The federation and provincial autonomy

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The Balochistan package, the implementation of which the Prime Minister envisages finalizing by December 15, has been received with views on both extremes of a spectrum. The ruling stakeholders term it as a significant milestone whereas the Baloch nationalists have rejected it outright.

From a review of the package it seems that the Parliamentary and Cabinet Committee mandated with the task of developing the package has carefully gone over the various bones of contention and has made an effort to make some allowances in the five-tiered package, without disturbing the current relationship between the federation and the federating units. Hence, some additional space has been created for Balochistan in the administrative, economic and political realms, with commitments to pay outstanding dues on account of royalties—a major concern in inter-provincial relationships—and an affirmation that the Parliamentary Committee on Constitutional Reform will review matters relating to provincial autonomy in the 18th Amendment.

If this package as its name suggests, is the beginning of careful strategic thinking and long term planning towards granting provinces the due share of autonomy, then it should be considered as the step in the positive direction. In isolation however, each of its components have their limitations, as the objective intended to be achieved through the Balochistan package is deeply interlinked with the issue of provincial autonomy and the relationship of the federation with its federating units. In this equation, the federal government’s mandate, the fate of the Concurrent List, discussions around the National Finance Commission (NFC) award, matters relating to provincial prerogatives with regard to sharing of resources and taxation and other prerogatives assume great importance. These must be addressed in a coordinated and step-wise manner.

First, autonomy must be defined in the context of fiscal and political federalism in Pakistan. Over the years, many calls have drawn attention to the subject, most of them subscribing to an extreme notion of autonomy analogous to what was envisaged in the 1940 resolution, which defined Pakistan as “a federation comprising of autonomous units, which shall be completely sovereign”. Views articulated in the Declaration of Autonomy of the Federating Units signed on August 2, 1986 by the leaders of the Movement for the Restoration of Democracy, also called for an extent of autonomy in which all, except four subjects—defence, foreign affairs, communications and currency—were to be delegated to the provinces. Many Baloch nationalists still subscribe to this view. The question is, do these four subjects guarantee a viable federation for Pakistan? What else is needed by way of the Federal Government’s mandate to fulfil the concept of a unified Pakistan and promote equity in development across provinces? Can the desired level of provincial autonomy be granted by implementing the five-point constitutional changes articulated in the Balochistan package, relating to abolishing the Concurrent List, the Local Government Ordinance 2001 and Police Order 2002 and effective implementation of Articles 153-160 of the constitution and by strictly adhering to the design of the federal-provincial relationship as stipulated in the 1973 Constitution, which as the Balochistan package acknowledges has been “circumvented” in the past? Or should we completely digress from the quantum of provincial autonomy as endorsed by the 1973 constitution? How can we achieve the dual goals of granting the people of Balochistan the right to self-rule and control whilst supporting
national unity at the same time? These questions need careful thinking with a broad-based consensus on the directions to be pursued.

Second, the Federal Government’s mandate must be clearly defined. Many believe that the current federal system has been designed on the legacy of centralized control—a hallmark of the colonial period. In this arrangement, the federal government has been stretched thin with tasks that could better be taken in the provincial fold. Many also believe that there is a major disconnect between prerogatives to generate resources and expenditure responsibilities. It has been frequently cited that the Federal Government generates 93% of the resources and has 72% share in total expenditures; conversely, the provinces are left with 7% resources and account for 28% of the expenditure. Of the five expenditure heads of the federal government, the two that are of direct relevance to the question of provincial autonomy are the Public Sector Development Program (PSDP) and the cost of running the civil government. There are many subjects under the PSDP, which can better be assigned to the provinces. If there is a unanimous consensus to do so, the costs of running the civil establishment in Islamabad can be scaled down through structural institutional changes; the concurrent list can then correspondingly be pruned and the size of the National Finance Commission award for the provinces will therefore increase.

Third, the issue of the NFC Award is closely interlinked. Out of the seven NFCs since the 1973 constitution, only four have come up with additional measures. These—relating to the composition of the divisible pool, inclusion of taxes and revisiting the provincial share—although important in their own right, do not comprehensively address issues fundamental to fiscal autonomy of the provinces, which centre on taxation rights and mechanisms to assign permanent sources of revenue, particularly with regard to control over natural resources in line with what has been stipulated in Article 161.

Decision on the next NFC award is due later this week. Although there are inherent difficulties in balancing the varied demands of the provinces, there are ways in which provinces can be empowered to generate and retain their own revenue, whilst reducing concentration of revenue collection at the centre through major tax-heads, albeit without jeopardizing the core functions of the federation. In addition, sensible revenue collection criteria, which indicate economic activity in the province and hence revenue distribution can be devised and given weights in relation to criteria for distribution from the divisible pool. This can be supplemented by other criteria—indeed the provinces have a long term demand to include criteria other than the sole criterion of population as a basis of provincial allocations from the divisible pool.

Fourth, let’s not forget that the core purpose of provincial autonomy is to enhance public sector effectiveness. That in turn is closely linked to how the system of local governance will be shaped—an area in which there is pervasive uncertainty.

It is evident therefore that the issue meant to be addressed through the Balochistan Package needs a consensus-driven long term plan, which can be implemented in a coordinated stepwise manner. As this requires many institutional changes, immediate implementation of drastic and ad hoc measures should be avoided as it can lead to disenchantment in the administration particularly at the federal level, which can be detrimental at a time when the country is undergoing many different crises. But at the same time, the issue of provincial autonomy should not be taken lightly. In fact the determinants of the country’s split in 1971 were rooted in inattention to the subject. It is imperative to devise a long term solution acceptable to the provinces to ensure that the provinces have more space and control, whilst at the same time strengthening the foundations of the federal structure and inter-provincial harmony. However, in order to get things going in a coordinated fashion, long-term visionary thinking, strategic planning, and consistency of policy direction is needed over time. In tandem, careful and unbiased oversight has to be ensured so that capacity development and transparency-promoting reform is pursued in the provinces in parallel with granting of autonomy and responsibility. A “package” of measures, no matter how well-intentioned, has inherent limitations in achieving this long-term objective.

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