

Good Governance: Between Paradigm and Reality

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ABSTRACT

Good governance is gradually being seen as panacea for developing countries and considered as a holistic approach for development in the development debate. The concept of good governance has been promoted, especially by the international development community i.e., World Bank, International Monetary Fund, and United Nations Development Programme.

The concept of 'good governance' has some of the following effective dimension, which are among all, namely : public accountability and transparency, the role of law, anti-corruption measures, civil society participation in development, and overall respect to human right. Therefore, in the implementation, a good governance concept should involves the active cooperation of three elements, which are : government, civil society, and business sector.

Keywords: Good Governance, State Intervention, Accountability, Civil Society.

"The true bureaucrat is a man of really remarkable talents. He writes a kind of English that is unknown elsewhere in the world, and he has an almost infinite capacity for forming complicated and unworkable rules" (Henry Mencken; 1930).

INTRODUCTION

Good governance is an important issue over the last two decades. Good governance has become the new paradigm replacing the old one in public administration developed by Max Weber. Such conventional model of public administration of "all about government" had been left and replaced by the new one that involves the cooperation of three elements, that is: government, civil society and business sector.

EMERGENCE OF GOOD GOVERNANCE

The term, 'good governance', first made its appearance in development circles in a much quoted paragraph on the World Bank's 1989 report : Sub-Saharan Africa : From Crisis to Sustainable Growth. A Long-Term Perspective Study.¹⁾ Actually, the formal study of good governance has a much longer history. With the evolution of the state, the good governance

concept has flourished . Jon Pierre and B. Guy Peters's explanation marked financial crisis of the state, the ideological shift towards the market, globalization, failure of the state, emergence of new public management, social change and increasing complexities, new sources of governance and legacy of traditional political authority as reasons for the emergence of the need for good governance.²⁾ The shift of paradigms from "Traditional Public Administration' to 'New Public Management', "Big Government' to 'Small Government', 'Top-down Planning' to 'Bottom-up Planning', "The Economic Growth Model' to 'Human Needs Approach' and 'Globalization' are notable components that have hastened the calls for good governance world-wide.

At the beginning, government's role was associated simply with maintenance of law and order and revenue collection. At the end of the nineteenth century, the government's role included social welfare and it was first seen in Bismarck's Germany. The New Deal in America to overcome the 'Great Depression' in the 1930s, the rapid industrialization of Soviet Union through central planning, the advent of the welfare state in Great Britain and in the

¹⁾ World Bank, Sub-Saharan Africa : From Crisis to Sustainable Growth. A Long-Term Perspective Study (Washington, The World Bank, 1989)

²⁾ Jon-Pierre and B. Guy Peters, *Governance Politics and the State* (London : Macmillan Press Ltd., 2000). 52-67.

Scandinavian countries soon afterwards, all pushed for a public sector-led growth strategy. In the postwar period, state activity expanded by taxation and redistribution of wealth through public policies. Social Democrats in many West European countries rejoiced at the advancement of the welfare state and redistribution of wealth and property. U.S., Britain, France, and Austria's notion of strong responsibility of government for the well-being of its each of citizens, from the cradle to the grave, started to become the norm. The paradigm of government's role that took shape after World War II in the developed countries was based on several cardinal principles, which included: (a) the provision of welfare benefits to the poor and unemployed; (b) a strong public sector for production and distribution of goods and services; (c) economic growth with stability, i.e., full employment with price stability.³⁾ In the case of the developing countries, according to scholar Hasnat Abdul Hye,"in the newly independent developing countries the expansion of the public sector took place not only all at once but was also all pervasive for the simple reason that at the time of their independence, there was a very small private sector, a moribund local government and no civil society within its name."⁴⁾

Through the course of time, soon the idea of 'small government' came to light through the criticism of the failure of 'big government' in effectively delivering goods and services. Japan in 1990s, and Britain and Scandinavian countries in 1980s, faced financial crisis. Economic growth had slowed down and became uncertain. The major source of crisis was the huge increase in public expenditures. Their respective economic crises had forced the state to back public spending. To overcome the crisis, the Ronald Reagan's administration in the U.S. and that of Prime Minister Margaret Thatcher in Britain rejected the traditional notion of strong state role. As Jon Pierre and B. Guy Peters described, "For Reagan, the federal bureaucracy was overregulated, and overregulation, body impairing and obstructing economic growth. Mrs. Thatcher shared Reagan's belief that economic prosperity was hampered by too much political control and regulation of markets. For

³⁾ World Bank 1997, cited in Hasnat Abdul Hye,"*Good Governance : A Social Contract*," in Hye ed., 15.

⁴⁾ Hasnat Abdul Hye,"*Good Governance : A Social Contact for the New Millenium*," in Hye ed., 15.

both, unleashing the market was an overarching political goal.⁵⁾ Conservative government in Britain came increasing to the view that political control and efficiency were incompatible.⁶⁾ Nevertheless, western countries faced many societal problems at that time also. Reagan, Mrs. Thatcher and Mulroney of Canada alleviated these problems by adopting privatization, drastic reduction in the civil service, the introduction of managerialism in the public sector etc.⁷⁾ Apart from these, previous notions of state has been challenged by globalization which emphasized on deregulation the economy in order to remove political obstacles to growth.

Though criticism of the State come from the failure of government in delivering goods and services effectively, there are also the theoretical perspective of neo-liberal and neo-classical economics schools behind it. The neo-classical school believed that government should not intervene in the market and the only way to encourage growth is to allow free trade and free markets. Adam Smith was likely the first to emphasize the reduced role of the State in the market by providing his theory of the 'Invisible Hand'. The core of Neo-liberalist school⁸⁾

Institutions building and institutional reform have also made significant contribution on the evolution of good governance. In the immediate post-war period, emphasis was given to set-up governmental structure and training personnel for public administration.⁹⁾ However, public institutions in many developing countries later became weak for various reasons which ultimately led to poor governance. In a 2000 publication, the WB states : "Poorly functioning public sector institutions and weak governments are major constraints to growth and equitable development in many developing countries."¹⁰⁾ It further added that long-term development is simply impossible without

⁵⁾ Pierre and Peters.55

⁶⁾ Dennis Swann, *The Retreat of the State Deregulation and Privatization in the UK and US*, (London: Harvester, 1988), 200.

⁷⁾ Jon Pierre,"*Introduction : Understanding Governance*," in Jon Pierre ed., *Debating Governance* (New York: Oxford University Press Inc., 2000), 1-2.

⁸⁾ Michael Rosch. *What does neoliberalism means?* At <http://fise.zdv.uni-tuebingen.de/webroot/sp/barrios/themA2a.html>, accessed 9 April 2005.

⁹⁾ Muhit, in Hye ed., 467.

¹⁰⁾ World Bank, *Reforming Public Institution and Strengthening Governments: A World Bank Strategy*, (Washington: The World Bank, 2000), xi.

effective government institutions¹¹⁾ Hence, institutional reform became prominent in the second generation economic reform in the school of New Institutional Economics.¹²⁾

WHAT IS “GOOD GOVERNANCE”?

Good governance, according to World Bank’s definition, entails sound public sector management (e.g. efficiency, effectiveness and economization), accountability, exchange and free flow of information (e.g. transparency), and a legal framework for development (e.g. justice, respect for human rights and liberty), (World Bank, 1993). A more succinct definition of good governance is offered by Hirst (2000) who propounds that it “mean creating an effective political framework conducive to private economic action : stable regimes, the rule of law and efficient state administration adapted to the roles that government can actually perform and a strong civil society independent of the state”.

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society (see: Figure 1).

Participation

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the

¹¹⁾. World Bank, *World Development Report 1997: The State in a Changing World* (New York : Oxford University Press, 1997).

¹²⁾. Moises Naim, “Latin America: The Second Stage of Reform,” in Larry Diamond and Marc F. Plattner eds. *Economic Reform and Democracy* (Baltimore: The Johns Hopkins University Press, 1995); Manual Pastor and Carol Wise, ‘The Politics of Second-Generation Reform’. In *Journal of Democracy*, Vol. 10, No. 3 (1999), 34-48, cited in Carlos Santiso, “Towards Democratic Governance: The Contribution of the Multilateral Development Banks in Latin America,” in Peter Burnell ed., *Democracy Assistance : International Co-operation for Democratization* (London: Frank Cass, 2000), 177-78.

concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

Rule of Law

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

Transparency

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

Responsiveness

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

Consensus Oriented

There are several actors and as many viewpoints in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

Equity and Inclusiveness

A society's well being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their well being.

Effectiveness and Efficiency

Good governance means that processes and institutions produce results that meet the needs of society while making the best use

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of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

Accountability

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society

organizations must be accountable to the public and to their institutional stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

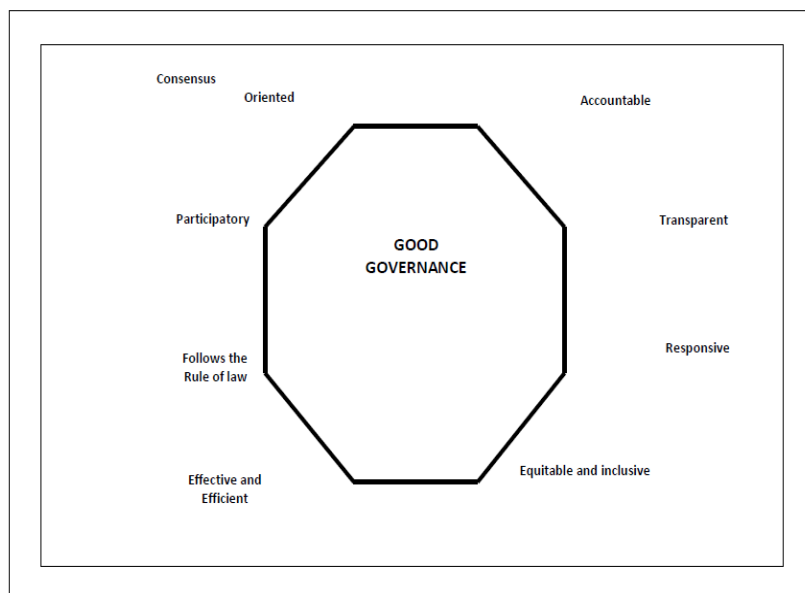


Figure 1. Characteristics of good governance

Perceptions on “Good Governance”

Based on its characteristics, “good governance” agenda placed special emphasis on the anti-corruption measures. Almost all of the ASEAN countries has developed a so-called “Anti Corruption Agency (ACA)”.

Decentralization and local self-government constitute another important component of current governance agenda where reforms have been introduced in order to reduce poverty and achieve higher economic growth. Another dimension of good governance pertains to fostering popular participation. Hence, many goals are set to make government close to public. In other popular words it is called “public-private partnership “. However the society as well as the international donor agencies also has different views on good governance. The summary of different perceptions on the good governance’s target is summarized in Table 1.

The explanation within the Table 1 does not suggest differences among three actors in the implementation of the “good governance” agenda. It shows in the degree of importance of

the so many goals and objectives underlying the practice of good governance, which is sometimes considered as the “ second generation reforms “ to facilitate the development of market economy ¹³). The reform can facilitate or hinder the creation of new space

¹³). The “ Second Generation Reforms “ refers to re-designing the state and institutions while the “ First Generation Reforms “ mostly concerns with economic reforms to cope with globalization process. All of these reforms are in accordance with the “ Washington Consensus “. The term “Washington Consensus” was first coined by the US economist, John Williamson to refer to policy package pushed by the powerful Washington-based institution, namely, the World Bank, the US Treasury and neoliberal think-tanks. Initially aimed at Latin American countries in the 1980’s, “Washington Consensus” was subsequently extended to the rest of the developing world. The important components of the Washington Consensus were fiscal discipline, trade liberalization, tax reforms, liberalization of foreign investment regime, privatization, deregulation, financial liberalization, and capital account liberalization, market based exchange rates, labor reform and protection of property rights.

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for government, civil society and donor agencies in implementing the good governance agenda.

Table 1. The importance of “good governance” practices as seen from different views.

Government/Formal Institution Perceptions	Community/Civil Society Hopes	International Organization/Financial Institution Demands
1. Combating Corruption	1. Better quality of life	1. Downsizing bureaucracy
2. Transparency	2. Equitable distribution of wealth, income and natural resources	2. Privatization of the state-owned companies (SOE)
3. Accountability	3. Full employment	3. Deregulations
4. Participation in decision making process	4. Better access to housing, health and education	4. Decentralization and encouraging local self- governance
5. Rule of Law	5. Restraining privileges of elite in politics as well as in wealth	5. Respecting human and property rights

Source: Author’s own perception based on the research’s findings from selected ASEAN’s Countries in the period of 2007 – 2008.

Examples of a “Good Governance”

As for the administrative reform or “governance reform” previously noted, administrative reform was directed towards the “trust deficit”.

The “trust deficit” can be reduced only by creating a government that is efficient and also just. In the United States, this paradigm has stimulated rethinking about what government is and how it should function. Among the products were two theories of government administration which surfaced under two great presidents.

One is the “minimal state” role, a form administrative strategy used by the Reagan Administration, whereas the other involved “reinventing government” during the Clinton Administration.

The minimal state theory is similar to school of thought that have roots in the work of Frederick A. Hayek and Milton Friedman and draw intellectual sustenance from the work of William A. Niskanen, Gordon Tullock, Nobel Laureate James M. Buchanan, and other members from the school of public choice¹⁴⁾.

During the Reagan’s Administration, minimalism was implemented through various means that sought diminished expectations of government; budgetary restraints and centralized decision making; a leaner and more responsive political establishment; and a focus on a few objectives of overriding natural importance (Carrol. et.al 1985, p.807).

¹⁴⁾ William A. Niskanen, “Bureaucracy and Representative Government”, Chicago: Aldine Atherton, 1971; Gordon Tullock, “The Politics of Bureaucracy” Washington: Public Affairs Press, 1965; and James M. Buchanan and Gordon Tullock, “The Calculus of Consent : Logical Foundation of Constitutional Democracy” The University of Michigan Press, 1962.

Reinventing government, on the other hand, takes the inspiration from the experience of practitioners such as David Osborne, a journalist, and a former city manager¹⁵⁾, Ted Gaebler (1992).

Ideas posted by Osborne and Gaebler had the enthusiastic endorsement of President Clinton when in 1993 has requested Vice President Al Gore Jr to review the performance of the federal government of the United States of America.

The purpose of the review, as the title of the report that was submitted in the same year indicates, was to create a government that is result oriented, works better and cost less (Gore, 1993).

The report notes that only 20 percent of the American people trust the federal government to act rightly most of the time.

To reduce this “trust deficit” then becomes an important objective of the administration at that time. This summary is accomplished, of course, at the risk of over simplifications.

Nevertheless, it provides a sense of the potential for and content of debureaucratization agenda.

The debureaucratization movement as an administrative reform is more than political act. It is an act of cultural change, reflecting and challenging basic social values. As James Q. Wilson (1989), has commented.

¹⁵⁾ David Osborner and Ted Gaebler, “Reinventing Government : How the Entrepreneurial Spirit is Transforming the Public Sector” Addison-Wesley, 1992.

Table 2. *Characteristic of the Bureaucratic Paradigm in Two Reform Approaches*

No	Characteristic	Bureaucratic Paradigm	Minimal State (Reagan Administration)	Reinventing Government (Clinton Administration)
1.	Purpose of Government	Execution of the will of the state	Provision of public goods and services	Meet citizen expectations
2.	Nature of public servants	Neutrally competent	Rational, self-interested, budget maximizes setting	Entrepreneurs
3.	Management approach	Close supervision; Standard Operating Procedures (SOP)	Cost-minimizing; Consumer-oriented management	Facilitative management; total quality management (TQM)

Source: *Compiled and modified from many resources by the author.*

“The way in which a bureaucracy operates cannot be explained simple by knowing its tasks and the economic and political incentives that it confronts. Culture makes a difference”¹⁶⁾

Administrative Culture

Culture is the reflection of the economy and politics. The dominant and newly emerging forces in the economy and politics also embedded in culture. However, culture is neither simply the ideological reflection of current forces nor the contradistinctions in the economy and politics. It is also the accumulation of notions, customs, habits in current circumstances as long as there are transmitters and they are part of the social and psychological makeup of people within local sites.

The bureaucracy has a structure that breeds its own administrative culture. Incoming political leadership often reacts to the bureaucracy. Its inherits by instituting personnel purges or reorganizing or both, either to cleanse the old system and reorient it to the needs of the new dispensation, or to reshape the administrative culture and values in facilitating targeted policy and program objectives. Consequently, a new political order carries its own political culture to the regime-bureaucracy relation. As the bureaucracy accommodates and eventually trusts the new regime, an administrative culture supportive of the political leadership ensues.

The biggest hurdle to administrative reforms, however, appears to be the role of politicians in controlling the bureaucracy. Political leaders in a party-run polity are unlikely to appreciate the importance of political neutral civil service. They also may not be adequately restrained from pursuing extraneous goals in and through the bureaucracy. Indulgence by dominant-party

politicians has also resulted in wide spread political interference in administrative decision and the politicization of bureaucracy decision making.¹⁷⁾

Another factor which contributed to the success of the administrative reform is the role of leaders. The implementations of change in public services require highly persistent and visionary leaders. Therefore, there has to be quality leadership that will provide guidance and inspiration for the whole community, especially in the bureaucracy as the government’s machine. Leadership is thus a necessary but insufficient condition for institutionalizing public sector reforms. Leadership is the key element in reforming the office and, in a larger sense, in achieving and engaging and performance driven civil service within a challenging and globalizing world.¹⁸⁾

¹⁷⁾ This kind of politicization in bureaucracy was branded as “bureaucracy polity” in Thailand (**See:** Fred Riggs, “Thailand : The Modernization of a bureaucracy polity”, Honolulu, East West Press, 1996). And “Dominated Bureaucracy” in the Philippines (**See:** Ledivina V. Carino, “A Dominated Bureaucracy”: An Analysis of the Formulation of and Reaction to State Policies in the Philippine Civil Services” Occasional Paper No. 89-4, National College of Public Administration, University of Philippines, 1989),

¹⁸⁾ The Malaysian Prime Minister’s Dr. Mahathir Mohammad had a vision 2020 and establishing a “Malaysian Incorporated”, while Prime Minister Thaksin Shinawatra of Thailand introduced the “CEO Manager” style for Thai Civil Service. Since the birth of the Philippine Republic in 1946, civil service reform has been undertaken during the administration of President Roxas, President Quirino, President Magsaysay, President Marcos and President Aquino. In Indonesia the late President Soeharto had reformed the civil service system in 1974. Since then no major changes in public service system occurred in Indonesia. Only recently, in the last month of 2013, President Susilo Bambang Yudhoyono (SBY) had introduced establishment of

¹⁶⁾ James Q. Wilson, ”Bureaucracy : What Government Agencies Do and Why They Do” Basic Book, 1989, pp.203.

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Good governance occurs not only when politicians are honest and accountable, but also when civil servants are efficient and productive. The quality of governance is largely dependent on the quality of people who run it. A government maintained by responsible and highly competent individuals who are motivated by a strong desire and improve the lives of others, can assure a government that truly works for the people. Most illness in government are said to be substantiated by the lack of this basic quality in service. Sadly, the reputation of public officials speaks for itself in almost all of the developing countries.

FINAL REMARKS

Corruption and other bureaucratic practices lead to the conclusion that the problem lies in the weakness in building government mechanisms and institutions. This notion is promoted by the World Bank, which in 1989 explicitly identified as “a crisis of governance” behind the “litany of Africa’s development problem¹⁹⁾. Since then, the policies and interventions to promote “good governance” have become a central preoccupation in the international donor community.

The concept of “good governance”, therefore, has some if not all the following effective dimensions, namely: public accountability and transparency, the rule of law, anti-corruption measures, decentralization and local government reform, democratic performance, judicial reform, social safety nets, a regulatory but lean state apparatus for efficient private markets, civil society participation in development, and overall respect for human rights.

In practice, however, international donors have focused on governance largely through a much more restricted lens of “good governance”. This restricted lens is the technical and non-corrupt management of government resources through effective implementation of macroeconomic and anti-poverty sector policies sought by the donors²⁰⁾. This nature of “good governance”

so-called “Senior Executives Services (SES)” in the new Civil Servants Law.

¹⁹⁾ See : World Bank (1989), “Sub-Sahara Africa From Crisis to Sustainable Growth”, Oxford: Oxford University Press, U-K, 1989, p.60.

²⁰⁾ Paper prepared for the Realign of Aid International Advisor Council by Kavaljit Singh (2003) from Republic Interest Research Group (India) : “Aid and Good Governance : Discussion

often undermines local traditions and blind to contradictory interests of the elites and donors. Donors mostly take an “Alice in Wonderland” approach to governance, therefore the term means whatever a donor wants it to mean²¹⁾.

In the final analysis, therefore, the heart of the “good governance” debate lies in the issue of responsibility and leadership. The responsibility for creating the problems, the responsibility for solving them and the capacity and willingness of the leaders to fix the problems. Looking back in 1997 at the record of post-independence Africa, the Uganda political scientist Yash Tandon (1996, p.28) asked: “Who has made such mess of Africa?” The people said ; “Leaders who are self serving and power hungry”. “Lazy people,” say the leaders,” People who just wait for the government to give them jobs and to feed them”. “Bad governments,” say the World Bank (WB) and transnational (TNCs), “Government that have not followed correct fiscal, monetary, pricing and trade policies, and government that are not accountable to their population”.

“The markets,” says the left intellectuals (African and non-African), “The invisible forces of which work in favor of those who own capital and who exercise state power”. “Out of these four possible explanations, “Tandon continues, “In the battlefield of competing ideas, the playing fields are not in the same level”²²⁾.

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Paper for Reality of Aid”, January 2003, access available at : www.realityoraid.org

²¹⁾ Lewis Carroll’s children novel : “Alice in the Wonderful” has the following exchange : “When I use a word” Humpty Dumpty said in rather a scornful tone : “It means just what I choose it to mean. Neither more or less,” The question is ,”said Alice,” Whether you can make words mean different thing”. “The question is, “said Humpty Dumpty. “which is to be master... That’s all”.

²²⁾ See: YashTandon (1996) “Reclaiming Africa’s Agenda” in YashTandon (ed), “African Conception of Democracy and Good Governance. International South Group Network: Harare, Uganda. 1996.p.28.

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