Fernández Grela, Manuel
Reseña de "Macro Federalism and Local Finance" de Anwar Shah (Ed)
Universidade de Santiago de Compostela
Santiago de Compostela, España

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Timing is everything. And the world of academic publishing does not escape from this truism. Many of the works that we recognize today as classics gained from perfect timing. Many of them enjoyed a strong early diffusion thanks to be conveniently adapted to the conditions of their time of publication. This effect was (and is) especially relevant in subjects that are closely tied to current events. Economics is an excellent example. But, of course, timing cut both ways. Historians of economic thought fill journals and books telling the stories of the would-be jewels of economic knowledge now forgotten because of being delivered to the world at the wrong time. Fate decided that Macro Federalism and Local Finance, a fine volume in many aspects, should enter this category.

The introductory pages of this book explain the contrived history of its publication. It was initially planned, in 1995, as a manual for fiscal decentralization learning programs. But publication was delayed, for unspecified reasons, until 2008. Consequently, contents had to be updated and chapters rewritten. Unfortunately, the original conception of a manual was blurred in the process. The editor let us know in the acknowledgments page about his purpose to compose a modular volume, with each module written by specialized contributors. But the final result combines chapters dealing with general issues in an orderly way, as the reader of a manual expects, with others where two or three brief introductory sections unsuccessfully try to disguise that what they offer are highly specific empirical studies. Thus, the general impression is more that of a volume of edited contributions than that of a manual.

Were the book published before 2008, all these considerations would be of minor importance. This is a first class work, carefully edited and published as can be expected from the standards of a high-profile institution like the World Bank. The selection of contributors gather together some of the lead specialists in the field. No one of them shirked from the task assigned, and thus the level of quality is consistent through the different contributions. All this combined would more than compensate the effects of the passing of time on the relevance of its subject. This would be so due to the stability of the economic world in what was then called the Great Moderation age. The main topics addressed in this work, namely the effects of globalization and the information revolution on governance
structures, the dynamic efficiency of intergovernmental fiscal relations, and the role of local government in a global world were at the very centre of the public and the academic attention.

But the financial and economic crisis that shook the global economy in September 2008 created a radically different environment for this book to be released into. The near-collapse of the global financial system and the shaky nature of its rescue wiped out all discussion about “globalized” issues as fancy intellectual dreams. The current focus of attention shifted to the old reality of the nation states, as they are in charge of the rescue operations at all levels (global, regional and local). Fiscal debates returned to almost forgotten questions regarding the power of national governments to deliver aggregate demand shock therapy and the uncertainties of short- and medium-term sustainability of national public finances in times of dearth of fiscal revenue. Under these circumstances, the contents of this volume appear definitely dated. And the repeated use of neologisms –like, e.g. “glocalisation”- that were trendy in the last decade, do not help.

Turning to the contents, the book is nominally divided into two parts, one devoted to “macro federalism”, and the other to “local finance”. But in fact, the second one is little more than an appendix, making for less than a quarter of the whole volume. The first and main part starts with a long introductory chapter by Thomas J. Courchene. This is an abridged version of an unpublished, albeit widely circulated, monograph prepared by the author for the World Bank in 1995. It provides a clear and complete overview of the main issues implied by the term “macro federalism”. However, its interest is greatly diminished when one finds that it was not updated. A non-Canadian reader of today may well be annoyed by the constant references to what was the Canadian point of view in the early 1990s. This is not fully compensated by the two subsequent (and much shorter) chapters, penned by the editor of the volume. One deals with the impact of globalization and the information revolution on the debate about fiscal federalism. The other addresses the relationship between macroeconomic stability and the degree of decentralization of fiscal systems. While these are impeccably up-to-date, their scope is much more limited, and not entirely consistent with the opening piece.

The rest of Part One comprises a chapter with estimations of various measures of regional inequality for a sample of both industrial and developing countries, another one with descriptive case studies of the structure of the value added tax (VAT) in Brazil, Canada, India, and the European Union (EU), and a third with a brief consideration of the issues associ-
ated with subnational borrowing. Part Two, on local finance, comprises only two chapters. The first one presents detailed information about the structure of local government budgets in a bunch of industrial countries. The second one applies a scoring system to measure the quality of decentralized governance to a sample of developing and transition countries.

All these chapters do not conform a coherent whole. There is no discernible pattern regarding their content. They include a variety of empirical studies referred to different countries or groups of countries, in different time periods, with different methodologies (from descriptive case studies to econometric exercises). The reader is seriously challenged to find any clear link between them.

In the final analysis, it is difficult to guess who is the reader that can be attracted to this book. Those looking for a manual will find little use for most of the chapters, because only the first three are adapted for the pedagogical context where they were originally conceived. It will be a hard sell also as a selection of edited contributions. It is easy to find better alternatives in journals and working paper series for the empirical studies here included, none of them at the cutting edge of the research frontier on the issues addressed. The shift in the fiscal priorities all along the world after September 2008 was so radical as to make much of this book to be read as history. It was clearly not what their authors had in mind.

— Manuel Fernández Grela

*Universidade de Santiago de Compostela*