

Pakistan's Social Welfare System as a Cocktail of Foreign Models: A Debate

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Abstract

Pakistan has considerable geostrategic importance in the region. The episodes of the past decade have made it clear that peace in South Asia depends upon peace in Pakistan, and that peace in Pakistan is associated with the welfare of its people. The purpose of this study is to discuss which welfare model can best ensure sustainable development for the masses in Pakistan, and which model Pakistan's welfare system approximates at present. We compare the Pakistani model with a number of Western ones: the Social Democratic (Sweden), the Corporatist (Germany) and Liberal (USA), as well as to neighbouring countries like India, Bangladesh and Sri Lanka. We do so in a very general way so as to make the reader understand the association between the provision of welfare and peace. Being a literature-based study, multiple sources of data were accessed through their websites. Otherwise, G. Esping-Andersen's "Three Worlds of Welfare Capitalism" and P. Abrahamson's "Welfare Modeling Business" have provided the basis for this analysis, which leads us to conclude that

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social welfare in Pakistan is residual in nature, as well as a cocktail of different welfare models.

Introduction

Pakistan occupies a position of great geostrategic importance in the South Asian region.¹ As of 2009 its population numbered 169.94 million with per capita Gross National Income (GNI) US\$ 420.² Pakistan is a significant member of the Economic and Social Co-operation of Asia and the Pacific (ESCAP) region. In economic terms, agriculture is the single most important sector; over two-third of the total population resides in rural areas.³

Methodology

In ascertaining the tendency of Pakistan toward a particular model of providing social services, we have compared the general characteristics of a welfare model in the light of Esping-Andersen's⁴ typology of such models: the Social Democratic or Nordic (e.g. Sweden), the Corporatist (e.g. Germany) and the Liberal (e.g. the United States of America). Such a cross-national comparison, of course, is very difficult because of diversity among the nations. Even the cultures of similar origins cannot be grouped into one and the same category. That is why we are asking: "Which welfare model Pakistan is closer to?"

Even this apparently straight-forward query presents great difficulties for a researcher. To begin with, there is no publication containing in a consolidated form the data about such modular indicators (of Esping-Andersen's tripartite typology) as Gross Domestic Product (GDP) spending on

1 Hassan Askari Rizvi, *The Military and Politics in Pakistan 1947-86*, 3rd ed. (Lahore: Progressive Publishers, 1986).

2 Government of Pakistan *Economic Survey of Pakistan 2009* (Islamabad: Federal Bureau of Revenue, Ministry of Finance, 2009); See also World Bank Group, *Regional Brief on South Asia* (The World Bank Report 2009) at <http://lnweb18.worldbank.org/> Accessed: 10.9.01

3 Government of Pakistan, *Economic Survey of Pakistan 2007* (Islamabad: Ministry of Finance, Federal Bureau of Revenue, 2008), 222-223.

4 G. Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Cambridge: Polity Press, 1990).

social welfare; the percentages of means-tested and non-means-tested benefits, the amounts of state-based, family-based and market-based welfare, and so on. To obtain this basic data the writers contacted the ministries of social welfare, finance, health, education, and so on of the relevant countries, usually through their websites. In this regard the most reliable sources are agencies of the United Nations (e.g. the UNDP, World Bank, OECD, etc.), all of which were also accessed through their websites.

There are many comparison methodologies but the one used by Abrahamson⁵ in "Welfare Modeling Business" has become central to comparative social policy studies in recent years. Our comparison therefore was made on the basis of three characteristics: (a) public spending on welfare (i.e. state-level expenditures on welfare); (b) decommodification (i.e. an individual's economic independence from the market); and (c) stratification (i.e. the welfare regulations which influence and determine the social status of the individuals involved). In this regard, the Esping-Andersen's study of 1990⁶ and Abrahamson's of 1999,⁷ prove that higher spending and greater decommodification indicate a more Nordic Model, while more stratification indicates more Corporatist and more Liberal systems.

The analysis below measures the welfare spending as reported. Decommodification, however, is a qualitative indicator in itself which we quantify by three measurable standards: (i) the Ratio of State-Based Welfare (RSBW); (ii) the Ratio of Family-Based Welfare (RFBW); and (iii) the Ratio of Market-Based Welfare (RMBW). In the same fashion, stratification will be quantified into measurable dimensions that include: (i) equality; (ii) nature of benefits; and (iii) poverty (See Table 1). The scholars⁸ working on

5 P. Abrahamson, The Welfare Modelling Business, *Social Policy and Administration*, 33 (1999): 394-415

6 Esping-Andersen, *The Three Worlds of Welfare Capitalism*.

7 Esping-Andersen, *The Three Worlds of Welfare Capitalism*.

8 Peter Flora and A. Heidenheimer, *The Development of Welfare States in Europe and America* (London: Transaction Books, 1982); Leibfried,

cross-national comparisons have reached a consensus regarding these empirical characteristics of a welfare state.

TABLE 1: ROAD-MAP OF WELFARE MODEL ANALYSIS

Sr. No.	Indicators
A. Level of Public Spending on Social Welfare:	
(i)	GDP Spending on Social Welfare
B. Decommodification: Configuration of Welfare Triad:	
(i)	Ratio of State-based Welfare (RSBW)
(ii)	Ratio of Family-based Welfare (RFBW)
(iii)	Ratio of Market-based Welfare (RMBW)
C. Stratification:	
Equality:	
(i)	Equality (1-Gini*)
(ii)	Gender Equality (1-GII)
(iii)	Equality: Mean Value
Nature of Benefits:	
(i)	Means Tested Benefits
(ii)	Non-Means Tested Benefits
Poverty:	
(i)	Population Below the Poverty Line

* The Gini coefficient is a measure of statistical dispersion intended to represent the income distribution of a nation's residents

Analysis

Following the above road-map, the welfare model of any country can be evaluated and accordingly, we will evaluate the welfare model of Pakistan.

A. Level of Public Spending on Social Welfare

As a general rule, the higher the level of public expenditures on welfare, the more socialist a country will be, and *vice*

Stephan, *Towards a European Welfare State? On Integrating Poverty Regimes in the European Community*, in Z. Ferge and J.E. Kolberg eds. *Social Policy in a Changing Europe* (Frankfurt: Campus Verlag, 1992), 245-280; Maurizio Ferrera, "The Southern Model of Welfare in Social Europe", *Journal of European Social Policy* 6 no.1 (1996): 27-37; John Myles and Jill Quadagno, "Political Theories of the Welfare State", in *The Social Service Review* 76, No. 1, 75th Anniversary Issue (Mar, 2002): 34- 57; Clark Bamba, *Social Policy & Society* (London: Cambridge University Press, 2005).

versa.⁹ The United Nations Development Programme (UNDP) data of the last thirty years (1980-2010) support this concept in a way that the public expenditures on welfare in countries belonging to Nordic Model ranges from 32 to 37 percent of GDP, and in those belonging to Corporatist Model it ranges from 29 to 31 percent of GDP, while in the countries belonging to Liberal Model it fluctuates between 20 to 25 percent of GDP.¹⁰ The main reason for this high spending in Nordic countries is their high rates of taxation. Thus the overall tax burden in Sweden, 51.1 percent of GDP, is among the world's highest, but this figure falls to 34.7 percent in Germany and to 23.5 percent in the United States. As far as Pakistan is concerned, its public expenditures range from 4 to 7 percent of GDP,¹¹ and so is more akin to a Liberal rather than Nordic Model. The same is true for its neighbouring countries as both India and Bangladesh exhibit an almost identical trend, but Sri Lanka is somewhat different. Its GDP percentage is somewhat higher (see Table 2).

TABLE 2: TRENDS OF PUBLIC SPENDING ON SOCIAL WELFARE (% OF GDP)

HDI Rank 2009	Country	Public Spending on Social Welfare (% of GDP)	Trend/Model
7	Sweden	48	Nordic
13	USA	32	Liberal
22	Germany	37	Corporatist
102	Sri Lanka	15	Liberal
134	India	8	Liberal
141	Pakistan	7	Liberal
146	Bangladesh	6	Liberal

SOURCE: World Bank+ UNDP various issues

9 Esping-Andersen, *The Three Worlds of Welfare Capitalism*, 11; Abrahamson, "The Welfare Modelling Business", 394-415; I. Holliday, "Productivist Welfare Capitalism: Social Policy in East Asia", *Political Studies* 48, no. 4 (September, 2000).

10 UNDP Reports.

11 <http://www.Worldbank.Org/reference/> Accessed: April 10, 2010.

B. Decommodification: Configuration of Welfare Agencies

Looking at the configuration of the welfare agencies (i.e. state, family and market, as described by Esping-Andersen), we find the following arrangements of “welfarization”:

- (i) Ratio of State-Based Welfare (RSBW)
- (ii) Ratio of Family-Based Welfare (RFBW)
- (iii) Ratio of Market-Based Welfare (RMBW)

The above ratios are calculated with respect to GDP expenditures on the welfare. The Ratio of State-Based Welfare (RSBW) indicates the total spending made by the state on the services. A high RSBW shows more “decommodification” and so is more tilted towards the Nordic model. Sweden, for example, has been described as a social welfare state from a variety of theoretical points of view¹² whereas Pakistan has never been a welfare state due to its low RSBW.

TABLE 3: CONFIGURATION OF WELFARE AGENCIES

HDI Rank 2009	Country	RSBW %	RFBW %	RMBW %	Unidentified Welfare Activities %	Dominant Agency	Trend/ Model
7	Sweden	88.1	3.2	8.7	Nil	State	Nordic
13	USA	19.2	20.9	57.0	2.9	Market	Liberal
22	Germany	34.3	54.3	10.0	1.4	Family	Corporatist
102	Sri Lanka	54.1	14.1	12.3	19.5	State	Nordic
134	India	28.4	34.7	12.2	24.7	Family	Corporatist
141	Pakistan	24.2	31.1	17.7	27.0	Family	Corporatist
146	Bangladesh	26.9	29.7	20.3	23.1	Family	Corporatist

SOURCE: UNICEF, 2009+UNDP, 2009+ Annual Budgets of Countries + Own Calculations

12 Richard Titmuss, *Social Policy* (London: Allen and Unwin 1974), 19; Norman Furniss, and Tilton Timothy, *The Case for the Welfare State: From Social Security to Social Equality* (Bloomington: Indiana University Press, 1977), 45, Eriksson R & Aberg J. eds., *Welfare in Transition: A Survey of Living Conditions in Sweden 1968-1981* (Oxford: Clarendon Press, 1986), 15, Gould A., *Conflict and Control in Welfare Policy. The Swedish Experience* (London: Longman House, 1988), 36, G. Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Cambridge: Polity Press, 1990), A. Cochrane & J. Clarke eds., *Comparing Welfare States: Britain in International Context* (London: SAGE, 1993), 18, Walter Korpi, and Joakim Palme, “The Paradox of Redistribution and the Strategy of Equality: Welfare State Institutions Inequality and Poverty in the Western Countries”, in *American Sociological Review* 63, no. 5 (1988): 661–87.

The Ratio of Family-Based Welfare (RFBW) shows how much support spending the people make from their own family resources. Pakistan shows highest RFBW which is similar to India's Corporatist model. The ratio of Market-Based Welfare (RMBW) indicates welfare being provided to the people in response to their activities in the market, and shows a trend towards Liberal model. This ratio also confirms Pakistan's inclination towards Liberal model.

As for "unidentified" welfare activities, these include welfare from those hidden corners which cannot be classified in the state-based, family-based or market-based categories.¹³ The Table 3 indicates that Sweden, the United States and Germany all show very small shares of Unidentified Welfare Activities (Nil, 2.9 and 1.4 percent, respectively).¹⁴ A non-existence of Unidentified Welfare Activities indicates low levels of corruption. According to Transparency International's "2010 Corruption Perception Index", the five Nordic countries topped 178 evaluated countries as being among the least corrupt. On the other hand, we find very high percentage of Unidentified Welfare Activities in case of Pakistan (27%).¹⁵

It can also be observed that Sweden is the only country which is almost pure in terms of state-based welfare given that its RSBW is (88.1%). We also find somewhat less purity in the United States with regard to market-based welfare, where the RMBW (57%) is greater than either is RSBW and RFBW. Germany, however, shows the least "purity" to its Conservative ideology. As Table 3 shows, its welfare system is an amalgamation of family-based (54.3%) and market-based welfare (34.3%).¹⁶ Sri Lanka meanwhile exhibits clear signs of the Nordic model due to its higher RSBW (54.1%), a figure that is sufficient to suggest that the state is the

13 P. Spicker, *Principles of Social Welfare* (London: Routledge, 1988).

14 Calculated from the Annual Budgets of Sweden, United States and Germany, various editions.

15 www.transparency.org / Accessed: 19.4.10

16 Calculated from the Annual Budgets of Sweden, United States and Germany, various editions.

dominant agency in providing welfare services and benefits. Furthermore, Table 2 demonstrated that this country is the greatest welfare spender in the region. The three other countries, including Pakistan, are hybrid and so cannot be fitted into any of the three proposed models (i.e. Nordic, Liberal and Corporatist). Yet in all three of these countries the role of the family brings them somewhat closer to the Corporatist model.

Indeed, as far as the configuration of welfare agencies is concerned, the peoples of India, Pakistan and Bangladesh find "family" to be their chief supporting agency and the last resort available to them. There is no doubt that a social policy amounts to nothing without considering domestic life,¹⁷ but South Asia excels in establishing "family" as the supreme care-giving institution in this age of modernization. In this respect, Pakistan is no exception. The state lets family to spend its resources, which is why public spending on welfare in these countries is very low and takes on a residual aspect. In other words, the low level of public spending is because of highly resourceful families in Pakistan. The "family" is, therefore, the strongest institution in Pakistan, as well as in the neighbouring countries. That is why the contribution from Unidentified Welfare Activities is in greater amount in all the four countries (Sri Lanka, India, Pakistan and Bangladesh). These activities, however, include income earned through such unlawful means such as smuggling, theft, forcefully attained dowry payments, bribery, usurpation of family inheritance, and so on. The resources earned through all of these unlawful means are considered to be family assets, and family thus confirms itself as a dominant agency in these countries.

Findings for all three of these countries indicate that they are more Corporatist than Nordic, and these are buttressed when one considers the condition of women. It is observed that women stay at home and engage themselves in

17 C. Cockburn, *The Local State: Management of Cities and People* (London: Pluto Press, 1977); E. Wilson, *Women and the Welfare State* (London: Tavistock, 1977).

providing care for all the members of the family. Thus women in Pakistan, given the powerful pressure of the traditional norms of the family, show a relatively low rate of participation in the labour market. As far as their out-of-market activities are concerned, they perform age-old household roles that include raising children and caring for the elderly and the sick, as well as the disabled. At the same time, however, we observe there is a very high percentage of women employed in the private sector, mostly the teachers in private schools, and so on, or self-employed. This helps us to situate Pakistan slightly behind the Corporatist model on a “decommodification spectrum” that stretches from the Nordic to end at the Liberal model, and confirms our conclusion that the country is closer to the Liberal than to the Corporatist model.

C. Stratification

i. Equality

More inequality is found in Liberal than in the Corporatist and Nordic models¹⁸. During the years 1992-2007, the Gini values of the Nordic countries have fluctuated around 0.25 while those of Liberal model have been around 0.40 during the same period. Pakistan's value of around 0.35 places it very close to the Liberal model rather than to the Nordic model. The equality index (which has been calculated by subtracting the Gini value from 1.0) indicates higher equality in Nordic countries than is found in Liberal countries (see Table 4).

TABLE 4: TRENDS OF EQUALITY

HDI Rank 2009	Country	Equality Index (1-Gini)	Gender Equality Index (1-GII*)	Equality: Mean Value	%	Trend/ Model
7	Sweden	1-0.250=0.750	1-0.212=0.788	0.769	76.90	Nordic
13	USA	1-0.408=0.592	1-0.400=0.600	0.596	59.60	Liberal
22	Germany	1-0.283=0.717	1-0.240=0.760	0.739	73.90	Corporatist
102	Sri Lanka	1-0.411=0.589	1-0.599=0.401	0.495	49.50	Liberal

18 UNDP, *Human Development Report 2009* (New York: United Nations, 2010).

134	India	1-0.368=0.632	1-0.748=0.252	0.442	44.20	Liberal
141	Pakistan	1-31.2=0.668	1-0.721=0.279	0.474	47.40	Liberal
146	Bangladesh	1-0.310=0.690	1-0.734=0.266	0.478	47.80	Liberal

SOURCE: UNDP *Gender Inequality Index

Another way of calculating an Equality Index is to subtract the value of the Gender Inequality Index from one (1). Through this measure one can scale the equality in the country with respect to gender indicators (see Table 4). The GII value (0.400) is very high in the United States¹⁹ but that of Sweden²⁰ (0.212) is very low.²¹ This means that we find more equality between men and women in Nordic than in Liberal countries.

All the four South Asian countries show a very low level of equality which indicates their similarity to the United States (a Liberal country). This leads us to conclude that these four countries are Liberal in terms of equality i.e. the people are free to make their own socio-economic “life-decisions” by themselves. Or put differently, the state has less influence on these decisions. This trend is evident in Pakistan, although there is minimal equality in education and health. The private services in these two sectors are open only to those who can afford a costly education and costly health services.

ii. Nature of Benefits

Welfare benefits also determine Liberal and Nordic trends. Selective (means-tested) benefits are the determining features of the Liberal model while universal (non-means-tested) benefits are those of Nordic systems.²² The total expenditures of Sweden on non-means-tested benefits (NMTB) are the highest among the comparable countries because of universalism in coverage and a higher level of state intervention. Benefit equality is at its peak as NMTB are equally available to every citizen, irrespective of

19 A prototype of Liberal Model.

20 A prototype of Nordic Model.

21 UNDP, *Human Development Report 2009* (New York: United Nations, 2010).

22 P. Spicker, *Principles of Social Welfare* (London: Routledge, 1988).

his/her income and status. Besides an elaborate social safety net, public services such as education and health are universal and free to every citizen irrespective of his/her status.

Even so, the expenditures of United States on its means-tested benefits (MTB) are substantially higher, thus showing residual nature of benefits there. These benefits are selective and are restricted to people who fulfil some eligibility criteria determined by the benefits-providers. Except for Sri Lanka, all other South Asian countries exhibit a Liberal trend in that they spend more on the MTB than upon the NMTB (see Table 5).

Contrary to the configuration of welfare agencies through the nature of benefits, one can evaluate means-tested and non-means-tested cash-transfer schemes of each respective country. With respect to the nature of benefits, Sweden confirms its true Nordic nature by showing a high level of universalism in the provision of benefits and the volume of its NMTB is 91.7 percent. At the opposite extreme is the United States with a quantum of MTB at 77.7 percent. One cannot place Germany at the geometrical centre of US-Sweden extremes as it is somewhat tilted towards Sweden. The volumes of its NMTB and MTB are 63.4 percent and 35.2 percent, respectively.²³ Among the South Asian countries, Sri Lanka shows clear signs of Nordic model by having a volume of NMTB of 55.9 percent, and that of MTB of 19.6 percent. India, Pakistan and Bangladesh are all tilted towards the Liberal model with MTBs of 45.8 percent, 44.1 percent and 46.6 percent, respectively²⁴ (Table 5), although the NMTBs and undefined benefits of these countries cannot be overlooked. The NMTBs in India, Pakistan and Bangladesh are 31.5 percent, 28.9 percent and 30.3 percent, respectively while the undefined benefits are 22.7 percent, 27.0 percent and 23.1 percent, respectively.²⁵

23 www.oecd.org/dataoecd/11/4/29736100.PDF.

24 Calculated from Annual Budgets of various countries.

25 Calculated from Annual Budgets of various countries.

TABLE 5: NATURE OF BENEFITS IN COUNTRIES

HDI Rank 2009	Country	MTB (%)	NMTB (%)	Undefined Benefits (%)	Total Volume of Benefits (%)	Trend/ Model
7	Sweden	8.3	91.7	Nil	100	Nordic
13	USA	77.7	19.4	2.9	100	Liberal
22	Germany	63.4	35.2	1.4	100	Corporatist
102	Sri Lanka	19.6	55.9	19.5	100	Nordic
134	India	45.8	31.5	22.7	100	Unlabeled
141	Pakistan	44.1*	28.9	27.0	100	Unlabeled
146	Bangladesh	46.6	30.3	23.1	100	Unlabeled

SOURCE: OECD+ Annual Budgets of Countries + Own

Calculations.*After BISP (Benazir Income Support Programme)

In this respect all the three countries appear to depend on mixtures of MTBs, NMTBs and undefined benefits. This compels one not to put a label on any of these three countries. Therefore they are called “Unlabeled” in this analysis. But as has been noted above, the percentage of MTB in case of Pakistan is more than the NMTB, and beneficiaries have to undergo many unnecessary formalities which are usually disliked by the people. In addition, the above discussion forces us to conclude that a state should levy “welfare taxes” in pursuit of a system devoid of all the stigma-bearing, ill-governed and scarce means-tested benefits.

iii. Poverty

Countries of the Nordic model usually have fewer people living below the poverty levels or lines than those in Corporatist and Liberal ones. The mean of the national poverty lines as established by the UNDP and CIA is presented in Table 6. As the figures of UNDP regarding National Poverty Line (NPL) differ from those officially announced by the countries themselves, therefore a calculated mean from the CIA and UNDP statistics is used for this study.²⁶ Of the three welfare models one finds the most poverty in Liberal model (12.50%). All four South Asian countries, including Pakistan, show a Liberal trend with high poverty rates of 24.85 percent, 38.55 percent, 34.88 percent,

26 www.cia.gov Accessed: April 9, 2010. UNDP, *Human Development Report 2009* (New York: United Nations, 2010)

and 39.25 percent in Sri Lanka, India, Pakistan, and Bangladesh, respectively²⁷ (see Table 6).

TABLE 6: POVERTY TREND IN MODELS

HDI Rank 2009	Country	NPL(UNDP) (%)	NPL(CIA) (%)	Mean Population Below the Poverty Line (%)	Trend/ Model
7	Sweden	4	6	5.00	Nordic
13	USA	13	12	12.50	Liberal
22	Germany	8	11	9.00	Corporatist
102	Sri Lanka	22.7	23	24.85	Liberal
134	India	28.6	25	38.55	Liberal
141	Pakistan	32.6	24	34.88	Liberal
146	Bangladesh	39.8	26.3	39.25	Liberal

SOURCE: CIA+UNDP 2009

Conclusion

It is, of course, all but impossible to find a purely Nordic, a purely Corporatist or a purely Liberal country in this world. One can find a mix, or more simply a cocktail, of the Nordic, Corporatist and Liberal models. In the Table 4, it is observed that Sweden showed the highest degree of purity (88.1%) for the Nordic model. The United States and Germany, however, show somewhat less purity with regard to their particular label. Among the four South Asian countries, Sri Lanka is extraordinarily Nordic while the other three countries (India, Pakistan and Bangladesh) really fail to fit into any of the three models. In particular, Pakistan represents an equal composition of all three models, and equally tends towards Liberal as to the Corporatist model. The same is the case with Bangladesh while the dominance of traditional "family" in India makes it more Corporatist than either Pakistan or Bangladesh.

Simply put, all the three countries — India, Pakistan and Bangladesh — can be classified as Liberal with regard to their welfare spending, equality and poverty, but Corporatist with regard to the configuration of welfare triad. It is Corporatist in the sense that "family" is the dominant welfare agency in the triad. With regard to nature of benefits, all the three countries stand nowhere. They are, therefore, left

27 UNDP, *Human Development Report 2009*.

unlabeled. Furthermore, to compare Pakistan with Sweden, Germany and the United States is analogous to comparing apples with oranges as these countries are archetypes of best welfare models in the world, and Pakistan stands like a pygmy before them.

Pakistan, then, does not fit into any of the three models of welfare presented by Esping-Andersen. Rather, it is just a cocktail of different welfare models. Even so, it is somewhat closer to the Liberal model. But being an Islamic country, Pakistan might have become an exemplary Islamic model, and its proximity to the Liberal model is very difficult to understand. Like United States, it has a welfare component that is very small. The state abhors assuming any responsibility for the citizens. The citizens, too, contribute very little. Lack of state-citizen relationships is one cause of the often chaotic situation which citizens of Pakistan are now experiencing. In order to provide a lifebuoy to this sinking boat of the Pakistani welfare system, a revival and renovation of state-citizen relationships is the crying need of the hour. A "tax-for-welfare" could beautifully help restore state-citizen relationships. Very little public spending on welfare, too, leaves "taxation" (a major virtue of the Nordic model) with the state as the only remedy for the distressed and ill-governed welfare delivery system of Pakistan. But transparency and a crystalline process (from collection to disbursement) should be the pre-requisite.

As a result of the very low level of public spending on welfare, the average Pakistani citizen purchases services (such as health, education, etc.) on the private market. Whatever the price, she/he does not compromise on "the quality of the service". If the state ensures the provision of quality services in return for taxation, there is little to be lost by replacing "prices" by "taxation". Yet the ultimate authority to accept or reject this change lies with the recipient. Come what may, Pakistanis will have to swallow this bitter pill of "a shift from prices to taxation" if the welfare system is to survive into the future. It will be no overnight process. They will have to make this "paradigm shift" a "cult" for every

service-delivery system in the country. As a test case for its implementation, this novelty (i.e. taxation-for-welfare) might be pioneered in a randomly selected district in the Punjab, just as was India's "Kerala Model".

As the family is at present the chief care-giving institution in Pakistan, and since it compensates the state by spending its savings and accumulated resources on *de facto* welfare services, the only measure the state can adopt to relieve families from this haphazard financial burden is taxation. This, too, leads to the suggestion that Pakistan bid farewell to the Liberal and welcome the Nordic model.

Besides low levels of public spending, "bad governance" is another issue in public institutions. Where there is a balance between "freedom" and "equality" there is good governance and this balance appears to be greater in the Nordic rather than in the Liberal model. The state could create this balance through a "board of governors". However, to adopt such a governing strategy in Pakistan, first consensus must be reached between all the stakeholders.