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978-0-521-64143-2 - Fiscal Decentralization in Developing Countries

Edited by Richard M. Bird and Francois Vaillancourt

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Fiscal Decentralization in Developing Countries

Recent years have seen a worldwide trend toward fiscal decentralization. In particular, many developing countries are turning to various forms of fiscal decentralization as an escape from inefficient and ineffective governance, macroeconomic instability, and inadequate growth.

Fiscal Decentralization in Developing Countries, edited by Professors Bird and Vaillancourt and featuring important, original, and up-to-date research from leading scholars, assesses the progress, problems, and potentials of fiscal decentralization in a variety of developing countries around the world. With rich and varied case-study material from countries as diverse as India, China, Colombia, Bosnia-Herzegovina and South Africa, this volume complements neatly the recent collection *Fiscal Aspects of Evolving Federations*, edited by David Wildasin and also published by Cambridge, which presented theoretical advances in the area of research.

Fiscal Decentralization in Developing Countries is the latest volume in the distinguished Cambridge series TRADE AND DEVELOPMENT.

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Preface

Interest in fiscal decentralization has grown greatly all over the world in recent years. The public finances of many developed economies have to varying degrees become more decentralized as one way of attempting to accommodate the fiscal realities of the “post-welfare state” era. Throughout eastern and central Europe new systems of local and inter-governmental finance are being established as part of the evolution away from the old central planning system. Finally, an increasing number of developing countries are turning to various forms of fiscal decentralization as one possible way of escaping from the traps of ineffective and inefficient governance, macroeconomic instability, and inadequate economic growth in which so many of them have become mired in more recent years. Discussion of various aspects and issues of fiscal decentralization is thus in the air more or less everywhere these days. Economic theorists are theorizing about fiscal decentralization, applied economists are attempting to measure its potential effects in various dimensions, and policy economists are busily flying around the world dispensing advice about it.

In many developing countries, moreover, fiscal decentralization is not only in the air but also, to varying degrees, already on the ground. The studies in this book describe and analyze some of the many varieties of fiscal decentralization found throughout the developing world. Although what has happened in the ten very different countries covered here can in no sense be considered a representative sample, these case studies should prove of considerable interest to a wide variety of readers both in developing countries and in the increasingly wide circles of those throughout the world, whether in the private or public sectors, on whose activities and interests the manifold and changing dimensions of intergovernmental fiscal relations described here will impinge, whether they realize it yet or not.

The contributions to this volume were originally presented at the

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PARADI/ICTS* Conference held in Montreal, Canada on September 19–20, 1996. They were subsequently revised and edited for inclusion in this volume, together with an initial overview chapter prepared by the editors. We thank André Martens, director of PARADI, who first suggested that this conference be organized. We are also most grateful not only to the various authors represented here, but also to the discussants and commentators whose inputs are reflected in the volume: Leonard Dudley, Nicolas Marceau, Louis Massicotte, David Sewell, France St-Hilaire, William Watson, and Stanley Winer. In addition, we are extremely grateful for the financial support provided by the International Development Research Centre (IDRC), the PARADI Program, and the Social Sciences and Humanities Research Council of Canada. Finally, we acknowledge the indispensable administrative support provided by Marie-Christine Thirion in Montreal and the substantial assistance provided by Duanjie Chen in Toronto. Coordinating nine papers on ten countries by ten authors currently living in five countries has not been the easiest task we have ever undertaken, but it has proved surprisingly pleasant, and we think that the results are worth it.

Richard M. Bird
François Vaillancourt

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