

**Latest Issue**

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**ABSTRACTS**

*The Inaugural Address*

*The Presidential Address*

**Fiscal Decentralisation: Empowering the Provinces,  
Strengthening the Federation**

RASHID AMJAD

**Improving Governance in Pakistan: Changing  
Perspectives on Decentralisation**

EHTISHAM AHMAD

Allama Iqbal stressed the need for *khudi* in terms of national identity and focus on self-reliance, without which there would have been no chance to break colonial bounds. The message still resonates today, in a period of economic crisis and lack of national agreement on tax reforms. International experience with decentralisation also emphasises the importance of significant own-source revenues in generating accountability and effective service delivery at all levels of government. Although the 18th Amendment of Pakistan Constitution makes significant strides towards clarifying spending

responsibilities, the issue of subsidiarity is not effectively addressed, nor is the issue of implementable own-source of revenues. This runs the risk of generating unfunded mandates, further pressures and weakening of public service delivery, leading possibly to strengthening of ethnic and parochial divisions and centrifugal forces. Iqbal's message is as important now as it was in the last century.

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## **Revenue Sharing Arrangements: Options and Relative Merits**

VITO TANZI

## **Empowering States and Provinces or Unshackling Local Governments: Does It Matter for Peace, Order, Good Government, and Growth?**

ANWAR SHAH

Globalisation and the information revolution are profoundly influencing the division of power within, across, and beyond nation-states. Within nations, this mega change has led to a diminished economic relevance of the intermediate order of government (states and provinces) and an enhanced need for home rule (empowered local governments) in both unitary and federal countries. Considerations of peace, order, and good government further warrant that intermediate orders of governments must assume a relatively less prominent role in multi-order governance. The recent fiscal crisis and the ever-growing concern about corruption have further heightened the need to get the government right, thereby creating additional pressures to limit the size of the government by possibly downsizing the role of the states/provinces and reconstituting these as provincial councils of local governments to perform inter-local functions and coordination. These economic imperatives, calling for an *hourglass model of federalism*, are at odds with the political realities in countries conforming to the *traditional dual federalism model*, i.e., federalism of the provinces model of economic governance as prevalent in Australia, India, Mexico, and Pakistan, among others. The political order in these latter countries has blocked local governments from assuming their due role as the primary agents of the people providing oversight on the shared rule and as facilitators for network governance to improve the economic and social outcomes. Such a role of local government is also critical to international competitiveness and growth as demonstrated by the experiences of China, Japan, Korea, and the Nordic countries. This paper outlines reform options for multi-order governance to conform with the new world economic order. The paper elaborates the role of local governments under 'glocalised governance'—the new vision of multi-

order governance—and argues that growth and economic prosperity of nations in the coming decades would critically depend on how quickly political and institutional impediments to the new (or the oldest?) paradigm of local governance are overcome. The paper concludes that path dependency makes such radical reforms infeasible in countries with strong provincial governments run by feudal, military, and industrial elites.

*Honouring Prof. A. R. Khan*

**Reminiscing the PIDE**

A. R. KHAN

**Reflection on A. R. Khan**

S. M. NASEEM

**Reflection on A. R. Khan**

HAFIZ A. PASHA

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