**Governing badly, expecting miracles!**

[Dr Ikramul Haq](https://dailytimes.com.pk/writer/dr-ikramul-haq/)

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*As two-thirds of the tax collected is in the form of indirect taxes and one-fourth of the entire amount comes from petroleum and petroleum products at various stages (which is passed on to consumers), the overall incidence is regressive—* Ishrat Husain, [**Governing the Ungovernable: Institutional Reforms for Democratic Governance**](https://oup.com.pk/best-sellers/governing-the-ungovernable.html) **(2018).**

Dr. Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity, in his book, ‘**Governing the Ungovernable: Institutional Reforms for Democratic Governance’**,whileacknowledgingour work [Huzaima & Ikram],observedthat under the existing tax system, less-privileged have been subjected to oppressive taxation. Surprisingly, “institutional reforms for democratic governance” is still a dream though Prime Minister in election manifesto promised it during the first 100 days of his office. In “democratic governance” tax culture arises from citizens’ faith in rulers. It is inculcated in them as they have no doubt that taxpayers’ money is used for their benefits. We collect it to fund unprecedented tax-free perks/benefits to a handful of members of militro-judicial-civil complex, businessmen-turned-politicians and absentee landowners in power. No study has been conducted to measure the economic cost of tax-free benefits, subsidised and/or free facilities of rest houses, clubs, golf courses, free foreign trips and allotting expensive plots at prime locations either at concessional rates or free of cost. The way our governments—military and civilian alike—have been wasting and squandering taxpayers’ money and national resources is not a secret.

Mr. Jamil Nasir in his book, [***Political Economy of Bad Governance***](http://jumhooripublications.com/Political-Economy-of-Bad-Governance) (2021), which is a compilation of 79 articles published in various newspapers, has highlighted the root cause of bad governance, diagnosed by Dr. Ishrat Hussain and many others. The brilliant lawyer, ex-civil servant, and former Governor of Punjab, Shahid Hamid, in his recently published book, [***Treasured Memories***](https://www.youtube.com/watch?v=swpXro_-L0I&feature=youtu.be) (September 2020),hasmade revelations about what has been happening within the inner corridors of power—tussles between politicians and civil and military bureaucracies. Credible research is done by Pakistan Institute of Development Economics ([PIDE](https://www.pide.org.pk/)) under the dynamic Vice-Chancellor, Nadeem Ul Haque. He also wrote an outstanding book, [***Looking Back: How Pakistan Became an Asian Tiger by 2050***](https://www.researchgate.net/publication/325755941_Looking_Back_How_Pakistan_became_an_Asian_Tiger_in_2050). There is no dearth of studies/solutions, but vested interests (identified by Dr. Ishrat Hussain in his [***Pakistan: The Economy of Elitist State***](https://oup.com.pk/pakistan-the-economy-of-an-elitist-state.html)(2019) are the main impediment for democratizing all areas of governance.

Undoubtedly, our colonial era apparatuses have miserably failed to deliver since decades. The task given to Ishrat Hussain by the Premier in 2018 held the key for good governance, but in 2021 we are still expecting miracles with existing rotten institutions! The men with money power within Pakistan Tehreek-i-Insaf (PTI) and *de facto* rulers have once again proved that those dreaming for pro-people reforms live in a fool’s paradise.

The PTI government since assumption of power has failed to undertake much-delayed reforms as elaborated in [**Fundamental tax reforms**](https://dailytimes.com.pk/683874/fundamental-tax-reforms-3/), *Daily Times*, November 1, 2020. One of the reasons for unprecedented borrowing by PTI Government is huge wasteful spending on the monstrous and inefficient state machinery and loss-bearing public sector enterprises. Elites, Dr Ishrat Hussain mentioned, are still occupying expensive state properties in the heart of cities.

The lands, occupied by judges and civil/military bureaucracies, can be leased out for commercial purposes that can bring billions to get rid of expensive loans/debt servicing and achieve rapid and sustainable growth, creating jobs for millions. Premier talks about austerity but is not inclined to cut the size of the cabinet. Additionally, he has many advisers and special assistants. The PTI lacks a pragmatic plan to export-led growth by incentivising value-added industries, increase productivity, modernise agricultural sector, introduce low-rate taxes for capital generation and reduce wasteful/unproductive expenses.

Books, articles and webinars alone will not help change the elitist system that must be dismantled for “democratic governance”. The professionals and civil society must launch an effective campaign by including the labourers and poor farmers and all oppressed people of the country. They must resist anti-people policies and force those in power for establishment an egalitarian state. They must galvanize voters to refuse voting for political parties that do not adopt this as their agenda in the forthcoming local governments’ elections. For their accountability, public courts should be established under local government laws. The outdated judicial system should be revitalized.

**Local self-governance should be the top priority. Article 140A of the Constitution requires political, administrative and fiscal decentralisation is the key to democratisation of governance. A council, elected by the local residents, should be given wide-ranging powers and functions covering education, health care and social welfare services. They should also be responsible for matters related to the residents’ free-time, recreation, housing, and the management and maintenance of their living environment (i.e. roads, streets, water supply and sewerage), as well as land-use planning and functional municipal structures**.

Unfortunately, all political parties ruling in the provinces are least concerned for uplifting the rural areas to a respectable status to check rising migration to urban areas, which is fast becoming a nightmare with every passing day. **We have the resources but the system for self-governance, successfully working in many countries of the world, is non-existent despite the clear command of Article 140A of the Constitution.** **Resultantly, power is not with the people but in the hands of the “elites” that Dr. Ishrat Hussain suggested getting rid of for “democratic governance”. The PTI Government must fulfill this election promise without any further delay.**

We need to implement Article 140A in letter and spirit. Powerless local governments, without devolving political, administrative and financial power, will be the negation of constitutional command. Decentralization of financial powers requires levy and collection of taxes by local governments for meeting the needs of local residents as stated above. Local governments working on the principle of self-governance alone can ensure that revenues are spent exclusively for the benefit of the public and not the privileged segments of society alone. **The candidates desirous of contesting these elections must first undergo an intensive course to understand laws and procedures and their duties towards the voters selecting them as their representatives at grass root level. These leaders then can go up to provincial and federal levels to represent larger constituencies being aware of the issues faced by the masses.**

Economic growth, revenue mobilisation and prosperity for all citizens can never be achieved unless the taxation and spending system is restructured for social welfare as elaborated in ‘[**Towards Flat, Low-rate, Broad and Predictable Taxes**](http://primeinstitute.org/wp-content/uploads/2016/08/Towards-Flat-Low-rate-Broad-and-Predictable-Taxes.pdf)**’** (PRIME Institute, Islamabad, 2016, revised and enlarged version is published in December 2020 is available free at: <https://primeinstitute.org/towards-flat-low-rate-broad-and-predictable-taxes/> and in [**Tax Reforms in Pakistan: Historic & Critical View**](https://www.pide.org.pk/pdf/Books/Tax-Reforms-in-Pakistan-Historic-and-Critical-View.pdf), published by Pakistan Institute of Development (PIDE), available free at: <https://www.pide.org.pk/pdf/Books/Tax-Reforms-in-Pakistan-Historic-and-Critical-View.pdf>.

We can make Pakistan a welfare and prosperous country through fiscal decentralisation—taxation at local government level and spending it for the welfare of common citizens. There is nothing to be pessimistic. Solutions are available. The only thing we require is to present the welfare model for open public debate involving all stakeholders, and convince all political parties to make these as their common national agenda.

***The writer is Advocate Supreme Court and Adjunct Faculty at Lahore University of Management Sciences (LUMS).***