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**Big government**

‘Big government’ is a deprecatory term for a sizable government. It is considered as encroaching upon citizens' liberties due to its supposedly intrusive policies. It is also considered to be more corrupt as opposed to a small government.

Public choice theory is one of the reasons big governments are considered corrupt. Economist William F Shughart states, on public choice theory, “public choice, like the economic model of rational behavior on which it rests, assumes that people are guided chiefly by their self-interests and, more important, that the motivations of people in the political process are no different from those of people in the steak, housing, or car market. They are the same human beings, after all. As such, voters ‘vote their pocketbooks,’ supporting candidates and ballot propositions they think will make them personally better off; bureaucrats strive to advance their careers, and politicians seek election or reelection to office.”

‘It’s My Money: Why Big Government May Be Good Government’, a journal by Anna Persson and Bo Rothstein, begs to differ. The journal uses the role of direct taxation to offer a case for big government. It counters the public choice theory perception that smaller governments are less corrupt. The journal's findings are based on Uganda.

On matters of direct taxation, the journal states, “where citizens pay few direct taxes, they are less likely to feel a sense of ‘ownership’ of the state and are thus also less likely to punish corrupt behavior. In contrast, citizens that are more heavily taxed are likely to keep track of the use of ‘their’ money and are thus also more likely to hold corrupt public officials accountable. The near absence of taxation, especially direct taxation, does not only lead to a decreased demand for a clean government, but it even serves to strengthen the corrupt system. This is because, given that people do not pay direct taxes, there is a widespread perception that the government is doing citizens a favor when it delivers a service, even if this service happens to be paid by less visible and more indirect taxes such as a value-added tax.”

In Pakistan, according to the FBR, the share of direct and indirect tax during the last decade has been 35 percent and 65 percent, respectively. Out of the 35 percent income tax collection, 20 percent came from indirect income taxes leaving the actual share of direct taxes at 15 percent.

Owing to the dismal collection of direct taxes, perhaps this is why we are okay with political party leaders packaging services that we are entitled to as gifts to the nation. For instance, the Motorway (thank you, Nawaz Sharif) and more recently the Sehat Card (thank you, Imran Khan).

The journal states about the people of Uganda: “whatever they receive from the government, even when they have a right to receive it, they see it as a favor, and, therefore, they are all appreciative. People have taken it to their mind that government officials are helping them, not knowing that there are taxes and that they are entitled to these services.”

In the Corruption Perception Index, Uganda is at present ranked 142 out of 180, and Pakistan ranks at 124 out of 180. Even though our rank might be lower in this perception of corruption, our problems are quite similar to what Uganda faces. Both countries have a population detached from the state resulting in indifference to corruption. This detachment is also down to significant chunks of the population not being a part of the formal economy. Since they are not part of the formal economy and not contributing many indirect taxes, they do not view themselves as significant stakeholders in government decisions.

That is why there is a lack of anger or public outcry on government mismanagement in cases like Reko Diq and Broadsheet – both of which have and will dent the public exchequer. That is why there is a lack of urgency on Covid-19 vaccine procurement even though we, the people, are entitled to the Covid vaccine because we are the ones paying for it.

The journal further states, “the level of accountability in a system defined as the degree to which the principals (citizens) control the agents (public officials) in a principal-agent relationship is likely to have a decisive impact on the level of corruption through the incentives it infers. In short, following the grabbing hand approach, how well any government functions ultimately hinges on how well citizens hold their politicians accountable for their actions.”

There are two key takeaways from the journal. One, in the Pakistani context, a big government is an entrenched and functioning local government. As luck would have it, local government is protected and promoted by the constitution. The constitution ensures the representation of peasants, workers and women in Article 32. An entrenched, not ad-hoc local government system increases citizen access to public officials. This entrenchment leads to an increase in service delivery as well.

Further, local government can be a tool to increase tax revenue. Local governments will help build citizen trust leading to formalizing the economy eventually, and thus increasing direct taxes.

For those who feel estranged by the current government system, taking part in local government will lead to more accountability across the board. This involvement leads to an increase in ownership of our goods and services, instead of just entrusting them in the hands of a few individuals with no questions asked.

Two, agency theory is a relationship between two parties: the agent (public officials) represents the principal (we, the citizens). The principal (public officials) has been hired (voted in) by the agent (citizens) to perform services on our behalf. We, the citizens, need to realize that an agent (public officials) is using the resources of a principal (citizens). The principal (we, the citizens) have entrusted money but have little or no day-to-day input. The agent (public officials) is the decision-maker yet incurs little or no risk because the principal (citizens) is the loss-bearer.

The citizens of Pakistan need to realize the power they hold over public officials. There should be a promotion of the culture of questioning public officials. Holding public officials accountable for the costs they inflict on the exchequer should be our go-to strategy. The current strategy – one of relying on spin factories to shift the blame on predecessors or the bureaucracy – is not sustainable.

Big government or small government is not an immediate end to corruption or a quick economic turnaround. However, for a country always looking for inspiration from models that work – the China model, the Malaysia model to name a few – we should find validation from Scandinavian countries. The least corrupt Scandinavian countries employ a model of high-spending, high-taxation, and big government.

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