

## **Local Governance Under Stress: Fiscal Retrenchment and Expanding Public Demands on Government**

### **An Editorial Note**

For the last few decades, international organizations such as the World Bank and the International Monetary Fund have stressed the importance of decentralization, especially for developing nations, to improve the quality of democracy and governance. Consequently, some developing regimes have begun to delegate social service functions to local units of their governments. Often, however, this delegation of services is not given monetary support by the center, and this situation has unfortunately placed local governments under financial stress.

The issue has further been compounded by additional demands that confront many local governments. Claims on government for social services have expanded throughout many areas, and the Asia and Pacific regions are no exception. Local residents request such services as new community centers for their aging populations, or improvements in child care programs. Others want government to increase crisis management services for their communities in the wake of earthquakes, tsunamis, and other disasters and accidents. These seemingly limitless public demands can generate serious financial burdens on various local units of government. In view of these growing public demands, the neighboring units of government in different parts of the region ought probably to consider a new method to secure and expand local revenues. However unpopular, this may include an imposition of varieties of new local taxes.

In addition to the above nagging issues, local governments in many countries have suddenly come to face another set of serious impediments. The unprecedented fiscal problems that originated in the United States and surfaced at the end of 2008 have affected almost all nations on the planet. Prior to this fiasco, globalization was generally approved as a concept: the development of a web of extended financial networks which would cover much of the globe. The transformation of communication technologies supported this expansion; the world has witnessed the rise of international monetary e-networks, in which large volumes of money change hands in seconds via computerized financial transfer. Many countries, regardless of their level of development, were anxious to participate in this world-wide network.

Unfortunately, however, globalization also permitted rapid and severe detrimental effects on the fiscal health of various states: the recent financial disaster struck many countries in what seemed like seconds, and it is clear that very few states will avoid economic damage. In many countries, both central and local governments are trying to meet the challenges of the downside of globalization. Since decentralization was a component of the globalization agenda, the issue has become acute among

those nations which established decentralization initiatives. Due to the economic downturn, in many developing regions, decentralization has been implemented without fiscal funding from the central authorities.

The tenth volume of *Comparative Public Administration* has sought papers which touch on fiscal dimensions of local governments in different regions of the Asia and Pacific countries. Manuscripts have focused on country-specific issues, while they have discussed fiscal stress on local units of governments from a thematic perspective. Although the focus of the papers varies, the final outputs presented in this volume all deal with the fiscal issue of local governments in different countries.

The editor invited Professor Norbert Kersting, Willy Brandt Chair on Transformation and Regional Integration in the Department of Political Science of the University of Stellenbosch, South Africa, to provide a thematic treatise, addressing the central topic of this volume. In response, Professor Kersting has elaborated on questions arising from different types of local governments, and argues that "Agency Model" should differ from "Autonomy Model" in terms of service deliveries and fiscal constraints. He also examined varied functions of local government in regard to their size.

Setting the theme, this opening chapter is followed by a number of country-specific manuscripts, each examining the problems of local governments in regard to financial autonomy and service independence. It is needless to point out that these works highlight the problems to which local governments in the Asian region have been exposed and must resolve.

As editor of this volume, I am much obliged to all those who interrupted their own busy schedules for this project, and who all met the deadline we had set. It is the sincere hope of this editor that each chapter of this volume contributes to improving the quality of research on local public management and governance in the Asia and Pacific region. Finally, I extend a note of thanks to two of my international students, Cyl Bryan A. Bagadiong and Michael Ryan M. Lazo from the Philippines. Both are government officials currently studying at the graduate school of Meiji University. They kindly checked the original manuscripts and made corrections wherever they deemed necessary. I thank them for their help and cooperation.

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