

BUSINESS DAY

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Provincial perfection

ON THE face of it the call last week by the financial and fiscal Commission, that central government should take over the administration of social security grants currently being handled by the provinces, is relatively unexciting.

The commission, the body tasked with monitoring fiscal policy to ensure provinces and municipalities are treated equitably by central government, warns that provinces are raiding their education and health budgets to pay the increasing welfare payments required of them. It suggests the social security grants be budgeted for and funded from a national level to avoid the crowding out of other provincial priorities.

Look beyond the commission's annual review, however, and the recommendation is, potentially, life-changing for SA because it directly challenges, and quite rightly so, one of the central conceits of our modern politics — that all provinces should enjoy the same powers at the same time.

The fact is that the uniform decentralisation of power in the new SA has been a major cause of service and delivery failure, corruption and despair. Remote and poor provinces — in terms of both financial and human capital — are being asked the impossible; to provide great roads, world class hospitals and schools that produce matriculants that know something.

But it is absurd to expect Eastern Cape or Northern Cape to be able to attract the capital or the people that Gauteng or Western Cape can to run the roads and the hospitals and the schools. Or, in the case of the Financial and Fiscal Commission, the social security system. They simply don't have the capacity, to use vulgar terminology.

So in designing its federal system, searched for lessons in the wrong places. Germany is rich enough to be able to afford uniform federalism. So is Canada.

Spain, however, was not when, like SA a decade and a half later, it

emerged from a totalitarian shadow and sought a way to decentralise the monolithic state that Franco had built. The Spanish decided, also, to devolve powers to the provinces.

But, critically, they decided that powers would be devolved from the central government to a province only when that province firstly wanted the powers and secondly could demonstrate it was able to administer and pay for the power it wanted.

Thus, while rich Catalonia wanted and could run its own police force, lowly Extremadura in the west neither could nor wanted to, preferring the reliable service from Madrid. Today some poorer Spanish provinces still prefer to import the services to which they are entitled from the centre.

Here, this common-sense arrangement is not possible and that, surely, must be fixed. The fact is that it is much easier to attract the best and the brightest into central government; even more so should their jobs extend to meeting the challenges thrown up by the provinces.

SA should not bury its head in the sand on this issue. We got it wrong and we should put it right. Government has a big enough majority in Parliament to do the right thing and take back some of the powers it has devolved to some of the provinces.

Not acting makes the problem worse. The social security payments problem has arisen because the state has increased its welfare obligations. Other obligations will also rise, however, creating other crises. In a few years, the commission could well be arguing for healthcare what it is arguing for welfare now.

At the very least, the poorest regions in the country should be run entirely from Pretoria, through powerful administrators on the ground.

Uniform federalism is unfair on the people that have to live with it and unfair on the people who have to run these provinces. What keeps it in place is political ego and that is surely no recommendation.