the finish line. We have a mile to go or even more, but it's been a rewarding journey already. The numerous debates in the Committee and the plenary have been generally instructive and enlightening even if at times free-wheeling and wild-swinging. So much words have been spoken, so much thinking and hard work have been done, I'm sure. I'd like to sincerely thank, on behalf of the Committee, all those who have contributed immensely to the enrichment of our proposal including, and especially those who have been opposed to the basic idea of structural change through federalism. Indeed, we have learned a lot from them as well and we have not been inflexible. Early on, when we joined this Commission, we had a comprehensive and concrete proposal: a draft Constitution, no less. But we have made adjustments, we negotiated, we held on fairly well to some fundamental ideas but we gave up some points as well. This proposal we are humbly submitting to this plenary session, in fact, is already a product of that give and take and it is not complete. We welcome further inputs from the Commissioners during the period of amendments.

I'd like to say we are sorry that the Committee had been unable to take up all the proposals that have been submitted to us and there have been plenty, all well-thought of, well-researched, coming from concerned and involved citizens. Your submissions will be part of the records of this Commission. But for sheer time limitation and the need to focus on specific articles of the 1987 Constitution to introduce our proposed changes in the matter of structure, we really did not have the capability to consider most of the materials offered to us by these fine people. Thanks anyway and we hope for your understanding.

Understanding is also what we are pleading for from our fellow Commissioners this morning. I think we have fairly well established in our discussions here the need for a shift from a present unitary and centralized, to a federal and more participatory system. Indeed, there is a great need to correct the inequities, particularly in countryside or regional development. There is great need to empower furthermore and in more effective ways the regional and local governments. There is great need to enable them to make decisions and implement programs and projects that could respond directly to the real needs of their constituents. There is a need to give them more reasonable powers over their own resources and to be more accountable over such entitlements. But if our discussions in the Committee highlighted such needs, the sentiments expressed by our people in the nationwide consultations gave them even a sense of urgency. In fact, several regions of the Visayas and Mindanao consultation participants strongly disagreed with the long transition, arguing that they need a change now. Of course, in other areas, participants said they can live with a reasonable transition period. But the unmistakable and undeniable message of the consultation is the need to shift from unitary to federal. Participants in all but three of the 22 consultations we conducted endorsed, in overwhelming numbers, the federal option.

Please note that when we started the consultation there was a general sense in the Commission that federalism is strong in many parts of Mindanao and the Visayas only. But the results in Metro Manila and Luzon showed that this is a nationwide sentiment already, including those registered in the ARMM, the Cordilleras and Palawan. The consultations being essentially our mandate as well as reason for being, we can do no less than consider favorably our people's advice. The Committee, therefore, humbly and earnestly requests your approval of our resolution entitled, "Resolution to Propose the Revision of Article X of the 1987 Constitution," in order to provide for an orderly transition from a unitary to federal structure of the Republic within 10 years.

Finally, let me close this Committee sponsorship with a prayer and ask all of you to join me in imploring the almighty father to disturb us, O Lord, when we are too well pleased with ourselves, when our dreams have come true because we have dreamed too little, when we have arrived in safety because we have sailed too close to the shore. Disturb us, O Lord, when with the abundance of things we possess, we have lost our thirst for the water of life, when, having fallen in love with time, we have ceased to dream of eternity and in our efforts to build the new earth, have allowed our vision for the new heaven to grow dim. Steer us, O Lord, to dare more boldly, to venture on wider seas where storms shall show their mastery and where losing sight of land, we shall find the stars. In the Name of Him who pushed back the horizons of our hopes and invited the brave to follow Him. Amen. And thank you.

(Applause)

COMMISSIONER ABUEG.

Are there any other Members of the Committee who will deliver sponsorship speeches? Majority Floor Leader, there appears to be no more Members...

COMMISSIONER APOSTOL.

There appears to be no more sponsorship speech. May we go to now on the period of interpellations.

COMMISSIONER ABUEG.

The period of interpellation is open.

COMMISSIONER APOSTOL.

I move that we recognize Commissioner Alex Magno.

COMMISSIONER ABUEG.

Commissioner Magno is recognized for his interpellation.

COMMISSIONER MAGNO.

Before moving to the interpellation, Mr. Chairman, I just came in from a meeting with some of the reporters and they were complaining about inaccessibility of documents and lack of transparency and I said that I will propose that we put everything on a website to make it available to them. I wonder if that is possible?

SUSPENSION OF SESSION

COMMISSIONER ABUEG.

The session is suspended.

It was 11:46 a.m.

RESUMPTION OF SESSION

The session resumed at 11:48 a.m.

COMMISSIONER ABUEG.

Session is resumed. Majority Floor Leader, will the Majority Floor Leader respond to the remark of Commissioner Magno?

COMMISSIONER APOSTOL.

The Committee on Style will take care of that. We will agree that we will put whatever deliberations we have and whatever we have agreed on the website.

COMMISSIONER ABUEG.

Is Commissioner Magno satisfied?

COMMISSIONER MAGNO.

Yes, Sir.

COMMISSIONER ABUEG.

Floor Leader. Will you, do you have some questions for interpellation?

COMMISSIONER MAGNO.

Yes, Sir.

COMMISSIONER ABUEG.

Please proceed.

INTERPELLATION BY COMMISSIONER MAGNO

COMMISSIONER MAGNO.

Before asking my questions, Your Honor, let me formally resign as Co-Chair of the Committee on the Structure of the Republic; first, to dissociate myself from the Committee Report and second, to have a freer hand at interpellating the Committee Report. Again, with malice towards none, I hereby resign as Co-Chair of the Committee on the Structure of the Republic. May I now proceed with the...

COMMISSIONER APOSTOL.

He is resigning as Co-Chair because he is not in favor of federalism.

COMMISSIONER MAGNO

Just as Co-Chair.

COMMISSIONER APOSTOL

Just as Co-Chair but not as a Member of this Commission.

COMMISSIONER MAGNO

Yes, Sir.

COMMISSIONER APOSTOL

Okay.

COMMISSIONER ABUEG.

The remark is duly noted.

COMMISSIONER MAGNO.

My first question is regarding a study group that was convened and supervised by National Security Adviser Norberto Gonzales and it has been working for three years studying options for constitutional reform. May I inquire, either from the Chairman of my Committee or from the

Chairman of the Commission, why the Commission has not been furnished the report of this study group that has worked for three years?

COMMISSIONER TEVES.

I cannot answer that question. Commissioner Abueva? National Security group daw, study group.

COMMISSIONER MAGNO.

I came to know of this report because some members of the study group came from the Department of Political Science, where I belong, and in the course of my research, uncovered some of their studies, some of them relating to the question of federalism.

COMMISSIONER ABUEG.

The Chairman is recognized to answer for the Committee.

CHAIRMAN ABUEVA.

I wish you would identify these studies because I am not aware of them. I don't meet with National Security Adviser Gonzales. In fact, I meet with very few officials of the government. I work in my shell, most of the time in my college or in UP.

COMMISSIONER MAGNO.

At any rate, I thought that this might have been significant input to our work since they have been working for three years already as a study group. Anyway, my first question on the Committee Report is, what is the basis for determining the sub-national unit or what might be called the federal state or the estado or whatever it's called? Is the basis for determining the sub-national unit one, economic sustainability of that unit; two, is it common historical experience; three, is it linguistic boundary; fourth, is it capacity to generate revenue for itself; and, fifth, because it's an existing baronate, political barony? What is the reason for determining the sub-national unit and defining it as such?

COMMISSIONER TEVES.

Well, all the first four, actually that you mentioned, Commissioner Magno. And also in relation to process, the process of the formation of such, we've made, that has evolved already into a process that can be called even more bottoms-up type, while we started actually with some recommendations regarding 12 or so Commissioners.

COMMISSIONER MAGNO.

Would there be minimum requirements for statehood?

COMMISSIONER TEVES.

Minimum requirements are, considering those four criteria, minimum requirements because there's going to be a process of the territorial units themselves working out and applying for kuwan in due time.

COMMISSIONER MAGNO.

Well, since you admitted economic sustainability is one criterion, what should be the criterion before statehood is allowed?

COMMISSIONER TEVES.

Well, economic viability and, but I suppose that the standards for such would have to be worked out yet.

COMMISSIONER MAGNO.

I ask, Mr. Chairman, because in Section 1, you say that, "in not more than ten years", meaning that all regions should meet some unstated minimum requirement, meaning that, removing barony, economic sustainability, common historical experience, linguistic boundary and revenue capacity.

COMMISSIONER TEVES

Yes, during this period.

COMMISSIONER MAGNO

During the period of 10 years, we assume that some of the pre-defined federal states would have generated sufficient revenue capacity?

COMMISSIONER TEVES.

That's the expectation, yes, some.

COMMISSIONER MAGNO.

What is the basis of that optimism, Mr. Chairman?

COMMISSIONER TEVES.

Well, the existing realities plus what we hope, what we believe will be unleashed, the energy unleashed and resources generated, additional resources generated, by such new energy in the regions once we put in place the federal setup. Well, not the federal setup immediately but the transition autonomous regions.

COMMISSIONER MAGNO.

Are we not setting minimum requirements before allowing a state to federalize?

COMMISSIONER TEVES.

May I ask Professor Abueva to...?

COMMISSIONER MAGNO.

I'm laying the predicate, Mr. Chairman, because my main question will be on the fiscal dimension of this whole process.

CHAIRMAN ABUEVA.

As the Chairman of the Committee has stated, Mr. Chairman, the creation of the Federal Republic and the component autonomous regions, which will be the future federal states, is a political process. We are leaving it to the judgment of the Parliament as well as the leaders of prospective autonomous regions to negotiate the wisdom, the practicality of creating the autonomous region. There are those criteria, three criteria, that we have already stated but we leave it to the leaders in the Parliament and in the regions, the provinces, cities, municipalities comprising the region to come to a decision that a particular area, contiguous area, which we call a region, is suitable to be converted into an autonomous region. As of now, they remain as administrative regions. We number them from one to 13 plus the Autonomous Region of Muslim Mindanao. So it's the interaction, the negotiation, between Parliament and the leaders of prospective regions to come to a decision to have an Organic Act passed by Parliament and exercising the self-determination of the leaders and the people in the prospective autonomous regions, there will be a plebiscite. The Organic Act by Congress will be subjected to a plebiscite in the prospective autonomous region. And if the plebiscite approves this, that means that in the

judgment, the collective judgment of Parliament and the leaders concerned in the region, there is good reason to setup an autonomous region preparatory to becoming a federal state.

COMMISSIONER MAGNO

But what you mentioned, Mr. Chairman, is a political process. But Commissioner Teves said that the basis for determining the sub-national unit would include economic sustainability and revenue capacity. What is the basis, therefore, for the Constitutional command that in not more than 10 years, they should be federalized regardless of revenue capacity or economic sustainability?

CHAIRMAN ABUEVA.

Mr. Chairman, when we say the leaders of Parliament and the leaders in the region will come to a decision, they will be at the service, at the beck and call, of Parliament, all the agencies of government that can be able to supply the data, the economic data, the social data and other kinds of necessary data for coming into this judgment. So, since you are a political scientist like I am, when we say it's a political decision, we always say it is informed by the best other judgments that have to be made which will include all relevant data.

COMMISSIONER MAGNO.

So that it is inconceivable for Parliament to reject federal status for any political unit that demands it but is unable to exercise it?

CHAIRMAN ABUEVA.

That is up for the Parliament to judge.

COMMISSIONER MAGNO.

But if this command for not more than 10 years is obeyed, will not Parliament, in doing an economically rational act, commit an unconstitutional act at the same instance, Mr. Chairman?

COMMISSIONER ABUEVA

No. There is no compulsion on the part of the prospective regions to become autonomous regions. They have a plebiscite as a matter of fact. So, they may not, in the plebiscite, the proposition might lose or there are other regions that may opt not to be the subject of an Organic Act of Congress. In other words, that is why we talk about self-determination. It is a willful act on the part of the people in the regions. And 10 years should be plenty of time to have this process on and we are confident that putting the best minds into this process, that it will be a rational decision-making process.

COMMISSIONER MAGNO.

I had occasion to mention in the earlier turno en contra on the matter that only four of the existing administrative regions earn revenues larger than their operational and administrative cost. Are we now saying that in 10 years, we expect all 14 regions to generate revenue larger, at least, than their operational and administrative cost without the added burden of regional agencies and regional parliaments and whatever, all the million or so additional state workers that will be put on the federal payroll.

COMMISSIONER TEVES.

We expect that to happen when precisely the structure, the relationship between central government and the regions will be altered generally in favor of the self-autonomous or the autonomous regions because there is here involved this matter of retention of wealth and

revenues that presently, under a unitary centralized system, are just remitted to the central office and then it comes back on the basis of decisions made from central office.

COMMISSIONER MAGNO

Yeah, but what I'm pointing out...

COMMISSIONER TEVES

Whereas, if we are able to reverse the situation in the light of a new structure of autonomous regional governance and local government wherein resources are retained and only the share of that region, that political unit, will be remitted to national.

COMMISSIONER MAGNO.

Mr. Chairman, what I am saying is that 10 of the 14 existing administrative regions are revenue-negative, meaning that their revenue collection is less than their overhead. If these were corporations, they would be losing money. If these were state corporations, they would be part of the consolidated public sector deficit. The provision here assumes that in 10 years, the 10 of the 14 revenue-negative administrative regions will be revenue-positive. What is the macro-economic projection that underlies this optimism, Mr. Chairman?

COMMISSIONER TEVES.

If you do not mind, Commissioner Alex Magno, I would like to call Senator Ting Paterno to respond.

COMMISSIONER ABUEG.

Commissioner Paterno is recognized to answer for the Committee.

COMMISSIONER PATERNO.

Are we dividing the House already? Mr. Chairman, I think this is a very pertinent question. Unfortunately, just to preface my response, unfortunately, the Federal Movement, or the Citizens' Movement for a Federal Philippines was not able to raise the, you might say, the resources to do a rigorous study on the economics. However, it is my understanding, since I did not participate in the deliberations, it is my understanding that the proposal aims to have autonomous regions created, taking into consideration their economic viability as autonomous regions. And therefore, according to the Chairman of the Committee, the creation of the regions will have to depend on whether in fact they are economically viable as such. So, we can see combinations...

COMMISSIONER MAGNO.

Therefore, they might not make it in 10 years, which in economic development is a very short time.

COMMISSIONER PATERNO.

I agree with you, Mr. Chairman. However, I have the feeling that perhaps the people who oppose a federal state do not take amply or sufficiently into account the fact that at the present time, the local governments are not really very interested in tax collection. And the reason is that they do not see what their participation is in the taxes that are collected.

Secondly, Mr. Chairman, the IRA, Internal Revenue Allotment, creates a dependence by the local government on what are seen as dole-outs by the national government without much reference to actually the collection from that region. One of the major objectives of a federal structure is to have the taxes that are collected in a province or region used as much as

possible within the region itself. I would like to relate this to the way that commercial banks, and here I can invite the response of one of the Commissioners, Ambassador Yuchengco, who is himself involved in commercial banking. The commercial banks, in a study that we had in my committee staff in the Senate in 1989 or 1990, we found that the deposits of commercial banks in particular provinces or regions are remitted to the head office in Manila in the proportion averaging about 50%. In other words, half of the deposits in a region are remitted by their branches in that region to the head office in Manila. And the head office in Manila very often does not provide a corresponding share of the loans of that deposit remitted to Manila to the residence or the corporations in that region. I think there is a similarity there between the national government's treatment and the commercial bank's treatment of the provinces and regions.

COMMISSIONER MAGNO.

Using that example, Your Honor, I sit on the Board of DBP and four years ago, I proposed that all our branches be treated as subsidiaries. Meaning, if they lose money, we close them. We treat them as independent subsidiaries, which our branches resisted because 70 of our 77 branches lose money. And 90% of the bank's income comes from operations at the head office. And over the last year, half of the bank's total net income came from treasury operations.

COMMISSIONER PATERNO.

Well, one of the reasons why lending is not exercised at the provincial level is that there is very little authority at the provincial level to lend the funds and the bank, if I take it, really considers treasury operations to be more profitable for itself than lending in the provinces. Yet in the case of commercial banking, it seems inequitable if half of the capital represented in the deposits by residents and companies of that province are transferred to Metro Manila to be lent there. Mr. Chairman, this situation results in the transfer of capital from poor regions to an already affluent region. And in the same way, taxes, it seems are transferred, taxes that could be collected in that region, are transferred to Manila and doled out as just dole-outs and as just shares of the province. In this situation, Mr. Chairman, we are creating a culture of dependence, a culture of dependence by the provinces on the imperious dictates of Malacañang, well not Malacañang perhaps, but the national government. I wish that the gentleman, like DBP, would consider that an inequitable structure may yield profits but not necessarily development and equity for the people.

COMMISSIONER MAGNO.

Well, in the case of our bank, Sir, we take great effort to lose money at the branches. *(Laughter)* Therefore, there is additional pressure on us to make money at the home office. Well, because of the nature of development banking.

COMMISSIONER PATERNO.

This is a question of the structure. If you ask the people in the provinces, what is the level of authority of a provincial branch of DBP to make loans? How much is that authority of the provincial, of the branch manager?

COMMISSIONER MAGNO.

In our case, P20 million.

COMMISSIONER PATERNO.

I am sorry, Sir. I must disagree with you. I know you are a Director of DBP but I was also a Governor of DBP for quite some time. And I would like to challenge your assertion that the authority of a provincial branch manager of DBP is P20 million.

COMMISSIONER MAGNO.
Area manager, area management of...

COMMISSIONER PATERNO.
That is different, not the provincial branch. Area is a regional. There is a difference.

COMMISSIONER MAGNO.
Anyway, Your Honor, the main point of my interpellation is what validates the 10-year horizon.

COMMISSIONER PATERNO.
That is not a question of economics. That's a question of politics. I am not capable of answering that.

COMMISSIONER MAGNO.
But if we do not ground it in economic reality, this will be pure fantasy, which politics tends to generate.

COMMISSIONER PATERNO.
The problem with grounding it, Mr. Chairman, in present economic reality is that present economic reality is really on the basis of dependence by the provinces on the national government. That economic reality, if we agree, should be perpetuated. Then, I think, there is little hope for this country.

COMMISSIONER MAGNO.
Well, because there is a related question to revenue capacity which is service of the foreign debt. We will need about three decades to pay down the existing foreign debt and there is no mention here that the foreign debt will be redistributed to the federal states on a per capita basis.

COMMISSIONER PATERNO.
Mr. Chairman, I would like to ask one of those who have been Governors or are presently Governors of their provinces to just tell us if, on a federal state basis, the collection of taxes will not increase in their respective areas provided that the province or the local government will share equitably in the collection, in the proceeds of the collected taxes. If there is one Governor who might...

COMMISSIONER APOSTOL (*off mic*)
Governor Ortega, Governor Romualdo.

COMMISSIONER MAGNO.
The contention I am trying to build, Your Honor, is that if federalism could be demonstrated as fiscally superior, then it's an easy thing to sell.

COMMISSIONER PATERNO.
Mr. Chairman, we cannot demonstrate that in the present reality because the Provincial Governments do not get much participation in their taxes. As a matter of fact, many Governors will tell us that large corporations operating mainly in their provinces are headquartered in Manila and pay their income taxes here. I was going to invite, with the permission of the Chair, I would ask the Chair to allow one of the Provincial Governors or former Governors here present to make their point.

COMMISSIONER APOSTOL *(off mic)*
Some of them are against.

COMMISSIONER ABUEG
Governor Garcia...

COMMISSIONER MAGNO.
But just to end so I can yield the interpellation for the moment...

COMMISSIONER ABUEG.
Commissioner Garcia is recognized to share time with Commissioner Paterno.

COMMISSIONER GARCIA.
Actually, Mr. Chairman, in the matter of taxes, it is just a question of giving the Governors a bigger share. Right now, it is 60-40. Reverse the process and the Governors will be happy. They do not need any federal government for that and another level of authority above them because that will diminish their local autonomy. That is the hard real fact.

COMMISSIONER ABUEG.
Thank you, Commissioner Garcia. We return to Commissioner Paterno. Commissioner Paterno has the floor.

COMMISSIONER APOSTOL.
Mr. Chair, may I remind the interpellator and the one answering that they have only three minutes. Otherwise, we will not end this debate.

COMMISSIONER MAGNO.
May I wrap up with the last...

COMMISSIONER ABUEG.
Commissioner Paterno still has the floor; he merely shared his time with Commissioner Garcia.

COMMISSIONER PATERNO.
Well, it seems clear that the arguments of economic unviability that had been proposed are grounded on what is called the present reality, the present economic reality. And we have a former Governor of Cebu saying that that reality will change with autonomy of the regions. So, perhaps, well, with autonomy. So the judgment as to viability really needs to take into account these statements by responsible leaders of the Provincial Governments. And therefore, the argument against federalism cannot be based on economic reality at the present time.

COMMISSIONER MAGNO.
Just to wrap up, Mr. Chairman, with the last point. Is it therefore fair to say that we all agree that the horizon of 10 years is a horizon that is not supported by economic, fiscal and revenue facts on the ground? Can we agree on that, Mr. Chairman?

COMMISSIONER TEVES.
I would like to invite, if you don't mind, Professor Jurado, to answer. He is a member of our panel.

COMMISSIONER ABUEG.
Professor Jurado is recognized to answer for the Committee, for the sponsoring Committee.

COMMISSIONER JURADO.

The extremes between the questioner and the members of our group providing the answers, the encounter has been enlightening. However, I find that the question of Commissioner Magno seems very complex. But if the Commission will only allow me to speak in technical terms for a minute or two, I shall show very clearly that in fact the question is very simple and the solution is even more so.

Alright, so it is, the provisions of the federal proposals say that the basis for federalization will be so many things, community of language, culture, etc., fiscal viability, etc. And Commissioner Magno pointed his question to the issue of fiscal viability. Are the federalist people sure that the states that will claim a federal status are fiscally viable and how do you determine that? Mathematically, I am very sorry, because we want precision of the answer, an answer that is worthy of being remembered by anybody who cares to listen.

Alright, all the elements of the criterion, those are variables in an equation, X_1 to whatever. Each of those variables has a weight. The summation of the weights will be equal to 100. The fiscal variable refers to receipts and expenditures. Let us not use obtrusive language, Commissioner Magno. Some regions will be deficit fiscally, some will be surplus fiscally. Those are easier to understand. They are the summation of two variables $R - E = \text{equals}$. Okay? So the fiscal argument is only one of those arguments. In the event a fiscal grouping emerges and is found, on the application of this criterion, that it is not fiscally viable, then that is only one variable in that equation. Any federal structure, any federal government, at the beginning, must recognize that provinces groupings that attempt to federalize will not all be the same at the beginning. They have differences in per capita income, in geographical size, in many things. A federal government must accept at the beginning that it must collect revenues from surplus areas and, over a transition period, transfer these to deficit areas in order to give the deficit areas something of an equal chance to grow as rapidly as their more prosperous brothers. That possibility, of course, can be ignored and then the groupings can grow at their own pace. But the decision to allow them to grow at their own pace is strictly private economics.

There is a difference between private finance banking and public finance. That is why public finance is a separate subject in any decent school of economics as it is a subject at the University of the Philippines. Public economics comes, arises precisely because the assumptions of market economics that agent acting in an economic system possess, more or less, equal endowments. That is not true. At the beginning, actors in a market begin with unequal endowments. And precisely because of the inequality of their endowments, there is case for a government coming in.

When the government comes in, these days this is standard but the word used is different, like safety nets. Safety net is another word, let us say, for providing subsidies. But my colleagues in academic economics have demonized the word subsidy. They find they are unable to come up with any substitute so they invent the term safety net. It sounds politically palatable than subsidy. In this case, there should be explicit recognition. In the event, if a federal government recognizes the differences and would not want to tolerate them, it can tolerate them if the federal structure is purely market-oriented. But if it is not purely market-oriented, and is interested with the success of the federal system, it will develop what we call an equalization fund. That fund is going to be distributed to the various regional areas that are in need of it over a specific period of time and no longer in order to discourage any dependence or any development of dependence of that region on subsidies.

So, is it possible to federalize even if the regions that might arise are unequal on various criteria? The answer is a simple yes. Those deficiencies can be corrected. Technically, it is simple. But the moment we begin to use, I am sorry, my late wife was a political scientist but I never really understood the language of political science. To us economists, the issue is so simple, but cast in political terms, it begins to sound convoluted. So there. *(Applause)*

COMMISSIONER ABUEG
Floor Leader. Next question.

COMMISSIONER MAGNO.
Thank you, Professor Jurado. I get from your, I appreciate that. You are telling us that what is involved is a multivariate...

COMMISSIONER ABUEG
Commissioner Jurado.

COMMISSIONER MAGNO
And that in 10 years, there will be a cosmic coincidence of all the multiple variables and this shall not be a tragic experiment. *(Laughter)*

COMMISSIONER JURADO
I'm sorry, I was amused by your statement.

COMMISSIONER ABUEG.
Do you want to respond, Commissioner Jurado?

COMMISSIONER JURADO.
Ah sorry, Mr. Chairman...

COMMISSIONER APOSTOL
No more.

COMMISSIONER ABUEG.
No more? Floor Leader.

COMMISSIONER APOSTOL.
Mr. Chair, I now move that we recognize Commissioner Pablo Garcia as the next interpellator.

COMMISSIONER ABUEG.
Commissioner Garcia is recognized for his interpellation.

COMMISSIONER APOSTOL.
Just again a reminder, three minutes for the interpellator, three minutes for the sponsor to answer.

INTERPELLATION BY COMMISSIONER GARCIA

COMMISSIONER GACIA.
A precedent has been set. The interpellation of Commissioner Magno lasted for one hour.

COMMISSIONER ABUEG.
Commissioner Garcia may please proceed.

COMMISSIONER GARCIA.
Thank you, Mr. Chairman. You mentioned the fact that an overwhelming majority of our people opted for federalism. My question is what kind of federalism did you or your colleagues in the Committee preach to our people?

COMMISSIONER TEVES.
In fact, what happened in the consultations was that there were presentations by Commissioners and it was not uniform in the sense that different Commissioners were in different consultations. But the standard or the premise in all the consultations was, the basic question after some presentations and discussions by either side, of just the idea that regional governments can be given autonomy, more powers over their own resources and running of their governments.

COMMISSIONER GARCIA.
In other words, what actually was discussed in the consultations was that the people or the local governments will be given greater autonomy, greater control of their lives and resources?

COMMISSIONER TEVES.
That figured in the discussions, yes. But not exclusively that only.

COMMISSIONER GARCIA.
In other words they do not want that their lives will be controlled by the now varying overused term, Imperial Manila? Is that correct?

COMMISSIONER TEVES. *(off mic)*
Yes, Sir, that's one perspective there.

COMMISSIONER GARCIA.
Now, your own understanding of federalism, would you please care to enlighten us? I understand that you have been involved in this movement for more than five years. So what is your understanding of federalism?

COMMISSIONER TEVES.
My own understanding of federalism stems from our understanding of the reality in Mindanao, particularly, and on the basis of our own experiences. We have sort of come to a point where we are confident or certain that existing set up, existing arrangements, can no longer address the problems of the regions.

COMMISSIONER GARCIA.
I see. So you said that your understanding of federalism emanated from the realities in Mindanao. My question is, has Mindanao even experienced federalism?

COMMISSIONER TEVES.
No, not in the strict sense of the concept.

COMMISSIONER GARCIA.
In other words, Mindanao has not had any experience in federalism?

COMMISSIONER TEVES.
Yeah, no, in the formal sense, no.

COMMISSIONER GARCIA.
And from a lack of understanding of federalism, you are now spreading the good news of federalism throughout the country?

COMMISSIONER TEVES.
It's not a, I wouldn't put it that way. We don't have an experience because it is something that we want precisely to establish in the future, in the immediate future.

COMMISSIONER GARCIA.
You must have made studies. Actually, there were studies made, funded by Konrad Adenauer Stiftung. *(Laughter)* Now in these studies of federalism that you conducted in relation to the situation in Mindanao, what countries in the world did you use as models? Since according to you, you had no experience in Mindanao and yet in spite of that lack of experience, you are preaching federalism? So my question is, you must have conducted studies and researches on the federal governments in the world.

COMMISSIONER TEVES.
Yes. We do not have specific or particular country model but to the extent that we have made some studies of certain countries, we input that in our continuing discussion. This is a dynamic process, Sir. We are not done with it yet.

COMMISSIONER GARCIA.
Yes. In other words, until now, you are not yet certain as to what kind of federalism you are still studying? What kind of federalism you would like to be established in the country within or not later than 10 years?

COMMISSIONER TEVES.
Because indeed, we hope that we will be able to evolve, to facilitate the evolution of a truly Filipino model, federal system.

COMMISSIONER GARCIA.
So it is based on hope, not reality?

COMMISSIONER TEVES.
Well, the problem with future is that it has to be based somehow on hope, on faith.

COMMISSIONER GARCIA.
And I think you mentioned in your sponsorship speech, it is a dream. Don't you think that this dream will turn out to be an impossible dream?

COMMISSIONER TEVES.
That's an opinion. But the fact that there are so many numbers of people that are responding to our call, to our advocacy, even with all the uncertainties, incompleteness and all that, people are reacting to it. There must be something there on the ground that's going on today that would make people sort of respond to us positively. And to persons like me, for instance, who is an undergraduate, college undergraduate, that we are able to touch the hearts and minds of people.

COMMISSIONER GARCIA.

To what kind, to what principle of government did the people respond to?

COMMISSIONER TEVES.

To the principle of self-determination, some measure of self-determination.

COMMISSIONER GARCIA.

Well, that is not federalism per se.

COMMISSIONER TEVES.

Not per se but it is an essential component of federalism

COMMISSIONER GARCIA.

Yes, very good. But you mentioned countries that were the objects of studies conducted by your movement with the support of Konrad Adenauer Stiftung. What countries, you are using plural, what countries in the world?

COMMISSIONER TEVES.

Well, Germany of course figures in that. But we are very particular; we are very familiar already with the United States of America model. We've also done some study tours in Switzerland and we are in continuing contact with the Forum on Federation that is based in Canada.

COMMISSIONER GARCIA.

You have said that you conducted study tours in Switzerland, in Canada and other countries. Who funded these study tours?

COMMISSIONER TEVES.

What is the point about "who funded"? People go to study tours.

COMMISSIONER GARCIA.

If you refuse to answer that question on the ground that it will incriminate you, it is alright with me.

COMMISSIONER TEVES.

No.

COMMISSIONER GARCIA.

No, I will not pursue that point because it seems you are reluctant to answer that question. Now, did you study the federalism in these countries? In your studies, did you come to realize that the federal states were already self-governing states, in the case of America, in the case of Canada, in the case of Germany, in the case of Switzerland?

COMMISSIONER TEVES.

But not in the case of Belgium, Spain and Pakistan, which we are also trying to study. Yes, Sir. They developed out of a unitary arrangement.

COMMISSIONER GARCIA.

Yes. You always mention Spain whenever we raise the issue that why is it that this federalism is dictated from above and that it should not come from below, following the principle of self-determination. Now, I have here, this was also the answer of the Chairman repeatedly. I have here the Constitution of Spain. In Spain, they do not have federal states; they call those

autonomous communities. Now here in Section 141, Chapter 3, concerning the autonomous communities, Article 143, "In the exercise of self, both the right to self-government, recognized in Article II of the Constitution, bordering provinces with common historic, cultural and economic characteristics, island territories and provinces with historic regional status may accede to self-government and form autonomous communities in conformity with the provisions contained in their respective statutes." Now, Section 2, "The right to initiate the process towards self-government lies with the provincial councils concerned or the corresponding inter-island body where two-thirds of the municipalities whose populations represent at least the majority of the electorate of each province or island. These requirements must be met within six months from the initial agreement to this effect reached by any local corporations concerned." In other words, it is not correct to say, as it has been repeatedly said here, that federalism can occur or can be realized by a mandate from above because it should not come from below. Do you agree with that?

COMMISSIONER TEVES.

I'd like to request Commissioner Bian to give an input there.

COMMISSIONER ABUEG.

Commissioner Bian is recognized to answer for the Committee.

COMMISSIONER BIAN.

Good morning, fellow Commissioners. I understand the apprehension of Commissioner Garcia regarding the Konrad Stiftung thing, but I would just like to ask that we should go beyond this Konrad Stiftung thing. I am not part of that group. I have never been a participant of whatever study group. The issue also on whether how much do we understand and appreciate the federal form of government, I think our regional consultation, the result of the regional consultations would respond to that very effectively. When we went through all the regional consultations and precisely explained the federal form of government, we did not even have to start from a zero base. Most of the consultations that we had gone through had a very significant level of understanding and appreciation of the impact, the benefits as well as the disadvantages of the federal structure of government. It goes beyond Mindanao. I was in Ilocos and they were also for a federal form of government. True, as what you have said po, Commissioner Garcia, the mandate really comes from below. Nobody can dictate it from above and that's precisely I think what's happening now, the voice of the people from below, from the different regions, is the one that is really clamoring for a federal form of government.

COMMISSIONER GARCIA.

Yes, but I understand that there is a lack of understanding of what the people really want and what kind of federalism that we are preaching to our people. It turned out in many places that, well I will object to that. If you will stop me at this time when I am, why is it that you allow one hour for the first interpellator?

COMMISSIONER ABUEG.

The gentleman from Cebu may please proceed.

COMMISSIONER GARCIA.

If you will stop me here...

COMMISSIONER APOSTOL (*off mic*)

No, no, I am not stopping you.

COMMISSIONER ABUEG.

The gentleman may please proceed.

COMMISSIONER GARCIA.

Here is the draft Constitution prepared by the Citizens' Movement for a Federal Philippines. Now in this draft constitution, the result of studies, you already divided the country into 12 or 11 provinces. Is this the kind of federalism that you were preaching to the people? Or something else?

COMMISSIONER TEVES

Chairman Abueva.

COMMISSIONER ABUEG

The Honorable Jose Abueva is recognized to answer for the Committee.

CHAIRMAN ABUEVA.

Mr. Chairman, in the proposal of the Committee on the Structure of the Republic, the enumerated possible autonomous regions in that publication is not part of the body of proposals. It is just appended as a list of possible autonomous regions, as a result of our own consultations, not of the Commission, but of the Citizens' Movement for a Federal Philippines. These were the possible regions that were suggested by the people we consulted. It is not fantastic because we already have existing administrative regions so this is not so abstract anymore as a concept. We have been regionalized, as it were, since the 1970s, for roughly the same geographic and socio-cultural criteria. So what we are saying is that as we continue to do our consultations, even the Commission's consultations, there are suggested possible autonomous regions. But as I said, we leave it to Parliament and the leaders of the various regions, administrative regions now, to agree on the possible territory to be included in an autonomous region to be defined in the Organic Act of Parliament and to be approved by the people in the concerned prospective autonomous regions. So it is not dictated, it is not prescribed by the Commission, by the Committee. This was just suggested based on consultations.

COMMISSIONER GARCIA.

Is it therefore the position of the Committee now that before an autonomous region can be created or established, there is need for a petition from the provinces involved before that region can be created?

CHAIRMAN ABUEVA.

Yes, it would be best if the leaders in the prospective regions would manifest their interest to be constituted as an autonomous region, manifest it to Parliament.

COMMISSIONER GARCIA.

So in the proposal of the Committee, there is an Organic Act already before an autonomous region is created?

CHAIRMAN ABUEVA.

No. The Organic Act, you know how it is. In the legislative process, when an Organic Act is proposed, let us say for Ilocandia, necessarily, the leaders in Parliament from Ilocandia will be consulting with the Governor, the Mayors, City Mayors of Ilocandia and they themselves are leaders of Ilocandia. So in the interaction between these two sets of leaders, then the Organic Act can be initiated. But if you wish to have this initiated from below, as it were, from the

regions, then it may also be done that way. Parliament responds to this with an Organic Act. But in the end, the people of Ilocandia will have to vote in a plebiscite whether they would agree to the establishment of the autonomous region of Ilocandia or Ilocoslovakia, whatever.

COMMISSIONER GARCIA.

In other words, the Committee is agreeable to a position or to a process whereby before the Parliament will enact an Organic Act, there must be a petition from the provinces wanting or wishing to form a regional government.

CHAIRMAN ABUEVA.

We would not object to that. In fact, that would be a desirable initiative on the part of the prospective autonomous regions.

COMMISSIONER GARCIA.

In other words, it's not only the local officials who may be interested in forming the autonomous region. Now, that petition will have to be submitted to a plebiscite because we want to prevent a situation like what happened in the ARMM when we already included in the Organic Act 13 provinces but only four voted affirmatively. Would the Committee be agreeable to that process?

CHAIRMAN ABUEVA.

A plebiscite before an Organic Act creating that autonomous region?

COMMISSIONER GARCIA.

A plebiscite to form that region and so in the Organic Act, it will already be determined what are the provinces wanting to form an autonomous region.

COMMISSIONER ABUEG.

Commissioner Angeles is recognized to answer for the Committee.

COMMISSIONER ANGELES.

I'm not answering for the Committee. I just want to ask the...

SUSPENSION OF SESSION

COMMISSIONER ABUEG.

Wait please. The session is suspended. The session is suspended.

It was 12:49 p.m.

RESUMPTION OF SESSION

The session resumed at 1:15 p.m.

COMMISSIONER ABUEG.

May we request everybody to please take their seats so that we can resume. The session is resumed. The Floor Leader?

COMMISSIONER APOSTOL.

Mr. Chair, may I move that we recognize the Honorable Fernandez to conduct his interpellation.

INTERPELLATION BY COMMISSIONER FERNANDEZ

COMMISSIONER ABUEG.

The gentleman from Dagupan, Commissioner Fernandez, is recognized to interpellate.

(Commissioners speak off mic.)

COMMISSIONER ABUEG

Commissioner Fernandez, please.

COMMISSIONER FERNANDEZ.

Thank you very much, Mr. Chairman. First of all, I would like to state that I'm actually coming from the basic unit of government, not the barangay, but rather the local government unit. And from what we have heard since a while ago, we have been actually concentrating on the resources that shall be redistributed and reappropriated in the different political subdivisions of the country. I'd like to state that as of the present, the reality is that 70% to 90% of all cities, municipalities, provinces are IRA dependent, meaning to say, some provinces, some cities, some municipalities maybe dependent as high as 95%. Ibig sabihin po, may ibang probinsya, municipality, 5% lang po ang kanilang local revenue.

The existing Constitution and the existing Local Government Code already provide that the city, province or any political subdivision, hindi ho kasama 'yong sa barangay, could make their own fees, charges and other local taxes that may be imposed by the local government through ordinances. Ngayon po, ito po yung situation na sinasabi kanina. I was listening intently to Commissioner Alex Magno and his concern was more so on the distribution of the pie and the expenditure of the pie. Ito po 'yong sitwasyon, as of present, all revenues are being paid in Manila, 90% of all revenues are paid in Manila, roughly 10%-15% naman po binabayaran sa iba-ibang mga BIR regional offices.

I've spoken to Chairman Abueva and asked him how the internal revenue allotment, or rather how the internal revenue, shall be paid. Sabi niya, sa Amerika, ang national taxes ay binabayaran sa IRS. Ganun ho ba 'yon? At sa Pilipinas, kahit tayo ay pupunta sa federal, magbabayad pa rin tayo sa BIR. At sinasabi rin po kanina that if we shall be going to the federal system of government, ang proposal po, if you are producing or operating in a certain province or certain locality, then you must pay your taxes in that BIR.

Actually, I'm just laying the groundwork, before I ask my question. Tayo po ay nagbabayad sa BIR. Eh, karamihan po rito ay mga bangkero, lalo na si Commissioner Paterno and I do not see the reason why in the BIR, whether you pay in Manila, whether you pay in Mindanao, or whether you pay in Visayas, kahit saang bangko po, kahit saan kayo magbayad, pwede kayong magbayad provided that the credit will go to a specific region or specific municipality. In the present system, it is still possible that the local provinces, local regions will still get their just share. Gagawa lang po ng sistema sa BIR in the sense that no matter if your office is in Makati or in Manila, if you are operating in a certain province, then such taxes should be credited to such locality. I'm more so for federalism.

My only concern right now is that 'yong pinaghahatian po nating pizza pie o bibingka ay parehas lang po. Kahit tayo ay unitary o federal, parehas lang po. As of present, as of present, parehas lang po dahil 'yong sinasabi 'pag sa Federalism, you may impose your own taxes, you may impose your own piece, etc. Eh sa present system po, 'yon na po 'yong ginagawa. 'Yon na po 'yong ginagawa. We are already empowered to do such things. Pero ang problema po, kahit

ginagawa po 'yon, 'yong mga cities, municipalities and provinces, eh madalang lang po. Nasa 10%-15% lang 'yong lumalampas sa 50% ng share 'yong local income. Kadalasan po, majority ng expenses, majority na pumapasok po sa budget ng isang munispyo, siyudad o probinsya, ay galing sa Internal Revenue Allotment. Ang nakikita ko lang pong problema, as of the moment, is if we are to go to federalism, ang pinakamabigat po diyan ay 'yong formula ng local, 'yong equalization fund dahil naturalmente hindi papayag 'yong mga probinsya na bababa 'yong kanilang share. At mabibilang lang po natin kung sino ang mga probinsya na tataas ang kanilang share. Number one na po dyan ang probinsya ng Metro Manila kung saan po nasa kanila po lahat ng bulk ng collection ng taxes.

Now, my main concern is if we shall be going to federalism in 10 years, 15 years, 20 years, okay, lang po 'yon. But the thing is, we cannot sell federalism in terms of generating additional taxes kasi po ang collection ng taxes sa BIR pa rin po. Ang pinag-uusapan lang, parang sinasabi mo, 'yong region mo do'n na mangongolekta at maiiwan do'n. Pero in reality, we are already in the internet era kung saan kahit saan ka magbayad, pwedeng ma-accredit. You don't have to be physically paying in such a locality to have such accredit. From what we are seeing, it seems that our selling point for federalism is the collection of taxes which will never be. It will still remain with the BIR. Pagdating naman sa local taxes, eh existing na po 'yan eh. It has been in existence for how many years? 14 years and yet the local governments, the local provinces, have not increased their collection of taxes. Specifically speaking, 'yong hawak po ng NEDA, 'yong sa Malacañang, 'yong sa DILG, makikita niyo po do'n, mas maraming probinsya ang tatamaan kaysa makikinabang sa kadahilanang napaka-minimal po ng mga probinsya na self-sustaining. As of present, with the unitary system of government, 'yong equalization fund po, do'n na po gumagana 'yong equalization fund through the IRA. But, mind you, I am for federalism, but how are we able to compute for the equalization fund? Eh kung lalabas din po nag-federal tayo, pinalitan natin ang pangalan, pagkatapos hinahabol mo rin 'yong equal sharing, eh lalabas din pala, after all that we have gone through, babalik din tayo do'n sa existing formula no'ng sharing sa internal revenue para bumalik din sa mga probinsya. So 'pag gano'n po ang ginawa natin, magiging problema natin, ito ho 'yong question. Problema ho natin, 'pag gano'n po ginawa natin, nagdagdag lang tayo ng additional bureaucracy with the same funding.

Ang nakikita ko rin po rito as of present, this Commission shall be submitting to Congress this particular proposal, and if we are going to go to autonomous regions or state assemblies (*Bell rings*), you are actually stating to Congress that we shall be devolving the public works, education, etc., etc. Eh as of present po, Congress has the power to pinpoint the different projects. If we shall be going to autonomous regions, then you are actually transferring the power for development through the region or through the state, kung saan mawawala na po ang power ng Congress to pinpoint which projects. So it could be another block in this type or form of federalism. (*Bell rings again.*)

Question, this is now the question. How do we address the problem of at least being able to maintain the minimum change in the allocation of budget per province? Provinces are voting for federalism because they have the idea and they have the perception that there shall be increase in their resources. Okay, thank you.

COMMISSIONER TEVES

I'd like to call on Chairman Abueva to answer that.

COMMISSIONER ABUEG.

The Honorable Commissioner Abueva is recognized to answer for the Committee.

CHAIRMAN ABUEVA.

Mr. Chairman, that is why in the scheme to establish a Federal Republic within 10 years, as proposed, we are also proposing that a Constitutional Preparatory Commission be created in order to determine all the legal, financial, administrative and other requirements in the transition from the unitary to the federal system, and recommend immediate legislation to be made by the Parliament and the Autonomous Regional Assemblies. In other words, there are really, the purpose of the transition is to ensure that the autonomous regions and future federal states will have both or will have the capacity as well the resources, not only financial capacity but all other forms of capacity. But basic is the financial capability. Part of our problem in envisioning a new system is we are stuck with the old. It's very hard to imagine something that is not yet existing. For example, in this, the Preparatory Commission will have to help Parliament to restructure the tax system. In all federal systems, there are federal taxes, there are state taxes as well as local taxes. Right now, among our existing taxes, most of them are, I think, assigned, tax bases are assigned to the national government. For example, the personal income tax, in the United States, personal income tax is assigned to the state. Corporate income tax is federal. But we can also provide, as a result of the study of the Preparatory Commission, that the state could share part of the corporate income tax. But there are other taxes and there is to be an overhaul, there will have to be overhaul of the tax system, changing the tax basis, assigning the tax basis either to the federal, the state or the local.

And, so we say, many of our regions, many of our provinces, cities and municipalities are habitually dependent on the national government. Under the present system, this is what is bred—dependency—because the national government has most of the power, it wants to keep that power at the top in order that the local governments will be under their control and domination. But if there is to be redistribution of the tax basis that will liberate the local governments from that kind of dependency, and also, let us imagine again what will happen once you have autonomous regions, local officials will have more authority in the many areas that will be assigned to them, the many new functions and powers that will be assigned to them. And local entrepreneurs will also be released from central regulation and control. They don't have to come to Manila for many of the things that they need. All they have to do is transact business at the regional level. So, it will be a release of our people, our leaders, our entrepreneurs from this excessive, debilitating control, central controls. It will spur them to greater activity because they will have the autonomy to do so. So we will be expecting, not all regions immediately, but those regions that have already better capability to advance more rapidly in the state of regional autonomy, and that is the expectation. And, with that, more taxes will be generated, more revenue tax, state taxes, for example. And the same with local government units, since the people will be demanding more services since they cannot anymore point to Manila to blame for the lack of local government services because of lack of revenues. They will have to generate the resources.

For example, in Quezon City now, we are not yet, it just happens that we have a very creative and courageous Mayor, Feliciano Belmonte. He has increased very greatly the assessment of real property tax. And he has collected real property tax very vigorously. The people are not complaining because they see immediately much greater services being delivered by the Quezon City government. The people see the direct relationship between the taxes they pay and the services that they receive. But here it's, when you have this release, as I said, of central control and domination, then you'll have more of the tax basis and also more of the incentive to assert one's taxing power (*Bell rings.*) at the local level in order to generate more resources for the people.

COMMISSIONER APOSTOL.

Just a reminder to the interpellator and the sponsor answering the question, both have only three minutes. And we have the one handling the bell is Sor Soriano, from God. *(Laughter)*

COMMISSIONER ABUEG.

Are you finished, Commissioner Fernandez? Are you through with your interpellation?

COMMISSIONER FERNANDEZ.

Yes, Mr. Chairman. I would like to thank you for actually answering already the query because you already stated that, as of present, Quezon City has used its power that was given to it by the Local Government Code and the present Constitution of making its own taxes. So, as of present, the actual status provided or in the Constitution and the local government has already addressed such autonomy. However, I would like to state, that would you think that, as of present, having, if we shall be maintaining the status of having a unitary system of government and yet remove the DPWH, remove the Department of Education and simply with the proposal of having autonomous regions with the unitary government, do you think that it shall be felt more in the different provinces when you shall be giving them the budget for public works, for education and so on and so forth? Because as of present, what is happening is that since the budget being allocated to the different municipalities, cities and provinces are not enough, they go to Manila to request for their Congressman or from the President or request the DPWH to fund such projects that are needed. My concern actually is, if we simply devolve and decentralize the money, you give it to the Provincial Governors for the implementation of projects and for the implementation of program of government, then it shall have same effect as the proposal for empowering the people directly in charge and accountable to their constituents. And also, mentioned awhile back is that with the federal system of government, our main purpose is actually to give more local autonomy. But my question is that, since 1991, local governments have been given local autonomy, but they seem to not practice it for the very reason that there are limited areas which could tax their people, as what is being done in Quezon City. And in Quezon City, you could feel directly the services of the local government *(Bell rings.)* because in Quezon City, the Councilors are given directly budget for implementation of projects, which amounts to P30 million per Councilor, I think.

COMMISSIONER TEVES.

I'd like to invite Commissioner Joji Bian because she has this business perspective. The point is, it can be done now. It can be done. No need to change kuwan. What's the experience of business, your experience as a business...?

COMMISSIONER ABUEG.

Commissioner Bian.

COMMISSIONER APOSTOL *(off mic)*

That's not the question. We don't know what the question is nga. You just answer.

COMMISSIONER TEVES.

Yeah. Well, our experience is that, Commissioner Alvin, the point you made about local governments not making use, parang gano'n no. Sila 'yong hindi gumagamit no'ng what is available to them already under the present system in terms of capacity to tax.

COMMISSIONER FERNANDEZ.

Specifically real property tax.

COMMISSIONER TEVES.

Real property taxes na gano'n. And that Quezon City is an exception, kasi medyo talaga vigorous ang implementation. But I thought that the Mindanao Business Council, for instance, has experience about laws being done and all of this Local Government Code and still, and that's what I thought you might be able to share.

COMMISSIONER ABUEG.

Mr. Sponsor, are you asking for the recognition of Commissioner Bian?

COMMISSIONER TEVES.

Yes, please, I'm sorry.

COMMISSIONER ABUEG.

Commissioner Bian is recognized to answer for the Committee.

COMMISSIONER BIAN.

I'll just speak from the experience of business people in Davao city. In terms of taxation, the business community has been very active in working in partnership with the government and I think it's unfair to single out Quezon City as what you have said. I think the same, Davao City as well as the other more highly urbanized cities in Mindanao and the other areas in the Visayas have also the same experience.

COMMISSIONER ABUEG.

The Floor leader. Next interpellator.

INTERPELLATION BY COMMISSIONER TENDERO

COMMISSIONER APOSTOL.

I move that we recognize Commissioner Tendaro as the next interpellator.

COMMISSIONER ABUEG.

Commissioner Tendaro is recognized for his interpellation.

COMMISSIONER TENDERO.

Thank you very much. I would like to ask the question that we, as a nation, have already had natural divisions. We are divided geographically as an archipelago, we are divided linguistically, and there are other factors of division. Would further dividing the structure of the Republic create more problems of, we would say, possibly feudalism and possibly the dismemberment of the Republic?

COMMISSIONER TEVES.

Thank you. We ask that Commissioner Abarico be recognized.

COMMISSIONER ABUEG.

Commissioner Abarico is recognized to answer for the Committee.

COMMISSIONER ABARICO.

Thank you, Mr. Chairman. I thought it was the older generation or old men who are afraid of change. But it seems that the younger generation is more fearful of change. However, this fear is really not very well-based, because, for instance, the dismemberment of the Republic. If you examine it more closely, study it more scientifically, federalism will preserve the Republic

instead of dismember it. That's what happened in the United States when they federalized. Texas relinquished its independence and became a part of the Federal United States. So, as far as dismemberment, it will even strengthen our Republic because you are recognizing the self-determination of the region within the regions. And the disparities in economic status will eventually disappear because they will be forced to use their own initiative to compete, a friendly competition with other states to attain the same level of development. In fact, if federalism is rejected, on the other hand, it will even inspire and fuel more secessionist movements, especially in Mindanao, because you are stifling (*Bell rings.*) the minimal demand for self-determination. Okay, thank you very much.

COMMISSIONER ABUEG.
Next question please. Next question.

COMMISSIONER TENDERO.
Thank you very much for that. Well, I'd like to say that change, even for the young, is not something that we are afraid of if we know that it is change for the better. (*Applause*)

COMMISSIONER ABARICO.
Definitely we know it is change for the better.

COMMISSIONER TENDERO.
But, the next question I have is, by having the federalism, instead of actually lowering the number of people in the bureaucracy, we will actually add more layers of bureaucracy. And in this proposal, we do not even have a provision for the judicial system in a federal state as well as, is there also a possibility that we will ask the federal state to make their own Constitution? So that's also a question I have. Then I have my third and last question after this.

COMMISSIONER ABUEG.
Will the sponsoring Committee...

COMMISSIONER ABARICO
Mr. Chairman, it's yours.

COMMISSIONER ABUEG
The sponsor, please.

COMMISSIONER TEVES
Yes, Chairman Abueva, please.

COMMISSIONER ABUEG.
The Honorable Jose Abueva will respond for the Committee.

CHAIRMAN ABUEVA.
These are very sensible questions. They are raised in every consultative meeting that we had, not only the latest ones, but in the five, six, years that we have been advocating for federalism. The fear of a bloated bureaucracy and, what's the other one?

COMMISSIONER ROMUALDO
Creation of its own constitution.

COMMISSIONER ABUEG

The judiciary.

CHAIRMAN ABUEVA

Yes, well the bureaucracy. When we say that we are transferring certain functions enumerated in our proposal from the national government to the region, the corresponding national departments now will be reorganized and many of the staff will be decentralized. We will be decentralized. For example, DILG, if we have regional and local autonomy, enhanced regional and local autonomy, there is really no need for a Department of Interior exercising the general supervision of the President, which is more than general supervision, it is really some degree of control. And the police will become local police forces. We are dissolving the National Police Commission. Then if we transfer, agriculture is being proposed to be transferred. There is no reason why we should have a big bureaucracy around the Quezon Memorial Circle called the Department of Agriculture with its different bureaus. They have no business being in Metro Manila. Agriculture is in the provinces. So those personnel should be decentralized to the provinces, where agriculture is, and where the problems of agriculture are to be addressed. The same way with what we propose, tourism, transportation, communication, health, education, culture, social welfare. What will happen is, even in the United States, with the degree of decentralization in a federal system, what happens is that in Washington, you just have small departments because their purpose is mainly to set standards and policies and do research and development in the areas assigned to them. And also to help the federal government to distribute the federal grants and aids in their particular department, whether it's education, health or welfare, that is done through the Department of Education, health and welfare. So, you are decentralizing these personnel. And then these regional offices that we have now, which are really staff of the national government, they should really be absorbed into the various provincial services. (*Bell rings.*) There's no need anymore for, now the other thing, I'm sorry.

COMMISSIONER ABUEG

Next question please.

COMMISSIONER TENDERO

In relation to the bureaucracy, there will be a regional assembly that will be an added layer. Then, even if you decentralize the different government agencies, they will still be another layer of the region above the local government.

CHAIRMAN ABUEVA.

May I, would like to respond to that?

COMMISSIONER TENDERO

Yes.

CHAIRMAN ABUEVA

There will be a regional assembly. But our proposal, our revised proposal is this: How do you constitute the regional assembly which will become in the future, the state assembly, which is the legislative body of the region? We are proposing that we should not elect another set of assemblymen to fill up these regional assemblies. We are proposing that the existing Governors, maybe the Vice-Governors, maybe the Mayor of the capital city can be in the regional assembly, plus, if necessary, also the Senior Board Member, depending on the size of the province. We have provinces with populations of more than two million. I think, the exceptional provinces are Cebu and Pangasinan. Then we have medium level provinces, with populations between one million and two million and many under one million. So those with

populations of more than two million should have four members in the regional assembly, the governor, the vice-governor, the mayor of the capital city and the senior board member. Those in the medium category should have three, the Governor, the Vice-Governor and the Mayor of the capital city. Those that have small provinces should be entitled to at least two, the Governor and the Mayor of the capital city.

COMMISSIONER TENDERO.

Before I go to the last question, just a little comment on what you said. Even if you say that the Governors and others will have dual functions to be, but you will still have to maintain additional staff, secretariat for those different functions that the same persons would have. Now I would like to go to my last question. With the local autonomy that we have, with the local government rather, and the autonomous regions that are now provided for in the unitary structure of the Republic, what other benefits in the federal system could not be met by strengthening our local governments?

COMMISSIONER ABUEVA.

Well, the very first one is the idea of building a just and enduring framework for peace through unity in our culture and regional diversities. And I refer particularly to Mindanao. You tell the MILF, you tell the MNLF, there will be no federalism as promised all these years since they were formed. And in fact, this is the subject of their negotiations with the government. And I can tell you what will happen because we have talked to many of the leaders all over Mindanao, among the Moro leaders and maybe here I should yield, Mr. Chairman, to Commissioner Marohombsar.

COMMISSIONER MAROHOMBSAR.

I would like to answer the question raised earlier by Commissioner Tendaro if federalism will save the country from dismemberment.

COMMISSIONER ABUEG.

Commissioner Marohombsar is recognized. Go ahead, please.

COMMISSIONER MAROHOMBSAR.

Okay, I'm sorry.

COMMISSIONER ABUEG

Go ahead, please.

COMMISSIONER MAROHOMBSAR

I think you all know that the Muslims in the Philippines have long fought for greater self-determination or independence from the country. This is because they believe that their problems, their needs are not being responded to by the present set-up of government that we have or the present structure that we have in this country. So, if we go federal, federalism, we believe, will dissipate all the causes of Muslim insurgency in the South. As a matter of fact, I have attended several public consultations in the ARMM and the Muslim leaders and the Bangsamoro people insist that we go federal as soon as possible. As a matter of fact, they passed a resolution and I would like to read a portion of the resolution. "The Bangsamoro people supports federalism, but only if a truly autonomous Bangsamoro state is established first as demanded by the civil society of Bangsamoro and as well as the MILF. If the government again tries to cheat the Bangsamoro by simply expanding the ARMM and not extend to it the basic powers and rights of a federal state, then the conflict in the South and in the country as a whole would intensify."

COMMISSIONER TENDERO. *(off mic)*
And what are the powers of state?

COMMISSIONER MAROHOMBSAR.
They have enumerated the powers and rights. I think they are those that have been enumerated earlier. I have here a list of all the powers they have enumerated.

COMMISSIONER TENDERO
Although my...

COMMISSIONER ABUEG
Commissioner Tendaro.

COMMISSIONER TENDERO.
Although my observation is that some of the demands of the Bangsamoro people can actually be met in the strengthening of the autonomous region and not necessarily, you know. We may even give them a false hope that the federal system will solve their problem. And maybe what we need to do is to further strengthen the autonomy that they have and let it work. Let that experiment really be fulfilled, really be done, before we shift into another system that will further complicate, probably might further complicate the problem.

COMMISSIONER MAROHOMBSAR
No, as a matter of fact, they believe, majority of the Bangsamoro people believe, and I'm quoting them that federalism is not ready-to-wear, it is made-to-order, according to them. So if they can be given first the autonomy that has been published, that has been granted under the Organic Act of the Autonomous Region of Muslim Mindanao, then that will perhaps be very good. And later on, they can be given complete, they can be composed into a federal state, the Bangsamoro Federal Islamic State.

COMMISSIONER TENDERO.
I think from that statement also, you can say that they recognize that they have not yet fully experienced what is provided for in the Autonomous Act.

COMMISSIONER MAROHOMBSAR
Yes, as a matter of fact...

COMMISSIONER TENDERO
Therefore, it's better that we really implement all the provisions of the Autonomous Act and then we'll see before we make another change.

COMMISSIONER MAROHOMBSAR.
Yeah, but they are expecting that later on...

COMMISSIONER TENDERO
Then another question...

COMMISSIONER APOSTOL
Mr. Chair, may I interrupt? Please direct the interpellator to interpellate, not to argue.

COMMISSIONER TENDERO.
Okay, thank you. I'm sorry.

COMMISSIONER ABUEG

Noted. Your last question, proceed, please.

COMMISSIONER TENDERO

Last question. With the situation of the, you know, we know the aspirations of the people, particularly the Bangsamoro people. And my question is, is federalism the panacea of cure to this problem, or there are other problems that need to be addressed and it's not only the structure of the Republic?

COMMISSIONER TEVES.

It is not a panacea. But let me just inform this Body that in so far as the peace talks between the Moro Islamic Liberation Front and the government is concerned, it is now at the level, in so far as the MILF is concerned, of their willingness to continue negotiations provided that the proposed solution would be something below independence, but must be higher than the autonomy that is provided for and even not implemented fully.

COMMISSIONER ABUEG.

Floor leader. The next interpellator.

COMMISSIONER APOSTOL.

May I move that we recognize Commissioner Duavit as the next interpellator.

COMMISSIONER ABUEG.

The Honorable Gilberto Duavit is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER DUAUIT

COMMISSIONER DUAUIT.

Thank you, Mr. Chairman. Mr. Sponsor, the first opinion I got from reading the proposal was like, you were amending by substitution the entire Article X of the '87 Constitution because you're starting off already with federalization and proceeding to, say, 10 years, from now. If we are looking at evolving something, I think this should be contained in the transitory provisions and not the body of Constitution itself, Mr. Chairman.

COMMISSIONER TEVES.

Well, it can be transferred to the transitory provisions.

COMMISSIONER DUAUIT.

Well, thank you, Mr. Sponsor. Secondly, we have stated and carried again in the proposed amendments, the Autonomous Region of Muslim Mindanao and the Cordilleras. I believe that the Cordillera has already been rejected. Are we gunning again for Cordillera to be included in this experiment?

COMMISSIONER TEVES.

But there have been new developments, I suppose, in relation to the Cordillera with regards to aspirations for autonomy...

COMMISSIONER DUAUIT.

Okay. But now we are proceeding into bigger ventures, like federalization of the entire country.

COMMISSIONER TEVES.
Yes, within a transition period.

COMMISSIONER DUAVIT.
As we recognize ARMM today, and as Commissioners have given opinions, that it is not the further increasing of the size of ARMM, but more on really devolving certain powers from the national to the ARMM. My question is, do we really know the history of the conceptualization of ARMM? How it began and how it failed to accomplish.

COMMISSIONER TEVES.
Well, I recall that we had, at one point, we had a discussion and this was touched together with Commissioner Garcia. And I pointed out that the present ARMM, the basis for the present ARMM was the Tripoli Agreement, and that has been a very controversial piece of material that in fact over the years, after two plebiscites, the Bangsamoro or the ARMM settled down with five provinces only. And I was saying that is the realistic situation anyway so five provinces because these are the only five predominantly Muslim populated provinces in Mindanao. And by the way, in so far as the present talks are concerned, there is no demand anymore for increasing the territory of the Bangsamoro. There is general acceptance of that reality.

COMMISSIONER DUAVIT.
Okay, so, Mr. Sponsor, Mr. Chairman, it means that the ARMM has given up in terms of assimilating the previous political subdivisions that they wanted to be part of the ARMM? They've given up on that?

COMMISSIONER TEVES.
That seems to be the situation, yes.

COMMISSIONER DUAVIT.
Okay, that's good, because now there's better life there. But this is not the same situation in many other regional...

COMMISSIONER MAROHOMBSAR (*off mic*)
No, no, no.

COMMISSIONER TEVES.
Can we recognize Commissioner Marohombsar? Because, in fact, she's been a member of the panel, government panel, in the peace talks with the Moro Islamic Liberation Front.

COMMISSIONER ABUEG.
Commissioner Marohombsar will continue responding to the question.

COMMISSIONER MAROHOMBSAR.
Okay, the Bangsamoro people will be, according to them, they were willing to accept that, they can start with the present composition of the ARMM, but without prejudice to their absorbing, later on, other areas where there are Muslims, like, for example, in Lanao del Norte.

COMMISSIONER DUAVIT
Understood, understood. I was leading to that.

COMMISSIONER MAROHOMBSAR
Half of Lanao del Norte is populated by Muslims.

COMMISSIONER DUAVIT.

I'm not saying that they cannot. I'm saying that they're satisfied with what they have now, but increasing the size, of course, we cannot deny that. The attraction...

COMMISSIONER TEVES.

The point only is, there are Muslim-dominated municipalities, for instance, who are 50% Muslim, that in due time, might be logical also for them also to be part of a Bangsamoro state. But as of now, yes, they are satisfied.

COMMISSIONER DUAVIT.

Yes, please, my questions call for very short answers, Your Honor. So they included originally the other provinces and cities because of economic reasons, possibly, like Zamboanga City, even Palawan

COMMISSIONER TEVES

No.

COMMISSIONER MAROHOMBSAR

No, they did not.

COMMISSIONER DUAVIT

I mean originally.

COMMISSIONER TEVES.

It's mostly historical 'yong basis. I understand the Tripoli agreement is also based on historical experience.

COMMISSIONER DUAVIT.

You know, because size also has a bearing on this because progressively, you may not have it now, but you may have it in the future. So in the same breath, (*Bell rings.*) I am in receipt of a proposal making Palawan by itself a federal state.

COMMISSIONER TEVES.

Well, that particular proposal is coming not from Muslims but from Palawēños.

COMMISSIONER DUAVIT.

If I may be given one minute to explain the other side of it, Mr. Chairman?

COMMISSIONER ABUEG.

Proceed.

COMMISSIONER DUAVIT.

I come from the province of Rizal, which used to be the premier province of the Republic of the Philippines, number one in size, population, number one in income. We did not owe money from the national government; the national government owed Rizal money at the time. When Martial Law came, they thought of creating the Metro Manila Commission. What made it sad is the 12 affluent political subdivisions of Rizal were taken from Rizal and put into that Commission. It made us a third class province. If I were now to convince them, the 12 alienated political subdivisions, to come to us again and together put up a state or a regional government, do you think those 12 political subdivisions will agree to coming back to their situation now versus a federal situation? I doubt it, Mr. Chairman. And that, I think, is the risk we're taking in proposing

immediately this system instead of really letting it just evolve and maybe have a better chance of being successful. Thank you, Mr. Chairman.

COMMISSIONER ABUEG.
Floor Leader.

COMMISSIONER APOSTOL.
May I move that we recognize the next interpellator in the person of Commissioner Espina.

COMMISSIONER ABUEG.
Commissioner Espina, the gentleman from Biliran, is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER ESPINA

COMMISSIONER ESPINA.
Thank you, Mr. Chairman. Let me be specific on this. Section 1 of the present Constitution states: "The territorial and political subdivisions of the Republic of the Philippines are, number one, province; number two, cities; number three, municipalities; and, number four, barangay." Apat. Under the proposed amendment of the Committee, it states: "The territorial and political subdivisions of the Republic of the Philippines are, number one, autonomous region; number two, provinces; number three, cities; number four, municipalities; and, number five, barangays."

In previous interpellations, it was made clear that there would be no distinct other level in the hierarchy of authority and allocation of power within the country. May I ask how will this be funded? Right now, we are definite as to how much portion is allocated for the barangay, how much portion for the municipality, how much for the province, and the rest goes national, ah cities, then national. Under this setup, may I just be clarified as to how the income would be allocated considering this additional level?

COMMISSIONER ABUEG.
Sponsoring Committee?

CHAIRMAN ABUEVA.
I will take momentarily the place of our Committee Chairman, Mr. Chairman.

COMMISSIONER ABUEG.
Please proceed, Commissioner, Chairman Abueva.

CHAIRMAN ABUEVA.
I explained earlier on that we need a restructuring of the tax system with the new autonomous regions which should become federal states of the Federal Republic. And this overhaul would include the specific determination of what tax bases should be assigned to the federal government, to the regional government or the autonomous region and to the local governments. That is the answer.

COMMISSIONER ESPINA.
Okay. The fundamental problem really has been discussed in the beginning and that is Imperial Manila, that all decisions seem to be centered in Manila, meaning the President, the national government. Is it a problem of structure or is it a problem of merely authoritative allocation of the resource of the nation? Because if it is simply the delineation of authority in order to grant the local government sufficient financial capability to effectively develop growth in their province, in

their cities, in their municipalities and in the barangays, there should no longer be any need to impose another level which would, in fact, create more need for resources because you would need to provide salaries again for this imposed level of authority and persons and personalities.

Second, Mr. Chairman, the problem of Muslim Mindanao, we understand that. But why should the solution be imposed upon all the areas of the country? Why inflict upon the rest of the country a situation which can be addressed solely for that part of the body, which experiences some degree of pain? Why include my shoulder in the solution of a problem in my finger, when my finger perhaps can be attended to without involving all the parts of my body? Why make it, therefore, complicated? (*Bell rings.*) No answer yet. (*Laughter*)

COMMISSIONER TEVES.

Well, that precisely lays down the situation for a Federal Republic of Mindanao.

COMMISSIONER ESPINA.

Please, there are several here who are from Mindanao who do not share that view.

COMMISSIONER TEVES

What I mean is...

COMMISSIONER ESPINA

I just heard Commissioner Romualdo say no, and he is elected, and so is his son elected. What I'm trying to say is, there are several people here from Mindanao; they should also be heard. So perhaps, let us address the problem to the problem of Muslim Mindanao and do not drag the rest of the country. The problem is how to integrate, not to disintegrate, especially because we are composed of several major islands and small ones.

Is there a possibility, Mr. Chairman, I will end, is there any possibility that a federal system, there would be different laws in each of these state republics? So there would be like instant marriage in some states, similar to Las Vegas? And then in areas where there is not too much, other than some divine guidance, divorce? There will be several requirements, different requirements for business license, for municipal taxes, city taxes, provincial taxes. This is a formula to chaos.

COMMISSIONER TEVES.

Mr. Chairman, may I invite Commissioner Bian to reply for the Committee?

COMMISSIONER ABUEG.

Commissioner Bian is recognized to answer for the Committee.

COMMISSIONER BIAN.

Just very quickly, I think this is not just a Mindanao problem. Principally, I have been saying before that, the regional consultation will speak for itself. This is not an isolated Mindanao problem. We had gone on all regional consultations, 22, 23, and even those not from Mindanao, which surprised me, were for federalism, people as far as Ilocos who were not very familiar with the Mindanao problem.

COMMISSIONER ESPINA.

I agree. But in the package presented to those invited to the consultation, very often there was mention of Imperial Manila. And naturally, if I am from La Union and this problem were brought to me, I would say, I would certainly prefer more authority in La Union. But if you presented in

the manner it was presented, always, I will guarantee, they will favor federalization. But some of our people are thinking people, and they need the sufficient input so that they can make intellectual decisions.

COMMISSIONER ABUEG.
Next question please.

COMMISSIONER APOSTOL.
I understand the Commissioner is not asking the questions; he is answering Commissioner Bian.

COMMISSIONER ABUEG
The Floor Leader, Floor Leader, Floor Leader.

COMMISSIONER APOSTOL
So I move that we recognize the next interpellator, Commissioner Villanueva.

COMMISSIONER ABUEG.
Commissioner Villanueva is recognized to interpellate.

INTERPELLATION BY COMMISSIONER VILLANUEVA

COMMISSIONER VILLANUEVA.
Thank you, Mr. Chairman. I'd like to be as brief as possible. I would not like to go into the flawed process of the consultation, which I think should not be used as a basis precisely because of the errors in the process. I would like just to ask the Committee, you honestly think that there is an imperative need to change from a unitary form of government to a federal form of government?

COMMISSIONER TEVES.
Yes, we do.

COMMISSIONER VILLANUEVA.
What is the basis?

COMMISSIONER TEVES
Well, the basis is ah...

COMMISSIONER VILLANUEVA
Not the consultations. What is the logical basis why you think there is an imperative need?

COMMISSIONER TEVES.
Well again, I would like to refer to the Mindanao situation, unfortunately that is more familiar to us. And this matter of responding to this present problem by way of the existing setup and existing laws, improving the programs here, and doing this and doing that, we've had that for years. Ang problema, 'yong sa actual, hindi man nangyayari kung bakit. In the case of Mindanao, for instance, it's the only region that has undertaken two successive Mindanao Budget Conferences in Manila with two Presidents, Erap and then Gloria. And it was an exercise of Mindanao leaders, multi-isectoral, facilitated by NEDA. We went to Malacañang and presented the position of the Mindanao leaders with regards to budget allocation. Twice it was done. Tapos, covered ng mga studies 'yon. Wala ding nangyari. So at a certain point, we say ano ba ito, papano ba talaga baguhin ito? And there's this idea, maybe the problem is structural

and that's the way to go. We take our chances with a new system because in the first place, the existing one has not been able to respond to those specific situations.

COMMISSIONER VILLANUEVA.

Okay. So by existing, you mean what is going on now?

COMMISSIONER TEVES (*off mic*)

Yes, under the unitary system.

COMMISSIONER VILLANUEVA

And there is no reason whatsoever where we can modify what's going on now and solve the problem without shifting to a federal form of government? Because, Mr. Speaker, Mr. Chairman, my point here is that ever since I made a study of the proposals here, and ever since on the question of Commissioner Magno, it seems to me that the gist of the problem is in what you call Imperial Manila, where Mindanao, for instance, has been left behind in the development. And so what I was saying at the start, baka naman hindi shift to federalization. Baka it is only a possibility of a strong local autonomy with certain modifications. First, as I have proposed, in the matter of fiscal management, the complaint was what was collected for instance in Mindanao, I'll use Mindanao because that is what you used, is brought to Manila, and what is returned to Mindanao is just about between 12%, 16% of what is supposed to go to Mindanao. So what I propose was a provision in the Constitution which actually reverses the position now, that revenues collected and the shares of the government in taxes collected in cities and municipalities are retained in those cities and municipalities, and only the share of the national government is remitted to Manila. (*Bell rings.*) In which case, the resources are retained in the local governments, and the local governments can now use these resources in their development.

And the second, because I heard the bell already, you are talking of a 10-year, of developments after 10 years. You look at the proposed amendments, not later than 10 years. What happens to the local governments in between, from the time this Constitution is ratified in a plebiscite and before federalism, if federalism will be accepted, what happens to the local governments? Is it not our concern to first strengthen local autonomy, strengthen the local government? Because it will take another, about 10 years, even more, to develop a federal system. Thank you, Mr. Chairman.

COMMISSIONER TEVES.

Thank you, Commissioner Villanueva. That's precisely the point. The Local Government Code has been operational for 15 years or so, and in between those years, these ideas that we are bringing up here have been also discussed and presented. Pero gano'n pa rin, after 10 years nga, wala pa ring nangyayari. In the meantime, even people who are close to the formulation of the Local Government Code, I mean, Senator Nene Pimental, the NCPAG, Dr. Brillantes and all, have publicly admitted that the Local Government Code has inherent limitations for being a code within a present Constitution that provides for a unitary system.

COMMISSIONER VILLANUEVA.

Well, that's why I'm suggesting improve the Local Government Code by a provision in the Constitution which provides that the resources collected in local, in city governments and in the provinces, are retained by the local government. Baliktad eh, so only those that pertain to the share of the national government is remitted, do'n na sa probinsya. Thank you.

COMMISSIONER ABUEG.
Floor Leader.

COMMISSIONER APOSTOL.
I move that we recognize Commissioner Governor Romualdo to do his piece.

COMMISSIONER ABUEG.
The gentleman from Camiguin, Commissioner Romualdo, is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER ROMUALDO

COMMISSIONER ROMUALDO.
Yes, thank you very much, Mr. Chairman. Now, I would like to, it's useless. It's not useless but it would be repetitive if I go on disintegration, because actually, the national government is even finding it so hard to unite the country. And please, I hope history will not judge us later that we are an instrument of disintegration rather than continuing integration.

Now, my concern, Your Honor, it is true there are very, very few provinces and cities now which are capable of surviving by themselves. Please don't forget that I think 95% of component cities and provinces, all are dependent on the Internal Revenue Allotment. The Mayor of Dagupan has stated, Commissioner Fernandez...

COMMISSIONER APOSTOL (*off mic*)
Vice-Mayor.

COMMISSIONER ROMUALDO
Vice-Mayor. You are demoting him; I am promoting him. Now, even said that actually the revenues we generate, like my island province of Camiguin, is barely P5 million per annum, the other sources of income. So if assuming, for the sake of argument, that we go on to federalism, so many provinces or federal states will be left behind. Believe me because I have been there in the local government for the last almost nine years now, so this is the problem on resources. And what will happen, those that are rich states, believe me again, they will suffer in migration. Metro Manila, if ever it becomes a state, will be over-, over-populated. Davao, because it is rich, will also be over-, over-populated, because people will go to areas where there is an option, where there is development ongoing. So nobody practically will be left in other federal states because of that factor. There is no other equalizer because then we will be limiting the resources of the national government, so that so-called equalization fund is baloney. It cannot even survive the national government. So the entire Philippine Republic will collapse. (*Bell rings.*) Now, is that not a correct observation, Your Honor?

COMMISSIONER TEVES.
But the observation is premised on the assumption that things will remain static. I'd say this, part of the problem why some provinces are poor is precisely because of this arrangement of remittance of resources. Also, in provinces where there are natural resources, the provinces do not share in the benefits of these resources. So can you imagine, andoon 'yong resources, doon kinukuha, ipinapasa doon sa ibang mga regions, pero 'yong mga tao doon sa surrounding, their resource are not benefited by that resource because the structure is such that decisions have to be made at the center.

COMMISSIONER ROMUALDO.
That is it, Your Honor. Now you stated that the Local Government Code is already in place.

COMMISSIONER TEVES
15 years, for 15 years, yes.

COMMISSIONER ROMUALDO

For 15 years, but is it really implemented? It is not. In fact, supposed to be health services are in the local government unit. Agriculture is supposed to be with the local government unit; social welfare is supposed to be with the local government unit. But what did the national government do despite the Local Government Code? They strengthened the regional offices. That is the layer that we wanted abolished. So if we mandate that in this Constitution, not through the Local Government Code, as initially articulated by Commissioner Villanueva, that can solve the problem. In short, the local government units need today is not federalism. The need now is strengthened decentralization and devolution, and then in the event that these areas, these regional settings we have, feel that that there is a need for federalism, then let them go. In short, let us not mandate, let us not mandate federalism. *(Applause)*

Let it evolve. And that is the history of all countries. It evolved, not mandated. Look at the United States, the USSR before, it was practically by force they formed themselves as USSR. They disintegrated. Is that not a correct observation, Your Honor, that it should not be mandated but let it evolve?

COMMISSIONER TEVES.

The way the proposal is formed now, actually it's going to go through a process precisely of decision-making by the people themselves who are going to be involved in this. Hindi na 'yong sa original na kuwan.

COMMISSIONER ROMUALDO.

We did not see it that way with the proposal, Your Honor.

COMMISSIONER TEVES

No, there is a process.

COMMISSIONER ROMUALDO

In fact, there is a secret provision here. *(Laughter)*

COMMISSIONER TEVES

Secret? You were able to find it.

COMMISSIONER ROMUALDO

I term it "secret" because it is innocently worded. But the effect is the dissolution to so many municipalities and provinces. Did you notice that, Your Honor?

COMMISSIONER TEVES *(off mic)*

We noticed it because there is no intention...

COMMISSIONER ADAMAT *(off mic)*

What page? What page?

COMMISSIONER ROMUALDO

Here, it's Section 4 of your proposed revision of Article X of the 1987 Constitution. No, no, this is not the one. I'm sorry. I'm still looking, I've come across.

COMMISSIONER ADAMAT *(off mic)*
It's so secret, huh?

SUSPENSION OF SESSION

COMMISSIONER ROMUALDO
That's why I cannot find it easily. *(Laughter)* May I ask for one-minute suspension?

COMMISSIONER ABUEG
Suspended for three minutes.

RESUMPTION OF SESSION

COMMISSIONER ABUEG
The session is resumed. Commissioner Romualdo. Commissioner Romualdo may please proceed.

COMMISSIONER ROMUALDO
Thank you, Your Honor. Please go to page 12, Section 22.

COMMISSIONER TEVES
Got it, got it.

COMMISSIONER ROMUALDO
Okay. If I will be allowed to read the same for those who did not care reading the report. "Section 22, limit on expenditures for salaries and wages. Local governments that spend the equivalent of 40% or more of their locally generated revenues on the salaries and wages of their employees and workers for five consecutive years shall be consolidated with the largest contiguous local government." That's a very dangerous provision. Because as I said, fourth, seventh class up to sixth class municipalities and provinces cannot escape but violate this provision. And all of them, in effect, will be consolidated with the bigger area. Is that not tantamount to the abolition or dissolution of existing municipalities, third, fourth, fifth, sixth, seventh classes, of our government or existing political subdivisions, Your Honor?

COMMISSIONER TEVES.
I am interested to know from Commissioner Romualdo how it's going to be difficult for these provinces to follow this particular provision. Why is it difficult for provinces to meet a 40% administrative versus operations ratio?

COMMISSIONER ROMUALDO.
Look, as I said, Your Honor, like the case of Camuigin, all our locally generated funds amounts only, meaning, the other sources of income, didn't even reach P5 million. And we supplemented that to our Internal Revenue Allotment. DBM has control even on our Internal Revenue Allotment by only allowing us 55% for personnel salaries and wages, 20% of that is for development. See? In short, the third, fourth, fifth class, and sixth class of provinces and municipalities have always been violating this ever since, meaning, this provision, assuming we will go into it. In short, in effect, this particular provision dissolves these political subdivisions because it cannot follow this one. That's my point, Your Honor.

COMMISSIONER TEVES.

At any rate, we are not averse to Commissioner Romualdo's introducing amendments and other commissioners in the period of amendment.

COMMISSIONER ROMUALDO

Thank you, Your Honor.

COMMISSIONER ABUEG

The Floor Leader. Who...

COMMISSIONER APOSTOL

Mr. Chair, may I move that we recognize the Honorable Carmen Pedrosa, popularly known as the mother of Veronica Pedrosa.

POINT OF ORDER OF COMMISSIONER NAVAL

COMMISSIONER NAVAL.

Mr. Chairman, may I raise a point of order?

COMMISSIONER ABUEG

Will the gentleman please state his point of order?

COMMISSIONER NAVAL

My point of order is whether it is proper for us at this time to be debating, discussing about federal form of government, when there is nothing in this report of the Committee establishing a federal form of government. What the committee has proposed to be taken up by this Body is the establishment of these autonomous regional and local governments. And the recommendation of the Committee is contained in this 14 pages report establishing autonomous regions and local governments. There is nothing here which establishes a federal form of government or structure of government. There is only, may I, there is only the first section and the second section found on the first page of this report. But in the first page of this report, Section 2 reads, "A Constitutional Preparatory Commission is hereby created that shall determine all the legal, financial administrative and other requirements in the transition into a Federal Republic and recommend," may I emphasize, "and recommend the needed legislation by the Parliament in order to ensure that the national government, autonomous, etc." So the discussion on this federal form and structure of government will be proper under Section 2 on the Constitutional Preparatory Commission and in the Parliament when they take up this legislation which is needed for the transition from the present structure to the federal structure. But at present, what we will discuss only will be the establishment of these autonomous regions and local governments contained in this report.

COMMISSIONER ESPINA

Mr. Chairman.

COMMISSIONER NAVAL

I have turned over the entire report. There is nothing here which says the federal structure of government shall be like this. No. It merely states in the first page that "not more than 10 years following the ratification of this proposed revision of the 1987 Constitution." The Federal Republic is established and the autonomous regions become federal states. Therefore, these federal states will be the autonomous regions. In 10 years, these autonomous regions will

become federal states. So, why should we discuss these federal states when there is the report here?

COMMISSIONER ABUEG
What does the Floor Leader say?

COMMISSIONER ESPINA
Mr. Chairman.

COMMISSIONER ABUEG
On the point of order.

COMMISSIONER APOSTOL.
On the point of order, the resolution really proposes a federal structure of government but unfortunately, the Body does not state on the federal system of government.

COMMISSIONER NAVAL
Nothing.

COMMISSIONER ABUEG
Therefore, the point of order is meritorious?

COMMISSIONER APOSTOL
Meritorious.

COMMISSIONER ESPINA.
Mr. Chairman, before that...

COMMISSIONER ABUEG
Commissioner Espina.

COMMISSIONER ESPINA
If we approve the section as proposed, which provides for an autonomous region, in effect that is the federal state. That is why, although it does not mention in that section that a federal state is created, I read earlier the four subdivisions, the proposal has a fifth subdivision, in fact the first one, when it said, "The political subdivision and territories are to be composed of the autonomous regions." So the moment we approve that section, whether we use the word federal or not, it establishes already another layer, plus the fact that in the resolution, there is the use of the word "federal."

COMMISSIONER NAVAL
Mr. Chairman.

COMMISSIONER ESPINA
And if I were to follow the point of order, I do not want to do it but if he is in order, then I will suspend the discussion on this.

COMMISSIONER NAVAL
Yes. We proceed with the discussion on these autonomous regions and local governments contained in 14 pages prepared by the Committee on Structure of Government.

COMMISSIONER ESPINA

We cannot proceed with that, Mr. Chairman, because there is a cover letter signed by the Chairman of the Committee and it covers all of it. It does not say this resolution pertains only to the proposed section on the transition. No.

COMMISSIONER LAMBINO

Mr. Chairman.

SUSPENSION OF SESSION

COMMISSIONER ABUEG.

Session is suspended.

It was 2:43 p.m.

RESUMPTION OF SESSION

The session resumed at 2:53 p.m.

COMMISSIONER ABUEG

Floor Leader.

COMMISSIONER APOSTOL.

Mr. Chair, may I move that we recognize Commissioner Naval.

COMMISSIONER ABUEG.

Commissioner Naval is recognized.

COMMISSIONER NAVAL.

Mr. Chairman, I raised that point of order because it seems really that it is out of order to be discussing the federal form, structure of government, when there is nothing here in this report. What is in the report is the establishment of these autonomous regions and local governments. After we have approved these autonomous regions and local governments, then there is this provision on Section 1 that these local governments, autonomous regions, shall become federal states within 10 years. Now what will be a federal state without these autonomous regions? So we must first approve or discuss these autonomous regions before we talk about federal.

COMMISSIONER ABUEG.

What is the pleasure of the gentleman?

COMMISSIONER APOSTOL.

You suspend the consideration of your motion. We will finish the debate.

COMMISSIONER ABUEG.

What is the pleasure of the gentleman? Will he insist on his point of order or allow the debate on the report?

COMMISSIONER NAVAL

I'll agree to the finishing of the debate. *(Applause)*

COMMISSIONER ABUEG

In effect, the point of order is withdrawn. The same is granted. Floor Leader.

COMMISSIONER APOSTOL.

I move that we recognize Commissioner Carmen Pedrosa, popularly known as the mother of Veronica Pedrosa.

COMMISSIONER ABUEG

Commissioner Pedrosa is recognized for her interpellation.

INTERPELLATION BY COMMISSIONER PEDROSA

COMMISSIONER PEDROSA.

Actually, my questions come from several statements that were made here by several speakers which, I must say, come from ignorance. The first one, I have to address the sponsor, it really refers to someone who said something and I don't care about congressional rules, I'll say it. What, the question was asked, what cannot be accomplished by merely strengthening self-autonomous regions? The answer is very fundamental. It does not give self-determination.

COMMISSIONER BAUTISTA.

Mr. Chairman, point of order.

COMMISSIONER ABUEG

Will the gentleman state his point of order?

COMMISSIONER BAUTISTA

I think that the presentation of Commissioner Pedrosa is more appropriate for the turno en contra but not for interpellation because she is not asking...

COMMISSIONER PEDROSA.

Okay, I'll be interpellating. Do you think that ah, crazy, but anyway... *(Laughter)*

COMMISSIONER ABUEG

Proceed, proceed. Please proceed. Commissioner Pedrosa may please proceed.

COMMISSIONER PEDROSA

Do you think that self-determination can be had with merely a stronger autonomy? Second...

COMMISSIONER APOSTOL *(off mic)*

Period, period.

COMMISSIONER PEDROSA

Period na ba? Mayro'n pang isa pa eh. Oh, answer muna.

COMMISSIONER TEVES

Well, the experience does not assure that.

COMMISSIONER PEDROSA

Yeah.

COMMISSIONER ABUEG
Second question.

COMMISSIONER PEDROSA
Have you ever in all your consultations heard people say in these outlying regions of the Philippines that they had a sense of belonging to this nation? Did they?

COMMISSIONER TEVES
We did not ask that question in that...

COMMISSIONER PEDROSA
No, what I was leading to is, there are two parts of the question actually. A strengthened self, autonomy, does that give a sense of belonging? Does it give a sense of belonging?

COMMISSIONER TEVES.
Well, it's not enough reason for them to feel good about belonging to a national entity.

COMMISSIONER PEDROSA.
Are you aware of one of the tenets of Christian democracy that was, that made up a program that helped a lot of people in areas where there is bad governance? Now, they have tried to solve it through what they call subsidiarity. What does subsidiarity mean? It means that, okay, teka muna. Ano ba naman kayo. Napaka-istrikto niyo.

COMMISSIONER ABUEG
The sponsor may please reply.

COMMISSIONER TEVES.
It's a principle that says that governance is best done at the level of the governed. Where the Governors are close to the problem, it better be given to them. Subsidiarity.

COMMISSIONER PEDROSA.
Subsidiarity. So, in effect, if a person or somebody who's governed can do things more efficiently at that level, don't you think that he should be allowed to do it for himself?

COMMISSIONER TEVES.
That's the idea of self-determination, yes.

COMMISSIONER PEDROSA.
Next question, do you know that there is such a thing as the United Nations? *(Laughter)*

COMMISSIONER TEVES.
Yes, Ma'am.

COMMISSIONER PEDROSA.
Why, why did they establish a United Nations?

COMMISSIONER TEVES.
Well, because in the first place, these are independent countries and there was the sense that to consolidate the resources of all these countries, to promote world unity and to end discords and war.

COMMISSIONER PEDROSA.

Did they share knowledge of what their, the more developed countries, did they intend to help and share knowledge with the less developed nations?

COMMISSIONER TEVES.

There are quite a number of agencies and institutions within the UN that address that.

COMMISSIONER PEDROSA.

Now, I am really coming to the question, are you aware that there is such a thing as the Forum of Federations?

COMMISSIONER TEVES.

Yes, Ma'am. We've been dealing with the Forum of Federations all this while.

COMMISSIONER PEDROSA.

Why, what is the reason why the Forum of Federations was organized?

COMMISSIONER TEVES.

As far as we know, it's to promote and to assist countries that intend to go federal, to promote the idea of self-determination.

COMMISSIONER PEDROSA.

Within the organization, do you have different levels at which nations have organized into federal states?

COMMISSIONER TEVES.

Yes, different levels and different approaches as well.

COMMISSIONER PEDROSA.

I was invited to Belgium when they held the Forum of Federations. And during that meeting, I met people like myself who didn't know much about federation. But when I heard Switzerland, and I heard other countries, you know, that had gone to federation, I asked them, like you I was confused, and they said to me, I asked them why, what is the cause, what is the reason why you are, they were spending money, inviting people, and helping studies and seminars, why. You know, they said, it's like democracy. There was a time when democracy was not in fashion. (*Bell rings.*) But now, there are such challenges in life, in the world today, that we think or we have experienced, can help through restructuring government into federal entities. And that is why they said that, in fact, there are two dominant problems in our world today. One, is the ethnic conflict and they think this is one solution. You can differ with them, but they said that to me. And the second is big governance. As the world grows, governments cannot tackle the bigger and bigger constituencies. That is the reason why a unitary country like ourselves, where the President is voted, hardly has any contact with a poor guy in Sulu. He doesn't know what the problem is. Do you agree?

COMMISSIONER TEVES.

Agree. 100%, agree.

COMMISSIONER PEDROSA.

As I said, this was the answer to why there is such a wide organization of nations trying to help those countries with such problems so that they can share. Switzerland is there to share, Canada is there to share. And they themselves said to me that this is an evolving problem. They

themselves who are already what you might call very developed and very established societies, they said it is evolving. That's why they like to share their knowledge. It has never been something like they want to impose on us. Okay. Anyway, I think that is basically, and therefore, again, last word, a question. Do you agree that there is a difference between federalism, which is what we were discussing and the federalizing spirit? Answer it na lang and then I'll tell you if you agree. Can I answer that and then ask you if you agree? Federalism is a structure of government. I can understand the reservations of my fellow members because it is not going to be done in one day. It is going to take all our lives or even our children's lives. But basically, the character of federalizing spirit is to give back the responsibility to the people themselves. You must free them to make, it is what you do with your children. You discipline them but after a time, you let them go. That is really the essence of the federalizing spirit. Do you agree?

COMMISSIONER TEVES.

Agree. *(Applause)*

CHAIRMAN ABUEG.

Thank you for the enlightenment, for educating us. Floor Leader.

COMMISSIONER APOSTOL.

Mr. Speaker, I move that we recognize Commissioner Naval to interpellate.

CHAIRMAN ABUEG.

Commissioner Naval is recognized for his interpellation.

COMMISSIONER NAVAL.

I have no interpellation on this federal structure of government but my interpellation will be on the autonomous regions and local governments.

CHAIRMAN ABUEG.

Please proceed. You make a reservation? Reservation for local government interpretation?

COMMISSIONER APOSTOL.

In that case, I move that we recognize Commissioner Lambino

CHAIRMAN ABUEG.

Commissioner Lambino is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER LAMBINO

COMMISSIONER LAMBINO.

Thank you, Mr. Chairman. Actually, I did intend not to stand up and interpellate the sponsors. But because of some events that transpired a while ago, I have to stand up because I do not want to be left in the bandwagon so to speak. Because a while ago, the good Commissioner Yuchengco said that, "I think we better abolish this Commission, it is too noisy." I don't know if he was joking or not. And the good Floor Leader said, "Well, we don't need to abolish this Commission. We just expel Espina, Lambino, Garcia, Villanueva and Magno, and then this Commission could function appropriately." *(Laughter)* And I saw Alex Magno stood up. I saw Commissioner Villanueva stood up. I saw Commissioner Espina stood up. I saw Commissioner Garcia stood up. If they will be expelled, I will be, I would not want to be left in the bandwagon. *(Laughter)* I would like to be part of those who will be expelled. Okay, Mr. Chairman. Will the sponsors yield to a few questions?

COMMISSIONER TEVES

Yes, go ahead.

COMMISSIONER LAMBINO

May the sponsor give light as to how federal states are formed?

COMMISSIONER TEVES.

Are formed?

COMMISSIONER LAMBINO.

Yes.

COMMISSIONER TEVES.

In the case of several countries, like the United States of America, they started from 13 former colonies who decided to band together to create a United States.

COMMISSIONER LAMBINO.

How about Malaysia, Mr. Chairman? How did Malaysia become a federated state?

COMMISSIONER TEVES.

Malaysia? Yes, Chairman Abueva.

CHAIRMAN ABUEG.

Commissioner Abueva is recognized to answer for the sponsoring Committee.

CHAIRMAN ABUEVA.

Thank you, Mr. Chairman. In the case of Malaysia, even before the British came to colonize the Malay Peninsula, there was already an existence of the autonomous Malay states. And as you know, sometime in 1965, they decided to form the State of Malaysia, the New State of Malaysia. Originally, Singapore was to be a member, and then Sabah and what's the other one? Sarawak.

COMMISSIONER LAMBINO.

Yes, Mr. Chairman. Canada was also formed as a federal state in the same way.

CHAIRMAN ABUEVA.

Yes. It started that way and until it grew to the...

COMMISSIONER LAMBINO.

And if I remember it right, Yugoslavia used to be also a federal state.

CHAIRMAN ABUEVA.

Yes. They used to be separate then they united then they disintegrated.

COMMISSIONER LAMBINO.

Yes. And same also with the Soviet Union, the old Soviet Union.

CHAIRMAN ABUEVA.

Yes. There used to be only the Federation of Russia. After World War II, as you know, the Russians incorporated many of the neighboring states and the states they occupied in Eastern Europe.

COMMISSIONER LAMBINO.

Thank you, Mr. Chairman. So in all these federal states that we know now in the world, I think if I am not mistaken, there are about 40 federal states we have now in the world.

CHAIRMAN ABUEVA.

We have counted 25.

COMMISSIONER LAMBINO.

So it is even much less.

CHAIRMAN ABUEVA.

There may be more but we have focused our studies on 25.

COMMISSIONER LAMBINO.

So more or less between that number 25 to 30 or so, Mr. Chairman.

CHAIRMAN ABUEVA

Yes.

COMMISSIONER LAMBINO

And all these federal states that we have now, or those previous federal states that we had, these were formed because there were some territories, colonies, or states, simple states, or unitary states, who decided to band themselves together and form that federation. Isn't it?

CHAIRMAN ABUEVA.

Yes. There were autonomous entities of different types.

COMMISSIONER LAMBINO.

Yes, Mr. Chairman. So that there is no existing federal state today which was then a unitary state and then it decided that it is going to break itself into federal states.

CHAIRMAN ABUEVA.

Political science literature recognizes Spain as a federal state.

COMMISSIONER LAMBINO.

No. The question is simple, Mr. Chairman.

CHAIRMAN ABUEVA.

Yeah, from unitary, yes, there are.

COMMISSIONER LAMBINO.

May the sponsor inform this representation what state in the world today, a federal state now, which used to be only a unitary state.

CHAIRMAN ABUEVA.

Spain is one of them, Belgium and Pakistan. The Philippines, hopefully.

COMMISSIONER LAMBINO.

Pakistan is a federal state but before that, it was part of India.

CHAIRMAN ABUEVA.

Originally, there was only one entity called India, which was of course under the British...After the independence, there was a partition of India and Pakistan, with East Pakistan and West Pakistan. East Pakistan became Bangladesh.

COMMISSIONER LAMBINO

Yes, Mr. Chairman.

CHAIRMAN ABUEVA.

Then Pakistan decided that the example of India of a federated state was more appropriate to them because of their ethnic composition. So Pakistan is one unitary state that turned federal.

COMMISSIONER LAMBINO.

That turned federal.

CHAIRMAN ABUEVA

Yes.

COMMISSIONER LAMBINO

When they turned federal, the several states in Pakistan, did they transform themselves first into autonomous regions or autonomous territory before they decided to transform into federal state?

CHAIRMAN ABUEVA.

I don't know that detail but there were, I think, regional or sub-regional entities.

COMMISSIONER LAMBINO.

Yes. But be that as it may, Mr. Chairman, would you agree with me that the transformation of such, these some unitary states into federal states was not a product of an imposition from their national government but it was a product of the consensus coming from their local territories?

CHAIRMAN ABUEVA.

Yes, particularly in the case of Spain. We know that it was the insurgency of the Basque Region and Catalan, and also Galicia, which made Spain recognize that it would be better to form regional autonomous communities equivalent to our autonomous regions. But having done that, what was good for these rebel or insurgent regions, they said, should be good for all of Spain. So they decided to create, to allow autonomous communities in the rest of Spain.

COMMISSIONER LAMBINO.

Yes, Mr. Chairman. So that in your formula to transform this country into a federal state is that to establish autonomous regions in the different parts of the country. Is it not, Mr. Chairman?

CHAIRMAN ABUEVA.

Yes, following a particular process in doing so.

COMMISSIONER LAMBINO.

Yes. May I know from the sponsor what do you mean by the concept of autonomy?

CHAIRMAN ABUEVA.

Autonomous regions, yes. By definition, as a special feature of a federal state, you have a constitutionally defined distribution of powers between the national government or the federal government and the sub-national or regional government.

COMMISSIONER LAMBINO.

If the sponsor may permit me, may I share the definition of autonomy, which was given by the Supreme Court in the case of Limbona vs. Conti-Mangilin, a case decided on February 28, 1989, that autonomy could either be both decentralization of administration and decentralization of power. And if I may define decentralization of administration, the central government delegates administration powers to political subdivision in order to draw them the base of government powers and in the process, to make local government more responsive and accountable and ensure their fullest development as self-reliant communities and make them more effective partners in the pursuit of national development and social program. At the same time, it relieves the central government of the burden of managing local affairs and enables it to concentrate on the national concerns. Second, decentralization of power, it involves an abdication of political power in favor of the local government units declared to be autonomous. The autonomous government is free to chart its own destiny and shape of the future with minimum intervention from the central government authorities. It becomes accountable, not to the central government, but to its constituencies. *(Bell rings.)*

Following this legal definition of autonomy, is it not that the objective really is to give chance to different regions or provinces in the country to become self-sufficient, that we do not need to federalize but only to strengthen autonomy?

CHAIRMAN ABUEVA.

We have actual experience to show that local autonomy or the so-called local autonomy movement, has reached a dead end. The Local Government Code is now 14 years old and there were few functions that were devolved under the Local Government Code. Some improvements were experienced or gained by that devolution. And there was a requirement that every five years, there should be an assessment of the progress or the development experienced, gained during those five years. None, no review has been done under this Local Government Code. Not only that, the principal author of the Local Government Code is Senator Nene Pimentel. He is the one who said we have to have federalism. The mere Local Autonomy Code does not bring us the results that we envision. So he is the foremost champion of federalism in this country.

COMMISSIONER LAMBINO.

Would you agree with me, Mr. Chairman, that the basic distinction between decentralization of power and decentralization of administration vis-a-vis that of federations is that in the decentralization of power and administration, the central government surrenders power to some autonomous territories?

CHAIRMAN ABUEVA.

You can put it that way. But I prefer that as the literature says, in a federal state, you have a...

COMMISSIONER LAMBINO.

I am talking, Mr. Chairman, of autonomy first. The central government surrenders its powers to the autonomous territories.

CHAIRMAN ABUEVA.

Yes, instead of surrender, the preferred....

COMMISSIONER LAMBINO.

Transfer or devolve.

CHAIRMAN ABUEVA.

No, there is a constitutionally defined sharing of power between the federal and the...

COMMISSIONER LAMBINO.

Yes, Mr. Chairman. On the other hand, however, in the concept of federalization, the member states or member territories that would form a federation, they themselves will be the ones surrendering these powers to the federation, not the other way around. It is not the federal state that will surrender the powers to the member state of the federation.

CHAIRMAN ABUEVA.

That is the history of most of our federal states.

COMMISSIONER LAMBINO.

So that in this proposal, therefore, Mr. Chairman, it is against the logic of the establishment of a federation that the federal territories should be the ones surrendering their powers to the federal government or the federal state.

CHAIRMAN ABUEVA.

No, what is happening is that given our unique circumstances, we are really starting as a unitary state and going in the direction of local autonomy, and then federal state. We are agreed that there should be a partnership between the national government and the prospective autonomous regions or federal states and this partnership will be defined, we are proposing that the revision of the Constitution will define the distribution of powers between the national or the federal government and the autonomous regions or federal states.

COMMISSIONER LAMBINO.

Yes, Mr. Chairman, and would you agree with me in my observation that the trend in the world now today is for the existing unitary states or even the existing federal states now in the world to even group themselves into a bigger one just like the European Union? And that is also what the Philippines and the ASEAN are doing that they are now trying to create a new ASEAN Federal State, if need be, and not to really breakdown their respective states.

CHAIRMAN ABUEVA.

If you look at the structure of political systems around the world, there are two processes taking place simultaneously. There is the process of globalization or larger or open federations like the European Union, and as well as localization, which means creating more autonomous regions.

COMMISSIONER LAMBINO.

Yes, I have no problem, Mr. Chairman, with the concept that we are going to give more autonomy to our existing local government units. But I have strong reservations that if we are going to follow the proposal of the Committee in order for these autonomous regions to become later on independent states themselves, then we are going against the tide of the current globalization process. Thank you, Mr. Chairman.

CHAIRMAN ABUEG.
Floor Leader.

COMMISSIONER APOSTOL.
Mr. Chairman, I move that we recognize the Honorable Acevedo as the next interpellator.

CHAIRMAN ABUEG.
Commissioner Acevedo is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER ACEVEDO

COMMISSIONER ACEVEDO.
Mr. Chairman.

COMMISSIONER ABUEG
Please proceed.

COMMISSIONER ACEVEDO
Mr. Chairman of the Committee, may I know if my suggestion that the Committee avail of the power to detail and accordingly, detail appropriate personnel from the National Tax Center and the Bureau of Internal Revenue to gather financial statistics for this Committee in order that we will be up-to-date as to whether or not the proposed states would be financially viable if we decide to federalize? Second, I also put on record a request because of a panel discussion between Chairman Abueva and Commissioner Garcia and former or retired National Treasurer Briones, where Treasurer Briones replied to a question on whether the federal system is financially viable and the reply was no because of a P5 trillion national indebtedness and the trend of the economy, and so I requested that she be invited.

I would like also to ask you if you are up-to-date in citing that the NCPAG, the UP College of Public Administration, is already through with their study on whether we can be viable if we federate? With this, we can be up-to-date and accurate in our decision-making because I share also the fact that in 1973, Mr. Virata can bear me out and the records of the Department of Finance can bear me out and I was a member of all the committees that drafted the PDs on local government finance. So the concept of Internal Revenue Allotment under PD 144, as amended, is in fact done when Finance was ordered by then President Marcos to implement fiscal autonomy for local governments. So the Committee on Local Taxation, which came out with PD 231, as amended, which finally went into the Local Government Code. Among the decrees that went into the Local Government Code, for the information of the Commission, are PD 144, that is on the Internal Revenue Allotment, 231, the Local Tax Code, 464, the Real Property Tax Code, the decree on credit financing, PD 477, the decree on fiscal administration, and all of these, including PD 526, the decree on property management. These were integrated and are now the prevailing laws incorporated into the Local Government Code.

COMMISSIONER APOSTOL (*off mic*)
Question, question.

COMMISSIONER ACEVEDO
Yes, question.

COMMISSIONER TEVES

There were three questions. I'd like to...

COMMISSIONER ACEVEDO

There were only three questions and I am only trying to correct the misimpression that this retention system, no, this was in fact corrected by PD 144, when the entire income under the local Internal Revenue Code, instead of being delegated to the taxing power of local governments, there was a decision that to expedite and to minimize tax leakage, it will be in the form of share and the Supreme Court has ruled that, in fact, the national government cannot retain this. This is automatically released. So this is the correction of the impression that there is no equal sharing. No, in fact, the entire income is apportioned proportionally, and also it is not correct to state that there is no amendment to the Local Government Code. This amendment is now the latest. And, in fact, I was trying not to enter the debate because I was proposing the establishment of a local government bank, which is here, and probably sleeping again.

Now, as of December 15, I went to the present Chairman of the Committee on Local Government, Senator Lim, and he has a commitment that discussions on the Local Government Code will start again this year. So maybe you can answer the three questions and that is the correction.

COMMISSIONER VILAR.

Point of clarification.

COMMISSIONER ABUEG

Will the gentleman please state his clarification.

COMMISSIONER VILAR

May I have the floor? According to Chairman Abueva, federalism is a partnership between the government and the emerging federal state. But in a partnership, there is a contribution of capital between the partners. How can the emerging federal states contribute capital to a partnership? Can Commissioner Abueva clarify this?

COMMISSIONER ABUEG.

Will the gentleman please hold in abeyance his query until such time that he is recognized to interpellate?

COMMISSIONER APOSTOL. *(off mic)*

If you want to interpellate, I will include your name. *(Laughter)*

COMMISSIONER ABUEG

The sponsor may now respond to the query of Commissioner Acevedo.

COMMISSIONER TEVES

I recall three questions. The first one was whether we availed of information from the Tax Center? Is that correct? So, we haven't but we would be happy to get help from Commissioner Acevedo with regards to getting us connected with this Tax Center. Liling Briones, unfortunately, we haven't had, is that Liling Briones? We haven't had any opportunity to invite Liling Briones for sharing here in our Committee. The third one is regarding whether we are updated with regards to NCPAP. In fact, the Committee received a position paper from Dr. Alex Brilliantes for our second meeting more than a month ago.

COMMISSIONER ACEVEDO.

By the way, I know that they are still studying right now the financial aspects of the different states.

COMMISSIONER TEVES.

Yes, but at any rate, the paper submitted by Dr. Brilliantes was in support of federalism although he mentioned that we should take caution not to be in too much of a hurry in the transition.

COMMISSIONER ACEVEDO.

I would like to inform you that the study was conducted after the paper because I personally went to NCPAG to find out whether we have up-to-date studies.

COMMISSIONER TEVES.

But it's not completed yet?

COMMISSIONER ACEVEDO.

They have not.

COMMISSIONER TEVES.

It's not completed yet?

COMMISSIONER ACEVEDO

No, not yet.

COMMISSIONER TEVES

Okay.

COMMISSIONER ABUEG

Floor Leader.

COMMISSIONER VILAR.

So, in your own words, you said that we are not too much in a hurry regarding federalism. Can we hold this in abeyance?

COMMISSIONER APOSTOL

Mr. Chair.

COMMISSIONER VILAR

That is your word; we are not too much in a hurry.

COMMISSIONER ABUEG

Wait, please. Floor Leader.

COMMISSIONER VILAR

And I need a clarification also on my question of partnership, regarding the contribution of each partners between the national government and the emerging...

COMMISSIONER ABUEG.

The Floor Leader will ask for the recognition of Commissioner Vilar. Floor Leader?

COMMISSIONER APOSTOL.

Commissioner Vilar will be the third speaker yet. Now, I move that we recognize Commissioner Bautista. After this, Commissioner Bello, then, Commissioner Vilar. You will be the last speaker.

COMMISSIONER ABUEG.

Commissioner Bautista is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER BAUTISTA

COMMISSIONER BAUTISTA.

Thank you, Mr. Chairman. I just have a few questions for our proponent who, by the way, I just discovered last night is an excellent entertainer.

COMMISSIONER TEVES. *(off mic)*

Serious tayo ngayon eh, serious.

COMMISSIONER BAUTISTA.

Mr. Chairman, under the proposed amendments to Article X, how many autonomous regions or states are being envisioned?

COMMISSIONER TEVES *(off mic)*

May I request Chairman Abueva to reply?

COMMISSIONER ABUEG.

Chairman Abueva is recognized to answer for the sponsoring Committee.

CHAIRMAN ABUEVA.

In the many consultations of the Citizens Movement for a Federal Philippines, we drew up a list which added up to 12. But we hesitated after our first meeting of the Committee to submit this list as a prescription or as a recommendation to the exact number of autonomous regions to be created. And to avoid the misunderstanding, we withdrew this list and annexed it to the next draft of our proposal to show that it is really up to the leaders of the prospective regions and as well as Parliament to decide it. And in fact, we welcomed the excellent idea of Commissioner Garcia that maybe the plebiscite that we proposed, which would be after an Organic Act was passed by Parliament for a possible autonomous region, we liked the idea that before you do that, you already allow the people and the leaders of a prospective autonomous region to decide whether they want to be. And that plebiscite to be held, which if acted favorably, would be the basis for Parliament to pass an Organic Act to create the autonomous region. So, in other words, we respect the principle of self-determination of the people in a region because we want to avoid the prospect like the Cordillera where the Congress passed an Organic Act, and then the Organic Act was not adopted, approved.

COMMISSIONER BAUTISTA.

So, Mr. Chairman, is it possible then for an autonomous region or a state to decide not to become part of the federation?

CHAIRMAN ABUEVA.

Exactly, it is a voluntary decision on the part of the people in the existing administrative regions, to be specific, for example.

COMMISSIONER BAUTISTA.

So, again, just by way of a hypothetical example, it is, for example, possible that the Federal Republic of the Philippines will constitute of Regions I and II, while the other regions will just

constitute themselves as autonomous regions but not being part and parcel of the Federal Republic of the Philippines?

CHAIRMAN ABUEVA.

No, the idea is that the autonomous regions are the proto-federal states of a Federal Republic. And the expectation is that maybe at least half of the existing administrative regions would agree to be the autonomous regions. But it's possible for certain regions not to decide to become autonomous regions.

COMMISSIONER BAUTISTA.

Well, or not to become part of the Federal Republic?

CHAIRMAN ABUEVA.

No, that is secession, you're talking about secession. No.

COMMISSIONER BAUTISTA.

Again, maybe that's where I need some clarification because I do not understand, because as you pointed out, for example, in the case of the Cordilleras, only one part of the Cordilleras, I think it's Ifugao, which voted to become part of the Cordillera Autonomous Region and this was questioned in the Supreme Court and the Supreme Court said, you know you cannot have a CAR with just one province. And here, what I'm a bit apprehensive about is that some of the autonomous regions would not want to form or become a member of this federation.

CHAIRMAN ABUEVA.

Yes.

COMMISSIONER BAUTISTA.

Is there a legal remedy by which we can compel them to become a member?

CHAIRMAN ABUEVA.

It is against the principle of self-determination to compel citizens living in particular regions, to compel them, you know. It should be a voluntary act of self-determination to want to be a component unit of the federation as an autonomous region initially, and then when the Federal Republic is finally established, to become a federal state.

COMMISSIONER BAUTISTA.

But if they don't want to be part of the Federal Republic?

CHAIRMAN ABUEVA.

That is their option. You know, I don't have my list here, Mr. Chairman, I don't have my list here of the 25 federations we have in the world. There are many categories or entities within each federation. For sometime, for example, the US started with 13 colonies. Now, they have 50 states. So, in the process, there were territories that were added. Alaska, for a long time, was not a member of the USA. It was just a territory. Hawaii was just a territory for a long time.

COMMISSIONER BAUTISTA.

Up to now, Puerto Rico and also Guam....

CHAIRMAN ABUEVA.

It's still a commonwealth. It's still a commonwealth.

COMMISSIONER BAUTISTA.

Yeah. So that would be possible in this envisioned, wherein we would have different types of membership in the federation?

CHAIRMAN ABUEVA.

Yes. And our hope is that if the autonomous regions and the federal states progress and develop as rapidly as we hope they will, the other would be encouraged to also opt to be autonomous regions.

COMMISSIONER BAUTISTA.

Okay. Thank you, Mr. Chairman. On this concept of equitable development, and the payment of grants-in-aid and equalization assistance, I would think that here the various autonomous regions or states would be mandated to contribute a certain amount, right, for the operation of the federal government and the federal government would in turn parcel out some of the excess in order to assist some of the less developed autonomous regions. Is that the contemplation of the Committee?

CHAIRMAN ABUEVA.

That's one way. There are two ways of establishing or building the grant-in-aid fund or what they call in Canada and in Australia as equalization fund and solidarity fund in the Federal Republic of Germany. One is, it's an outright surplus of the federal government that is given to the poorer regions as a form of grant-in-aid or is like really foreign assistance, only it's internal to the country. And in Canada, they have two kinds of equalization funds. One equalization fund, because they are so progressive and so rich, is intended solely to guarantee that no Canadian citizen shall live under a certain standard of living, anywhere in Canada. Even in the more developed provinces, the federal government will take care of every such disadvantaged family. They are a welfare state.

COMMISSIONER BAUTISTA.

Although, Mr. Chairman, I think it's fair to say that at this point in our...

CHAIRMAN ABUEVA.

Yeah, we cannot have that.

COMMISSIONER BAUTISTA.

Yeah, that, we cannot do that.

CHAIRMAN ABUEVA.

But the second kind of federal grant-in-aid is really fiscal aid to the poorer regions. And the federal grants-in-aid in the US is of that type.

COMMISSIONER BAUTISTA.

The fiscal aid is given by the federal government or is it given by one state, you know, one rich state to another?

CHAIRMAN ABUEVA.

Well, it's a, the general pattern is for the federal state, the federal government to give it to the other states. But in some jurisdictions, the richer states also voluntarily contribute to the poorer states.

COMMISSIONER BAUTISTA.

Now, Mr. Chairman, how are we supposed to, again, is there a formula being used that would enable the federal government to determine how much each autonomous region or state is going to contribute to the pot, so to speak?

CHAIRMAN ABUEVA.

Yes. One advantage in being a late joiner to become a federal state, and also to become a parliamentary government, is that we can go by the rich experience of those who went ahead of us. So we are not starting from scratch. There are models by which different federal governments as well as progressive states within federations assist the less developed states.

COMMISSIONER BAUTISTA.

May I have one more minute, Mr. Chairman? Again, just on that issue, Mr. Chairman, is it, you know, I would think it is envisioned that the richer states would contribute more as opposed to the poorer states?

CHAIRMAN ABUEVA.

Yes. For example, Metro Manila State would be a very rich state.

COMMISSIONER BAUTISTA.

But who would make that determination?

CHAIRMAN ABUEVA.

I suppose this is a negotiation between Parliament representing the national government and the rich states.

COMMISSIONER BAUTISTA.

That's right. And now, Mr. Chairman, what if the state again exercising self-determination says, I do not want to contribute?

CHAIRMAN ABUEVA.

That is purely a decision it has to make. But the federal spirit that Mrs. Pedrosa was talking about is the spirit of bayanihan, the spirit of solidarity, the spirit of compassion by the more able, the more advanced members of the country, population, to those who are less advantaged. So this is the partnership I was talking about. You are talking of a legal partnership. I'm not talking of a legal partnership. There is not only one kind of partnership. There are all kinds of partnership. Marriage is a partnership. There are all kinds of partnership.

COMMISSIONER BAUTISTA.

Thank you very much, Mr. Chairman.

COMMISSIONER ABUEG.

Floor Leader? Next interpellator?

COMMISSIONER APOSTOL.

Mr. Chair, I move that we recognize Commissioner Bello. And then our last interpellator is the one who keeps on interfering, Commissioner Vilar.

COMMISSIONER ABUEG.

Commissioner Bello is recognized.

INTERPELLATION BY COMMISSIONER BELLO

COMMISSIONER BELLO.

Thank you, Mr. Chairman. I just have a few questions. And my concern is that we have to preserve the integrity of the Republic, particularly each territory. And I have a reservation as far as going into a federal structure of government is concerned. Are you aware that there is a secessionist movement in the Southern Philippines?

COMMISSIONER TEVES.

Very much so.

COMMISSIONER BELLO.

You are very much aware of this?

COMMISSIONER TEVES.

Yeah.

COMMISSIONER BELLO.

And this has been since 1973 or earlier than that, '72, because I was involved during the height of crisis there, as early as '69 when people were clamoring for independence. And very well so, when you talk of a state, you must have population, you must have territory, you must have government, and we are trying to give them government now, and you must have an armed force. And they have what they call MILF. And before that was the group of Misuari, and this is the MNLF. But they have been pacified. But the other group remains to be a problem until now. It is. And the government panel is trying to negotiate; then a ceasefire has been declared, although there are violations here and there. So, the clamor of the group continues to be there, not only to be given government, but to be an independent group of, to be an independent state. So, my question is, don't you think that a federal form of government will be a formula that will accelerate the secession of southern Philippines from the territory that we have now?

COMMISSIONER ABUEG.

Chairman Abueva is recognized to answer for the Committee.

CHAIRMAN ABUEVA.

That is a very important question. In fact, it is raised again in every consultation that we had held. The fear of dismemberment of the Republic, the fear of secession, precisely again, we maybe getting repetitious. We kept assuring you that in all our consultations with the Moro leaders, the Moro rebel leaders, they can settle within a Federal Republic of the Philippines. They will consider that a just and endurable kind of a structure. But, then you talk about other fears of dismemberment. Since we are a unitary state going federal, we have certain safeguards to strengthen the unity and solidarity of the nation and the Republic. In the many federations created from independent entities uniting to become a union, the powers of the entities that join together, and the reserved powers of the state are left to the original entities. But here, we have specific provisions to ensure the integrity of the Republic. And there are three of them.

COMMISSIONER BELLO.

Mr. Chairman, I would just like to add. Are you suggesting that there should be a covenant of union so that there will be no secession?

CHAIRMAN ABUEVA.

No, more than...

COMMISSIONER BELLO.

That this should be respected by the different states, just like the United Kingdom?

CHAIRMAN ABUEVA.

Yes, there is. There is one provision to that effect. But here are the other provisions. Section 14: "The autonomous regions shall support the national government in maintaining the integrity and independence of the Republic and shall comply with and enforce this Constitution and all national laws." That's one. Section 15: "The Supreme Court, en banc or in division, depending on the seriousness of the controversy, shall decide on how to resolve conflicts between the Parliament and the autonomous regions and local governments." Section 16: "Supremacy of national laws..."

COMMISSIONER BELLO.

Okay, I think you have provided some safeguards there. But I would just like to cite for the record, that there are two models of federal states that have disintegrated. I would like to refer first to the Federal State of Malaysia. As you have mentioned earlier, they were federated in 1963. And after two years, the original state of the Federation of Malaysia are Malaya, Singapore, Sarawak, and Sabah or North Borneo.

COMMISSIONER ABUEG

Brunei.

COMMISSIONER BELLO

And then, after two years, no, no, Brunei is not a member of the federation. It is an independent state. After two years, in 1965, Singapore was able to gain its independence because of the federal state.

CHAIRMAN ABUEVA.

No, it did not gain its independence. It was kicked out of the federation.

COMMISSIONER BELLO.

Because of the ethnic grouping of the population.

CHAIRMAN ABUEVA.

And Lee Kuan Yew cried, the first time Lee Kuan Yew ever cried in his life.

COMMISSIONER BELLO.

But what I'm trying to point out, Mr. Chairman, is that in a federation, it is very easy for them to get out of the federation.

CHAIRMAN ABUEVA.

No, it is not, it is not.

COMMISSIONER BELLO.

And another classic example, Mr. Chairman, is the Federal State of Pakistan. This was also discussed earlier. In 1953, they drafted a federal form of government in their constitution. But in 1971, because of the groupings again, ethnic groupings of the people and considering that there was a dividing territory between the East and West Pakistan, East Pakistan became independent and Zulfikar Ali Bhutto was then the Prime Minister, was able to retain only the four provinces of East Pakistan with a parliamentary form of government. So, there you are, we have

a federal government that was again divided or the membership of that federation seceded, so to speak.

CHAIRMAN ABUEVA.

Well, Bangladesh and Pakistan are unique. If you look at the map of South Asia, East Pakistan, which has become Bangladesh, is separated by several hundred miles from West Pakistan. And not only that, the East Pakistanese are Bengalese, contiguous to the Bengal state in India.

COMMISSIONER BELLO.

The ethnic, yes, that's the ethnic group.

CHAIRMAN ABUEVA.

So they decided to be independent. They fought a war, in fact, to be independent.

COMMISSIONER BELLO.

But these are the two classical examples of federal states that dismembered or there were secessions from the original federation.

CHAIRMAN ABUEVA.

There are...

COMMISSIONER BELLO.

And it might just happen in the same context as in the federation of the Philippines that we are now recommending.

CHAIRMAN ABUEVA.

No, I don't think it will happen. The only, we have the experience, we have only one secessionist group or part of the country, the Moro National Liberation Front or the MILF. But our experience is that we have been able to prevent them from seceding. Why? We've been able to make arrangements. President Ramos was able to pacify them and make an arrangement. Not only that. The organization of Islamic states pressured them, prevented them from seceding from the Republic because if there is one instance of a subdivision of an Islamic state that succeeds in seceding, it will be a bad example for the rest of the Islamic state.

COMMISSIONER BELLO.

You know, Mr. Chairman, it would be very difficult to address the issue of terrorism if you are at the level of the federal states because intelligence information can be gathered through the national level, and there will be a time interval from the dissemination of information from the national to the state level. And terrorism is now a very favorite topic worldwide, sponsored by the United States. And this problem is slowly creeping into Southern Philippines again.

CHAIRMAN ABUEVA.

Are you suggesting terrorism is sponsored by the United States?

COMMISSIONER BELLO.

No, no, no. I was saying that, do not mistake me there, Mr. Chairman. What I'm saying is the United States is fighting against terrorism.

CHAIRMAN ABUEVA.

Yes, certainly.

COMMISSIONER BELLO.

And they have requested all the allied countries to support the move to contain the Islamic Jemaiah Islamiyah getting into Southern Philippines. And this is becoming another problem.

CHAIRMAN ABUEVA.

Yes. Well, whether it's unitary or federal, it will be a problem.

COMMISSIONER BELLO.

But it would be easier to contain the problem if you have a unitary form of government because the government can immediately address not going to the state when the states do not have the armed capability, you know, Mr. Chairman.

CHAIRMAN ABUEVA.

Well under our provisions, national and regional security will be the responsibilities of the federal government, not of the regions. It's only peace and order or the police that will be devolved to the local government.

COMMISSIONER BELLO.

That's precisely what I'm saying is information that is gathered from international nations or nations in the international community can filter down faster in a unitary form of government than in the federal because you have a layer between the federal and the different states.

CHAIRMAN ABUEVA.

No, the US is federal and they still have...

COMMISSIONER BELLO.

So those are my reservations and I would like to put it on the record for purposes of our deliberation later. Thank you, thank you, Mr. Chairman.

COMMISSIONER ABUEG.

Floor Leader, next interpellator.

COMMISSIONER APOSTOL.

The last interpellator will be the Honorable Tony Vilar.

COMMISSIONER ABUEG.

Commissioner Vilar is recognized for his interpellation.

INTERPELLATION BY COMMISSIONER VILAR

COMMISSIONER VILAR.

I'm addressing this to Commissioner Abueva. He specifically said that it is a partnership. In a partnership, there are contributions among the partners into the partnership. Can you please explain where the contribution will come from. And secondly, Commissioner Abueva stated that the funding of the federal government will come from foreign sources. Are we assuming that the funding of federal government will be influenced by foreign external sources?

CHAIRMAN ABUEVA.

I did not say what you said.

COMMISSIONER VILAR.

No, no, no. According to you, according to Commissioner Abueva, the funding on a federal state, if it emerges, when the funds of a federal state are not available, there are other help from the external state that will come from.

CHAIRMAN ABUEVA.

I did not say that. What I've said...

COMMISSIONER VILAR.

Well, the record will bear me out.

CHAIRMAN ABUEVA.

I know what I said. What I said, which you misunderstood, is this: that we have models of other federal systems that have experience in federal grants-in-aid and equalization fund for the federal government and for the richer states to help the poorer states. That's what I said.

COMMISSIONER VILAR.

Agreed, agreed. So, are we copying the models of other states in order to establish a federal government? Are we not supposed to be independent of other states, of other foreign nation?

CHAIRMAN ABUEVA.

Is our unitary state an original invention of the Philippines?

COMMISSIONER VILAR.

No, but in as much as we are establishing first an independent nation, then ideas especially from the academe must be original. That is what I understand.

CHAIRMAN ABUEVA.

We are free in redesigning our political system to evolve our own ideas. But we are equally free to adopt ideas from other countries to apply to our...

COMMISSIONER VILAR.

So, it is an adoption? It is not a carbon copy?

CHAIRMAN ABUEVA.

No, it's not.

COMMISSIONER VILAR.

We might be using xerox machine.

COMMISSIONER ABUEG

Floor Leader.

COMMISSIONER APOSTOL.

Mr. Chair, I move to close the period of debate and interpellation.

COMMISSIONER ABUEG.

No objection? There being none.

COMMISSIONER VILAR

Mr. Chairman, thank you.

COMMISSIONER ABUEG

Thank you. The period of sponsorship and debate is hereby declared terminated. Floor Leader?

COMMISSIONER APOSTOL.

We'll now go to the period of turno en contra.

COMMISSIONER ABUEG

How much time is allotted for turno...?

COMMISSIONER APOSTOL

15 minutes for two speakers.

COMMISSIONER ABUEG

How many, how many of them?

COMMISSIONER APOSTOL

Commissioner Magno, seven and a half minutes, for Commissioner Garcia, seven and a half minutes.

COMMISSIONER ABUEG

What is the total time allotted so that those who have registered may agree among themselves to divide the 15 minutes?

COMMISSIONER APOSTOL

15, they have already agreed. We have only two speakers.

SUSPENSION OF SESSION

COMMISSIONER ABUEG

Session suspended muna.

RESUMPTION OF SESSION

COMMISSIONER ABUEG

Session is resumed. The Floor Leader.

COMMISSIONER APOSTOL

Mr. Speaker, we are now in the stage of contra en turno. We have three speakers. So I move that we recognize the first speaker in the person of Commissioner Alex Magno.

COMMISSIONER ABUEG

Commissioner Magno is recognized for his...

COMMISSIONER APOSTOL

The one inside the room is Commissioner Espina. He has three minutes to deliver his contra en turno.

COMMISSIONER ABUEG

Commissioner Espina is recognized for his...

COMMISSIONER APOSTOL
Not yet? So...

COMMISSIONER ESPINA (*off mic*)
The announcement, for me, is not included in the 15 minutes.

COMMISSIONER APOSTOL
You are included. Ah, yes. So, Mr. Chair, I move that we recognize now Commissioner Alex Magno.

COMMISSIONER ABUEG
Commissioner Magno is recognized for his contra.

COMMISSIONER MAGNO.
Thank you, Mr. Chairman. Well, ever since I was an activist for the Kabataang Makabayan, I have put my life on the line for a number of causes I thought were patriotic. But today, I sense that this is the most vital patriotic act I can do and this is to oppose the proposal for weakening the nation state. I think that in the course of consultations, a wrong idea was entertained and presented to the constituencies. There was some confusion between decentralization and devolution on one hand and what constitutes federalism on the other hand. The essential element that differentiates federalism from decentralization and devolution is that it requires a complete reconfiguration of the revenue and fiscal system of this nation, I mean, setting aside all the accoutrements of a federal state, regional parliaments and all of that. And yet, while federalism is basically a proposal for reconfiguring the revenue and fiscal system of the nation, the interpellation today showed that there was no study of the fiscal consequences of this act nor of the fiscal schedule that will accompany the political ceremony of federalism. We have before us adverse examples of, I mean, nearly all are, two experiments with autonomy both failed, and they failed mainly because of the absence of local capacity to govern. I'm talking about the ARMM and the Cordillera Autonomous Region.

I have on previous occasions enumerated a number of points why I oppose the federalism proposal as it stands and I will go through them very quickly. It will reduce the capacity of the nation state to play an equalization role and maintain a single standard of welfare and wages for the whole nation. It will add to the public sector payroll. It will create duplications. And it will add to the incoherence of policy in the nation. But I will not go into these other points I have already mentioned. I will confine myself to the single most important element that distinguishes the federalism proposal from merely the strengthening of autonomy, decentralization and devolution. And that is to alter radically, and I submit haphazardly, the fiscal configuration. There has been no study of the consequences of this on the standing national debt. This will produce a market backlash immediately. It will raise interest rates, tighten our credit, and create uncertainty of our capacity to manage the national debt because we are altering the basic fiscal configuration of the country. And yet, the handling of the debt was never discussed in all the public consultations I suppose. And I submit that it is irresponsible to propose a design whose fiscal operationability has not been fully studied and cannot be fully explained at this point. It will expose the Commission's recommendations to ridicule and probably to rejection. I end on that point, Mr. Chairman. Thank you for the opportunity. (*Applause*)

COMMISSIONER ABUEG
The Floor Leader.

COMMISSIONER APOSTOL.

Mr. Chair, I move that we recognize the Honorable Pablo Garcia to deliver his contra en turno.

COMMISSIONER ABUEG.

Commissioner Garcia is recognized for his contra.

COMMISSIONER GARCIA.

Thank you, Mr. Chairman. Our discussion on federalism or on the report on the structure of government has become a comedy of errors. It will be recalled that the last time this report was submitted, in the other side, while the report was supposed to submit a revised proposal from federalism to autonomous region, the report says for the creation of autonomous region, no, the resolution, what was submitted was the structure of federalism as copied from that book published by the Movement for Federal Philippines. So resolution, autonomous region, but the content, federal government or federal structure. Now, the report is federalism, there was a point of order raised, and also the sponsorship was federalism, but what was annexed was for autonomous government.

Anyway, Mr. Chairman, there has been some confusion actually in the concept of federalism as understood by the sponsor, and the concept of federalism as it is understood and accepted in political science, and is as practiced all over the world. It is regrettable to say, Mr. Chairman, that the sponsor does not actually, or does not fully understand the concept of federalism. When he was asked what was the federalism that you preached during the consultation, he said that it is the federalism that we understand in Mindanao. And Mindanao has not had any experience in federalism. And so he proceeded to state that all over the country in our consultations, an overwhelming majority of our people wanted federalism. The question is, what kind of federalism did you preach to the people, or did you sell to the people? Was it the federalism in the other countries of the world or that vague idea of federalism, which was conceived by the sponsor in Mindanao? Actually in our consultation, the federalism that was being preached is more local autonomy, to give the people greater control of their lives and resources. And so, when the people were asked, do you want this? Yes, of course, they raised their hands. Just like during the ratification, the so-called plebiscite of the 1973 Constitution, the citizen assemblies were gathered. They were already hungry at 12 o'clock. Are you hungry? Yes. You raise your hands and they count. And that is already a vote of yes for the plebiscite.

That is actually what happened here. The people did not understand what was federalism. If the good Commissioner Pedrosa reminded us of the concept of federalism in Switzerland and in Europe, agreed. But this is not the federalism that was being preached to the people because there in Belgium, it is the communes, in Switzerland, it is the Cantons, originally there are 22 Cantons, self-governing communities in Switzerland that decided to bond themselves together and form the State of Switzerland. But that is not the concept of federalism that we have been preaching all over the country. Actually what the people need, what our local government need is greater autonomy. The good Chairman said that the author of the Local Government Code said that it has reached its dead end. True, because there is not enough devolution of power in the Local Government Code. Now, I am proposing that we are, what are trying to give the autonomous regions, let us already give it to the provinces and highly urbanized cities.

So in my proposal, in Section 2 of my proposed revision of Article X of the Constitution (*Bell rings.*), may I ask for an extension?

COMMISSIONER ABUEG

The time of the gentleman is extended for another two minutes. Proceed, please, proceed.

COMMISSIONER GARCIA
Five minutes.

COMMISSIONER ABUEG
Five minutes.

COMMISSIONER GARCIA

Now, actually what is needed is strengthening of the local government units. Give them power to tax not subject to the limitations or guidelines of the national government. Here, we are trying to devolve, we propose to devolve local personnel and fiscal administration. Give that to local governments already. In the Constitution, establishment and operations of seaports and airports, implementing, the implementation of public works whether locally funded or nationally funded. In other words, what I'm trying to say is that what we are trying to give to the autonomous regions, let us give it to the provinces and cities, not 10 years afterwards but now because these are already established political units. If the sponsors would disagree with this proposition, if that is so, then they are not sincere in their advocacy for greater autonomy for local government. Why are we so concerned about using the word federal government? That is the mystery here. This concept of federal, the federalism movement started in 1999 in Mindanao. There was no such movement; it was only for more local autonomy. But because there are certain advocates for federalism, especially this Movement for a Federal Philippines, so federalism became a battle cry in Mindanao and other parts of the country but actually what the people want, what the local governments want is only more local autonomy.

Federalism is a prescription for destabilization. It was a chilling information given by no less than the sponsor when he said, answer to the question of Commissioner Pedrosa, that the sense of belonging to a national entity was not there anymore.

COMMISSIONER PEDROSA (*off mic*)
I did not say that.

COMMISSIONER GARCIA

No, you did not say that but that was said by the sponsor. It was the sponsor who said that there is no more sense of national unity. In other words, there is no more patriotism. They are more loyal to the regions or to the states than to the national government. So I say, this is a prescription for destabilization. Why? Because we are reversing here the concept of real federalism. In real federalism, it is the independent or quasi-independent states or regions that surrender part of their power to the national government. Here, we are taking power from the national government to give to the regions. We are weakening the center, strengthening the sides so that with the center weakened, dismemberment or cessation becomes a clear and present danger. During the early part of the American regime and even before, we always had a unitary government. We never had a federal government. And the reason for that is simple. We are an archipelagic country. We are a country of diverse ethnic and cultural heritage. In order to keep the nation together, we need a strong government, a strong, central unitary government.

And so, Commissioner Bello, I was really very much concerned with your statement (*Bell rings.*) that this can be a process for the dismemberment or destabilization of the country, and we are here. We will be like, as I said...in that Muslim state of Granada in Spain. His kingdom was lost later on. And he was weeping. And you know what his mother said? "Weep like a woman for the kingdom you have not defended like a man. Weep like a woman for the republic you have not defended like a man." Thank you. (*Applause*)

COMMISSIONER ABUEG
Floor Leader for the next speaker.

COMMISSIONER APOSTOL.
Mr. Chair, I move that we recognize the Honorable Gerardo Espina whose province is about to be abolished. *(Laughter)*

COMMISSIONER ABUEG.
Commissioner Espina is recognized for his contra.

COMMISSIONER ESPINA.
You may abolish Biliran but you cannot abolish Gerry Espina, Mr. Apostol. *(Laughter)*

Mr. Chairman, I will adopt my premises in the interpellation earlier as part of the turno en contra. The argument against the proposal was further strengthened by the information we got from the interpellation, especially of Commissioner Bautista when he asked, supposing a province refuses to join the federation. The answer was it was possible. And the observation of Commissioner Bautista was correct that we could be promoting several classes of autonomous regions, and I would add, supposing Tawi-Tawi, primarily a Muslim province, refuses to join the federal government, and supposing Iran finances Tawi-Tawi for activities which could be destructive for the national interest. What happens?

At the present moment, the President can be held hostage by a Governor of a single province. See the situation where Cebu becomes a federal state together with Southern Leyte, with Leyte, with Biliran, and the three provinces of Samar. How powerful could this autonomous region Governor would be. And we are creating 12 of these as per the Chairman of the Commission. We will be creating 12 little kingdoms and whether he is President or Prime Minister, the realities of politics is that he or she could be hostage of one of these, of two of these, of three of these, or four of these.

And what if one autonomous region passes a law allowing gay marriages or allowing abortion while the others do not or will not? We will have the situation even now in the Federal Court of America, thousands of cases on conflicting jurisdiction among states and between the states and the federal governments. Look at the Internet. You will be amazed at the number of cases of conflicts. I brought this up in my debate with Nene Pimentel at the University of the East faculty and students. I would like to bring this before my colleagues. We are writing a constitution for years and for future generations. Let it not be said that we here today, seeing the realities of the use of power, allow a situation where this country can be divided. Supposing two or three of these regions will be under influence of a foreign power *(Bell rings.)*, Germany, for instance, what happens? Just one of these 12 regions, what happens? Let us protect this Republic. It would be too late to cry, as Pabling said, later. Thank you. *(Applause)*

SUSPENSION OF SESSION

COMMISSIONER ABUEG.
Session is suspended.

It was 4:50 p.m.

RESUMPTION OF SESSION

The session was resumed at 4:51 p.m.

COMMISSIONER ABUEG
Session is resumed. Floor Leader.

MOTION OF COMMISSIONER APOSTOL

COMMISSIONER APOSTOL
Mr. Chair, I move that we form a committee to thresh some matters.

COMMISSIONER ABUEG
Differences.

COMMISSIONER APOSTOL
Differences. The committee will be composed of the Chairman, Commissioner Teves, Commissioner Abueg, Commissioner Lorenzana and Commissioner Marohombsar. On the other hand...

COMMISSIONER ROMUALDO
On the other hand, Commissioner Garcia, Commissioner Alex Magno, Commissioner Dean Bautista, Commissioner Espina and Commissioner Lambino. Five, against five, and I will be the referee.

COMMISSIONER MAGNO
Objection. I object to the formation of the Committee, Mr. Chairman.

SUSPENSION OF SESSION

COMMISSIONER ABUEG.
Session suspended.

It was 4:58 p.m.

RESUMPTION OF SESSION

The session was resumed at 5:08 p.m.

COMMISSIONER ABUEG.
The session is formally resumed. Commissioner Magno.

COMMISSIONER MAGNO
Mr. Chairman, I move to make an omnibus amendment replacing the material coming out of the Committee with the submission by Honorable Commissioner Pablo Garcia and for the Body to discuss this in...

COMMISSIONER ESPINA
I second the motion.

SUSPENSION OF SESSION

COMMISSIONER ABUEG
Session suspended.

RESUMPTION OF SESSION

COMMISSIONER ABUEG
The session is resumed. Floor Leader.

COMMISSIONER APOSTOL.

Mr. Chair, the status, the report is, we are about to close the turno en contra. From there on, we will go to Committee amendment. From the Committee amendment, we will go to individual amendment. The reason why I agreed on the motion of Governor Romualdo is for purposes of peace in this Body. If you cannot have peace in this Body, there is no sense of going through with that. Well, we can go through with that motion but it will immediately be unprocedural.

COMMISSIONER ABUEG.
Yes, Floor Leader, are you agreeable to recognize Commissioner Tendero?

COMMISSIONER APOSTOL.
Yes, may I now move that we recognize Commissioner Tendero.

COMMISSIONER ABUEG.
Commissioner Tendero.

COMMISSIONER TENDERO.

Well, if I may speak in favor of the motion, I think that the issue about transparency will not be lost even if the committee will have to work because the committee will make that deliberation and the result of that report will be brought back to the plenary for discussion and those who are interested to come there even though we are not officially part of that committee can still go there and participate. So if I may speak for that motion, the issue of transparency will not really be lost even if the sub-committee will try to work on it. And then also the advantage of having the committee work is you are able to facilitate faster interaction discussion. But then it will be brought back to the plenary.

COMMISSIONER ABUEG.
Alright, let's vote. The motion has been presented to create a committee to reconcile.

COMMISSIONER ROMUALDO. *(off mic)*
Wait, Alex, will you please withdraw your objection?

COMMISSIONER MAGNO
Mr. Chairman.

COMMISSIONER ABUEG.
Anyway, Commissioner Magno, anyway, your individual amendment, which you would like to present, will be premature.

COMMISSIONER MAGNO.

Yes, Mr. Chairman, if you will recall I began this intervention with a point of order first because it was not clear that the session was suspended and second, because it appears that we were making a decision while the session was suspended informally so I wanted to call attention to that. I will withdraw my objection, Mr. Chairman, but I will not participate in the panel in order to...

COMMISSIONER ABUEG.

Motion to withdraw objection is granted.

COMMISSIONER APOSTOL.

Thank you, Alex. May your tribe increase. *(Laughter)* We have named already one panel and the other panel was named by Commissioner Romualdo so there is no voting here. So I move that we suspend for them to sit down.

SUSPENSION OF SESSION

COMMISSIONER ABUEG.

Session is suspended to facilitate the parties to have a caucus.

It was 5:30 p.m.

RESUMPTION OF SESSION

The session was resumed at 7:08 p.m.

COMMISSIONER APOSTOL

Mr. Chair, I move that we recognize Commissioner Espina to explain what is on the board.

COMMISSIONER ABUEG.

First, may we ask for a Committee amendment, if there is Committee amendment so that we can proceed to the individual amendment which will cover that...

COMMISSIONER APOSTOL.

Anyway, I will close first the period of contra en turno. Mr. Chair, I move to close the contra en turno.

COMMISSIONER ABUEG.

No objection? There being none, the contra en turno period is declared closed.

COMMISSIONER APOSTOL.

Mr. Chair, may I move now that we go to the period of amendments on the Committee amendments. I think this is total Committee amendment.

COMMISSIONER ABUEG.

No, that will be...

COMMISSIONER LORENZANA

Ipa-explain na muna kay...

COMMISSIONER APOSTOL.

So I move now that we recognize Commissioner Espina to explain the guidelines.

COMMISSIONER ESPINA.

Thank you, Mr. Chairman.

COMMISSIONER ABUEG.

Sandali lang. I-close natin muna.

SUSPENSION OF SESSION

COMMISSIONER ABUEG

Session is suspended.

RESUMPTION OF SESSION

COMMISSIONER ABUEG.

Session resumed.

REPORT BY COMMISSIONER ESPINA

COMMISSIONER ESPINA.

When the small group met, we agreed that to organize the discussion properly and to save time that we should have certain basic guidelines which could be the guideline for the specific provisions later on, if need be. So first we said, whatever local government unit that might be created should be based on self-determination of the units concerned including their constituents, of course. So if two or three provinces would want to constitute themselves into another local unit, let them be, but it should come from them based on, before that, we are talking here of provinces, highly-urbanized and independent component cities. Bahala na tayong mag-refine later.

What are the variables in the formation, call it a petition, for forming another local government level? One is economic viability. The other is geographical consideration. And the third one is powers and functions of such new units or groupings. Then we agreed on a system of review, meaning, after the petition from two or three or four provinces and cities and urbanized groups, they will address that petition to Parliament, which, guided by the Constitution of the whole country, will go over the petition to set up a unit and then if it is not violative of the law of the nation, which is the Constitution, it will now pass an Organic Act. It was agreed that there should be a deadline. In other words, Congress should not sleep on it for years. Within one year, if Parliament does not act, then it is deemed that the Parliament has approved this petition to form these new groupings. Now, after that, under the principle we agreed on that the constituency should always be the final authority, then that Organic Act will be presented to the citizens affected by these new groupings for their final ratification.

Now, when will the country itself be a Federal Republic? It was agreed that when two-thirds of the provinces, highly urbanized cities and independent component cities shall have converted into these new local units, then automatic that the whole country becomes the Federal Republic of the Philippines. *(Applause)*

Now, but instead of using “region,” Commissioner Bian and some of us and several of us, and all of us later thought that mas maganda ang dating no’ng “autonomous territory” kaysa “autonomous region.” One of the reasons being that the Supreme Court has decided, this was brought out by Commissioner Lambino, the Supreme Court has decided that one province cannot become a region as decided in the case of Ifugao and the possibility that Palawan might want to be an independent political territory is to me mystic and mysterious kaysa yung autonomous region or autonomous province, if Palawan wants to be by itself a region or a republic with state government. And so, autonomous territory, so with that as guideline, madali kaming nagkasundo.

Now, we go to the fine lines. This time we need all of us to contribute. For instance, anong poder ang ibibigay natin sa kanila? Anong level of detail? Then another issue which we would want the whole Body to consider is, ito bang section na ito is an article in the body of the Constitution? Or should we just have one general statement on the intent of the framers of this new Constitution but the rest of it included in the general transitory provision. So ‘yon na nga, should it be an article by itself citing the details? Or should we include it in more than just a sentence in the general transitory provision? So this, in short, is what we took up and following procedure we used the Committee report but opened the discussion to any and all ideas that were presented to us.

There was also an agreement that the Committee and the Chairman of the ConCom, again procedurally, using as basis the Committee report is open for amendments on whatever section of the Committee report you would want to come out with the necessary amendments without prejudice that the Chairman of the Committee may consider amendments which could be subject later on to style provided the concepts themselves are okay with the Members. So that, in brief, Mr. Floor Leader, is what the Body took up. (*Applause*)

COMMISSIONER APOSTOL.

May I know if there is a Committee amendment? Okay. Now there is an inquiry. Gerry, si Jarius may inquiry. May I move that we recognize Commissioner Bondoc?

COMMISSIONER ABUEG.

Commissioner Bondoc is recognized for his inquiry.

COMMISSIONER BONDOC.

Hindi ho ako sa *Inquirer* ha, sa *Star* ako. Do we need as a plenary to approve the principles before we proceed to the amendments?

COMMISSIONER ABUEG.

Yes.

COMMISSIONER BONDOC

I mean, do we need to approve the principles as presented by Commissioner?

COMMISSIONER ABUEG.

Yes.

MOTION BY COMMISSIONER ESPINA

COMMISSIONER ESPINA.

Yes, before we do that. Yes, we would need to approve it even in principle. But before that, I forgot to mention that Jarius came out with the suggestion that whatever maybe the format, never should we forget the protection of the integrity of the Republic. In other words, it should never be allowed that one of these new territories become separatist or that. So Mr. Chairman, if there are no serious objections without prejudice to the details submitted and upon instruction of the Floor Leader, I move that this Body approve in principle the guidelines as presented and discussed by the smaller group as conceptual amendment. I do not want to call it individual because there might be sectional amendments later.

COMMISSIONER ABUEG.

Does the Floor Leader conform with the motion to approve?

COMMISSIONER APOSTOL.

In principle, yes, Mr. Chairman.

COMMISSIONER ABUEG.

No objection? There being none, the motion is approved. Majority Floor Leader.

COMMISSIONER ROMUALDO

Mr. Chairman.

COMMISSIONER APOSTOL.

May I move that we recognize Commissioner Romualdo.

COMMISSIONER ABUEG.

Commissioner Romualdo is recognized.

COMMISSIONER ROMUALDO.

Yes so we can hasten this, Mr. Chairman, I would earnestly suggest that one of those who will frame the provision out of these concepts is Commissioner Andy Bautista. So we requested him to help us work so that by Monday, and Commissioner Lambino, of course Commissioner Magno. Well, in short, the same team will frame with our Chairman of the Commission. Ah, tatlo lang. The Chairman will be there as usual. Okay.

COMMISSIONER APOSTOL

Is that a motion?

COMMISSIONER ROMUALDO..

Yes. It is a motion.

COMMISSIONER APOSTOL.

As an amendment to the individual amendment?

COMMISSIONER ROMUALDO..

No.

COMMISSIONER APOSTOL.

Yes. May I move we should consider part of the individual amendment the motion of Commissioner Romualdo?

COMMISSIONER ABUEG.

Is there a specific amendment?

COMMISSIONER APOSTOL.

A specific amendment on this individual amendment.

COMMISSIONER ABUEG.

That will constitute amendment from Commissioner Romualdo.

COMMISSIONER APOSTOL.

From Commissioner Romualdo.

COMMISSIONER ABUEG.

No objection, there being none.

CHAIRMAN ABUEVA.

Excuse me, that group is constituted to prepare the draft that would reflect authentically the agreements we had.

COMMISSIONER APOSTOL.

The group is chaired by the Chairman.

COMMISSIONER ABUEG

The draft the basis of which is the Committee report of the Committee on Structure of Government.

CHAIRMAN ABUEVA.

Yes. I would like, if Commissioner Rey Teves Magno was not mentioned because I was not listening. I was looking at something. I would like him very much to be in that group.

COMMISSIONER ABUEG.

Yes, yes.

COMMISSIONER LAMBINO.

Mr. Chairman, may I propose an amendment to the motion of the Honorable Romualdo?

COMMISSIONER APOSTOL.

May I move that Commissioner Lambino be recognized?

COMMISSIONER ABUEG

Proceed.

COMMISSIONER LAMBINO.

Thank you, Mr. Chairman. My amendment is that a group to be headed by the Chairman of the Committee headed by Commissioner Rey Teves be constituted to come up with a new Committee report that will include all those things that we have discussed. But we still have to approve them again when we discuss the details, section by section on Monday.

CHAIRMAN ABUEVA

Ah, Mr. Chairman.

COMMISSIONER ABUEG

Yes, please

COMMISSIONER ESPINA.

Just very briefly. Alisin lang natin 'yong "new" because it would seem that we have substituted completely the Committee report. We have not. Maybe the proper word is to "incorporate" as per approved guidelines.

COMMISSIONER LAMBINO.

I have no objection to that, Mr. Chairman.

COMMISSIONER ESPINA

That's all.

COMMISSIONER APOSTOL.

The Chairman has still the microphone. So may we continue recognizing him?

COMMISSIONER ABUEG.

He relinquished it to Commissioner Espina.

COMMISSIONER APOSTOL.

So may Commissioner Jurado be recognized?

COMMISSIONER ABUEG.

Commissioner Jurado.

COMMISSIONER JURADO.

Is a motion to amend one or two parts of what's written on the whiteboard in order?

COMMISSIONER APOSTOL

Not yet.

COMMISSIONER JURADO.

We are not yet there.

COMMISSIONER ESPINA (*off mic*)

Konsepto lang 'yan lahat.

COMMISSIONER JURADO

Precisely, may I now say what I want to say? Number two, variables, mathematically that is over determined. Number three, powers and functions, that's on the left hand side of the equation, the two are on the right hand side. Therefore, instead of powers and functions which are the results of the two variables we delete that, but the third variable will be fiscal viability. No, no, that is different. Economics refers to, viability refers to per capita income, you know the potential, etc. But fiscal, that is financial. Financial is different. Therefore, they will all be on the left hand side, on the right hand side. But delete powers and functions. Otherwise, we will be trapped. Powers and functions are a result of the second and the third variables I am suggesting.

COMMISSIONER APOSTOL.

Mr. Chair, two-minute recess so that they can confer. May I request that Commissioner Jurado, Commissioner Espina, and the Chairman should look at it before we resume.

SUSPENSION OF SESSION

COMMISSIONER ABUEG.
Session suspended.

It was 7:25 p.m.

RESUMPTION OF SESSION

The session resumed at 7:27 p.m.

COMMISSIONER ABUEG.
Session resumed.

COMMISSIONER APOSTOL.
Mr. Chair, I move that we recognize Commissioner Romualdo.

COMMISSIONER ABUEG.
Commissioner Romualdo is recognized.

COMMISSIONER ROMUALDO.
Thank you, Your Honor. This is an appeal that I will address to Commissioner Alex Magno. Earlier he made a certain manifestation that he is getting out from this particular Committee as Co-Chairman. We personally beg him to kindly reconsider his statement. *(Applause)*

CHAIRMAN MAGNO.
Duly reconsidered, Your Honor.

COMMISSIONER ROMUALDO
Thank you.

COMMISSIONER ABUEG
Noted.

COMMISSIONER ROMUALDO
Thank you, Professor.

COMMISSIONER ABUEG.
Actually the manifestation to resign was not submitted to the floor for a vote. So it remains as is. He remains as the Co-Chair. Floor Leader.

COMMISSIONER APOSTOL.
May I move now to change the title of the Committee report? So this will be "The Establishment of the Autonomous Territory in the Republic of the Philippines."

COMMISSIONER ABUEG.
Any objection to the amendment of the title? There being none, the title is approved.

COMMISSIONER APOSTOL.

Mr. Chair, I move that we approve the Committee report in principle on second reading.

COMMISSIONER ABUEG.

No objection? There being none, the motion is approved. The Committee report as amended is hereby declared approved. Majority Floor Leader.

COMMISSIONER APOSTOL.

This will be included in the calendar on Monday for third reading. So I would just suggest that the Committee should meet about 8:00 so that we will be ready for third reading in plenary at 10:00 on Monday.

CHAIRMAN ABUEVA.

Mr Chairman, may I appeal to, the groups that are drafting the agreements that we had, come with a working draft at 8:00 on Monday.

COMMISSIONER LAMBINO *(off mic)*.

I will propose that the working group meet tomorrow.

CHAIRMAN ABUEVA.

Okay, I'm willing to come tomorrow morning, even Sunday morning if you want.

COMMISSIONER LAMBINO *(off mic)*

Can we meet at 10:00?

CHAIRMAN ABUEVA

Tomorrow?

COMMISSIONER ABUEG.

What time, what time?

COMMISSIONER LAMBINO. *(off mic)*

10:00, tomorrow morning. I don't know if the other members...

CHAIRMAN ABUEVA.

Dean Andy Bautista, please, is he still around? Please get in touch with him. Mr. Chairman.

COMMISSIONER ABUEG.

Floor Leader.

COMMISSIONER APOSTOL.

Mr. Chair, may I move that we recognize the Chairman?

COMMISSIONER ABUEG.

The Honorable Jose Abueva is recognized.

CHAIRMAN ABUEVA.

Dear colleagues, colleagues. You know now the results of our meeting on the other side. It was the result of the spirit of federalism, the idea of partnership sharing solidarity, compassion and so that we can come to fruition of our common goal. And I want it to be on record the names of

all those who were there in that meeting, and all those who, before the meeting, expressed their good offices. I'll recall some of them here, those who made it possible to create an atmosphere of confidence-building to begin with. Without the confidence-building here in the hall before we went to do our task, we could not have accomplished our task. And there were several interventions here, including that of Bishop Tondero, his moral suasion that led us to forget the rather heated atmosphere before we went there. But as soon as we sat down there, maybe guided by the Holy Spirit, Sister, the whole spirit was accommodation, the seeking for a mutual agreement, a win-win situation. *(Applause)*

And we have demonstrated the capability for a win-win situation and I hope this prevails in the rest of the coming week so we'll accomplish our goal of finishing and submitting our report on December 15. Thank you, Mr. Chairman. *(Applause)*

COMMISSIONER ABUEG.
Floor Leader.

ADJOURNMENT OF SESSION

COMMISSIONER APOSTOL.
Mr. Chair, I move to adjourn.

COMMISSIONER ABUEG.
The session is adjourned until 10:00, Monday morning.

It was 7:33 p.m.