



Research School of Pacific and Asian Studies

State Society and Governance *in* Melanesia

MAKING SENSE OF GOOD GOVERNANCE

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It is now nearly ten years since the World Bank introduced the word 'governance' into discussions about development. This paper asks what the term means, why it became part of the policy discourse, and what it assumes about the way organisational performance might be improved. It then reviews some recent research on governance in the South Pacific, and considers the tension between universal principles of good governance and particular national circumstances. Finally it introduces some comparative research that addresses several questions about achieving 'good governance'.

- How much does the design of institutions affect their performance?
- What are the conditions under which policy ideas can be transferred?
- What factors determine whether the 'right' policies are implemented?

WHAT IS GOVERNANCE ?

In a 1989 report on Sub Saharan Africa the World Bank identified a 'crisis of governance' which it later defined as

the manner in which power is exercised in the management of a country's economic and social resources for development (1992:1).

Governance includes, according to the World Bank, public sector management, accountability, the legal framework, and transparency and information. By now most donors have incorporated statements about governance, or 'good government' into their reports, discussion papers, and ministerial statements.

For example, the Australian Minister of Foreign Affairs defines 'good governance' as 'open, transparent, accountable, equitable and responsive to people's needs' (DFAT 1997). Aid, he says, can contribute by providing legal training that enhances accountability, by supporting non-government organisations (NGOs), which increase participation, or by strengthening institutions that promote human rights. AusAID, the Australian Aid Agency, has just restructured itself, and created a 'governance' division. It is funding a Centre for Democratic Institutions, at the Australian National University to provide training in the Asia Pacific region.

Good governance is not just valued in itself. It is believed to lead to development. Typically, a report of Development Assistance Committee of the OECD concludes

investment of resources in democratic governance will contribute to progress in development goals (OECD 1997:3).

The contribution of AusAID to this series is acknowledged with appreciation.

Meanwhile, the word is also being used to refer to changes in public administration in developed countries. Rhodes distinguishes five such uses, in addition to 'good governance'

- reducing the size of the state
- the role of boards of management in large corporations
- the 'New Public Management,' which favours professional management, concern with clients, competition and contracting out
- relations between organisations when there are many centres of power, and the state is no longer supreme
- the management of complex public and private service delivery networks (1997:46–52).

Some of these ideas, such as the New Public Management, are now being copied by , or imposed upon, developing countries in donor supported 'public sector reform' programs.

The related phrase 'good government' has distinct histories. In the United States, a 'Good Government League' was founded in Louisiana in 1912, part of the politics of corruption and reform that produced the populist Governor Huey Long. It sounds rather like its modern counterpart, Transparency International, being formed by

a collection of patrician and business leaders devoted to honest government (Williams 1970:133).

In Britain after the Second World War

'Good government' became a slogan in colonial affairs because it implied that 'self government' meant incompetent administration (Lee 1967:5).

There seem to be three senses in which 'governance' is linked to development. The first, 'democratic' governance, is concerned with legitimacy, accountability, and human rights. It addresses traditional concerns of Western political theory, and tends to be invoked by bilateral aid donors, and the OECD, which links 'good governance' with 'participatory development' and 'the improvement of women's rights.' In the South Pacific, it has been expressed in donor concerns about the 1990 Fiji

constitution, democracy in Tonga, or the abuse of human rights on Bougainville.

The second, 'effective' governance, is less concerned with the form of government, and more with the ability to govern (Leftwich 1993, Moore 1993). It is expressed by the World Bank, which has had to be careful to avoid going beyond its mandate and commenting on its members 'internal political affairs' (World Bank 1994:vii). It harks back to Huntingdon's arresting first sentence to his nineteen sixties study of *Political Order in Changing Societies*

The most important political distinction between countries concerns not their form of government but their degree of government (1968:1).

The third sense of governance, as 'coordination,' sees order as the resultant of the actions and interactions of formally constituted 'governments' and other private and voluntary associations. Order is not something externally imposed by 'the government' or 'the state.' Instead, political authorities work through and with a plurality of other actors, and cannot be sharply distinguished from them. Three distinct ordering principles, or 'modes of governance' can be identified within these relationships: hierarchical rules; market exchanges; and shared values (Larmour 1990, 1997). Any actual policy, program or organisation involves a mix of modes.² In the 1980s there were arguments for greater use of the market mode. In the 1990s there has been more talk of community. The governance-as-coordination approach provides a framework for understanding the role of the private sector, and non-government organisations, as well as the state in development (as in the World Bank's 1997 *World Development Report*, Figure 7.2).

These three meanings are often yoked together, as in the Australian Foreign Minister's definition of good governance as the effective management of a country's resources in a manner that is open, transparent, equitable and responsive to people's needs (Downer 1997:1). However, they are not necessarily consistent.

'Democratic' may promote 'effective' governance, but it may not. The link between democracy and economic development is unproven. Richer countries tend to be democratic, but systematic comparisons between many countries in many periods, and attention to the flow of causation lead to more tentative conclusions.³

There are also tensions between the idea of 'governance as coordination,' with projects to strengthen democracy, and capacity. If the state is just one player among many, then the scope of representative democracy is limited as deals are made between stakeholders beyond the supervision of the legislature. 'Capacity' may depend more on linkages with powerful non-state actors, than with the structure or competence of government.

Governance is no longer just a word used by the North against the South: Thailand's *Nation* newspaper, for example, recently blamed the Southeast Asian smog on 'poor governance' in Jakarta (quoted in *The Australian* 30.9.97). It is also a regime that leaders of some rich countries apply to themselves. Thus Alexander Downer recently returned from a business leaders' forum in Davos

there's a strong theme coming through Davos about the value of good governance. That's not just about capable politicians running government, but having transparency in business and financial institutions, proper prudential supervision, competitive markets and liberal trading regimes (*Australian Financial Review* February 7-8 1998).

Good governance works by statistical comparison, the creation of league tables, visiting missions, international conferences and the emulation of best practice. It may be imposed by conditionality, but it may also be self-imposed for fear of being left behind, or outside the club.

THEORY, POLICY AND PRACTICE

To make sense of 'governance' we can distinguish three, loosely connected, levels of

theory, policy and practice. The theories associated with 'good governance' come from different parts of the social sciences: institutional and neoclassical economics, company law, political science and economic sociology. The policies are produced by negotiations within and between governments, and embodied in statements that, taken together, add up to a discourse with a life of its own. The practice is the work of ombudsmen, auditors, journalists, non-government organisations, leaders and trade unionists in developing countries. International non-government organisations involved include Transparency International, IDEA, and preventive diplomacy specialists like International Alert or Conciliation Resources. There is also a sizeable private good governance industry, in the brokers that arrange privatisation, political risk insurers, and consultants on public sector reform.

There is no necessary connection between these three levels. There are leads and lags between the policy discourse, theory, and practice. There is no single direction of flow, up from practice to policy to theory, or down from theory through policy to practice. The emerging, often vague and incoherent, discourse of policy draws, sometimes indiscriminately, on theory and practice. Flows of ideas between levels are embodied in grants, appointments, promotions, and attendance at conferences.

GOVERNANCE AS POLICY DISCOURSE

Talk about 'governance' is sometimes criticised for being vague, incoherent, based on false assumptions, 'just words,' or simply commonsense. Those on the receiving end sometime complain that it is overbearing, selectively applied, and insensitive to local differences. These are defining features of policy discourse, rather than errors than should be eliminated.

The policy discourse is a product of negotiation and compromise within governments, and between them. The process

leads to vagueness, incoherence, and accusations that 'good governance' is just a matter of commonsense, and nothing new anyway. Its Articles of Agreement forced evasive language on the Bank which 'explicitly prohibit the institution from interfering in a country's internal political affairs' (World Bank 1994: vii). 'Governance' was a polite way of raising awkward issues of corruption, incompetence, and abuse of power.

In a policy discourse, plausibility, commonsense, and continuity with existing discourses matter more than strict standards of intellectual consistency, and proof. If something controversial can be presented as commonsense, or nothing really new, then half the policy battle is won.⁴ The World Bank links its new concern with governance to its long-standing engagement with public sector reform. Other agencies link, or fold it into their own distinctive, standing discourses.⁵

The content of a policy discourse reflects the power of the participants. Some agencies and governments are more successful at getting 'their language' embodied in the text than others. That power provokes resistance, and the text also creates possibilities for retaliation, as when 'good governance' arguments are turned against donors. Corruption in developing countries has been abetted by the tax exemptions for bribes that developed countries have given to their companies. Aid programs have been mismanaged. Industrial countries find their own human rights records under international scrutiny. The International Monetary Fund is accused of lacking transparency.

In some ways the content of the words matters less than that they are now being spoken. 'Everybody knows' for example about corruption. There has been a substantial body of scholarly theory dealing with it at least since the 1970s (see Heidenheimer 1970). And paying or resisting bribes has been part of the day-to-day practice of business. What is new is its eruption into the policy discourse. A kind of 'outing' has taken place, as previously 'open secrets' have become part of the policy discourse.

WHY GOVERNANCE NOW?

Why has the policy discourse shifted in the 1990s? Explanations typically turn to events, such as the end of the Cold War, and ideas, such as loss of convictions about the role of the state.

Christopher Hood (1994) developed a useful framework for understanding economic policy reversals in the previous decade which can also help make sense of the 1990s. He argues that policies change for a combination of external and internal reasons. The external reasons are fairly familiar: changes in ideas, changes in interests, and changes in environments. His 'internal' reason is more interesting: policies may contain the seeds of their own destruction, decaying from within, rather than displaced from without. Decay may come from the accretion of unanticipated side effects, or capture by interest groups.⁶

So to understand why 'governance' has become so central to policy discourses about development we can look to changing ideas, for example about the role of the state, the possibility of capitalist development in the third world, and the role of women. We can look at shifts in the power of interest groups, notably the collapse of the Soviet Union (in the same year as the World Bank first published on governance). Developing countries could no longer look for the support of one side against the other in the Cold War, the model of central planning was tarnished, and the former socialist countries were now competing with older developing countries for aid and investment. And we can look at changes in the international environment, notably intensified trade, technological changes in computing and telecommunications, and competition from newly industrialising countries. There are also broader social changes, such as increased education, and greater participation by women in paid employment, that have increased demand for 'good governance.' But, Hood's analysis suggests, we also need to look for internal reasons for the abandonment of old policies. Concern with good governance was a



result of learning from failures of the structural adjustment programs in Africa in the 1980s, leading to the recognition that government structures had to be in place before they could introduce the 'right' economic policies. Broader signs of 'self destruction' include donor fatigue, and spreading perceptions of corruption.

WHAT DETERMINES ORGANISATIONAL PERFORMANCE?

Aid and technical assistance for 'good governance' is based on often unspoken assumptions about the causes, and hence, cures for poor organisational performance. It may be thought of as a matter of funding, or training, or not having the right people in charge. Discussing the limits of 'institutional development' and 'capacity building,' Moore makes the useful distinction between 'supply' and 'demand' side approaches to improving performance. Supply side approaches ask if the organisation has sufficient resources (money, staff, buildings, skills), while demand side approaches turn to the organisation's environment, and ask

what are the features of this environment that will encourage the (management and staff) of the organisation to strive to do a good job, and make good use of the resources they have available (Moore 1995:94).

Demand-side approaches are embodied in many of the ideas of the New Public Management. Privatisation puts the organisation in a more demanding environment. Among those parts of the government not to be privatised, devices such as competitive tendering, devolution of management responsibility, performance pay, and citizen's charters may create stronger demand for performance. Such devices are included in the packages of Public Sector Reform being adopted under the auspices of the Asian Development Bank and other donors in the South Pacific.

Of course, these demand-side remedies also involve the construction and maintenance of organisations, such as anti-corruption

commissions, or political parties, which may, in a kind of infinite regression, muffle or deflect the expression of demand. They are also vulnerable to capture by interest groups, and free riding.

RESEARCH ON GOVERNANCE IN THE SOUTH PACIFIC

Barrie Macdonald's work on governance in Kiribati, funded by the British Overseas Development Administration, was framed as a critique of the methodology of the World Bank. Rather than a static checklist of characteristics, Macdonald offered a more historical and country specific approach, which examined

- foundations (social, economic and constitutional)
- political process (élites, leadership, politicians, parties, policy making)
- the role of the civil service (history, structure, performance, role in policy).

Applying this framework to Kiribati, he found a society based on kinship and locality, with traditions of rule by councils of older men. Economic prospects were limited. The parliamentary process linked the traditional élites in the islands and the modern, wage-earning élite in the capital (whose wages and connections also provided them with a springboard into business). The traditional style of leadership was quiet, diplomatic and masculine. Members of Parliament were elected on the basis of personal qualities, rather than party or policy. Governments were weak coalitions, and there was a high turnover of Ministers, and Members of Parliament. Ministers took an active role in policymaking, but aid donors were very influential. The civil service was regarded as safe employment. Officials tended to defer to ministers, aid donors, and the needs of international meetings. Management tended to be reactive, hierarchical and compartmentalised.

Taafaki and Oh (1995) took a different approach, framing their study of Tuvalu in terms of three concepts of governance outlined above

- government capacity
- democracy and popular participation

- coordination between government, the private sector, and non-government organisations.

They also tried to make their research relevant, by first identifying through a workshop what local people thought counted as policy success and failure.⁷

Applying this framework, they found government capacity weakened by shortages of specific skills, and absences of key officials at overseas meetings. Small scale allowed strong informal mechanisms of accountability to apply, though there was popular demand for more participation in project implementation, as well as design. Non-government organisations, including churches, were well organised, and influential on the implementation of policies that required changes in attitudes.

Research on corruption found the greater visibility of corruption in the South Pacific partly a result of more independent media (Larmour 1997a:2). Courts were making difficult distinctions between traditional gifts and bribes, depending mainly on the context of the act. In subsistence societies, corruption was often associated with trading minorities, who formed a tense partnership with indigenous leaders. The process of privatisation was providing new opportunities for corruption, which was also associated with the semi-official trade in 'tokens of sovereignty', such as letters of credit, and competitive deregulation, such as tax havens. Corruption was embedded in a broader context of maladministration.

Several themes run through a collection of reports on recent research on governance and reform issues in the South Pacific (Larmour 1998)

- unaccountable and informal decision making by provincial and local governments, in which central grants were dissipated into a myriad of unsustainable local projects, rather than into infrastructure, or public health
- cultural traditions restraining individual initiative, making it difficult for managers to correct subordinates, and for central

governments to enforce conditions attached to grants

- the exclusion of women from elected office, and declining provincial budgets for health services that meant women were less likely to survive than men
- intense local pressures on members of parliament in general, and ministers in particular, enforced by a high turnover of candidates in elections. Such pressures prevented the supply of 'public goods' like roads, and health, in favour of small projects that fizzled out, and made ministers reluctant to tackle difficult issues.

The authors of these studies disagreed about the possibility and desirability of state action in good governance. Churches and private companies were found to be powerful influences on policy, and new institutions like 'gang surrenders' in Papua New Guinea had grown up in civil society. While some simply described weakness of the state, others reject the state for reasons of better analysis or political preference.⁸ But other authors regretted the absence the idea of an impartial state resisting local pressures on behalf of a broader 'public' or 'national' interest.

COUNTRY-SPECIFICITY

The phrases 'in the South Pacific' and 'in Kiribati' imply that 'governance' in one region, or country, may be different from governance in another. So may what counts as 'good'. Critics of donor policies for good governance can argue that the institutions they recommend are specific to donor countries, or may be generally true, but in neither case apply to them ('that may be how you do it in your country' or 'that may be true, but it does not suit us now'). The Asian Development Bank's newspaper *Emerging Markets*, for example, reported one country's delegation to a discussion about governance warning

To impose conformity irrespective of the country differences and the willingness of developing members is not likely to work (*Emerging Markets* 2.5.96).



The assumptions of neoclassical economics, and the public choice theory of organisations that underlies the New Public Management, are self-consciously universal. If we assume people are rational, self interested, maximisers, they argue, then certain consequences follow, whether you are in Kiribati or the United States. Openness, for example, suits everybody, in spite of the apparent appeal of protection. Given the opportunity, people will 'rent seek', and preserve institutional positions that will pay them more than the market rate. 'Institutionalist' varieties of economics are more sympathetic to country specificity. Their notion of 'path dependency' means 'where you are' depends, in part, on 'how you got there'. History constrains opportunities. Opportunities forgone lead individuals, and countries, down divergent paths.

Tension between universal principles, and local or national history, circumstances, and values is also an issue in the human rights that are part of the 'good' in 'good governance'. Similar issues arose as the 'national question' in socialist thinking.

One thing that Kiribati and the United States (and the other 150 plus countries in the world) do have in common is 'the state': a set of similar looking organisations—legislatures, departments, local governments—carrying out a similar set of tasks. This similarity has been partly achieved by imposition (as in colonialism) and partly by copying (as when countries adopt the forms of the state to modernise or—like Tonga—escape colonisation). States embody their own sets of values: impartiality, adherence to rules, and so on. So in a world of states, general statements about 'good governance' may be more plausible than statements about good families, or good art.

Tensions between the universal and particular are also reproduced within states. There is no reason to think that irreducible differences stop at the level of the nation state. National governments promote their own versions of 'good governance' within their own, often disparate, territories, at similar cost to local

differences, and local autonomy. Thus a national government might claim national differences to resist pressure from other states, but reject arguments for provincial differences that interfere with the development of a national market.

Supporters of good governance in the 1990s have been generally confident about the universal applicability of ideas, such as privatisation, and particular institutions, such as elections or ombudsmen. Clearly no country is unique, and states may be more like each other than like the countries they rule. Neither are they exactly the same. If so we need some 'middle level' theories about good governance, between (on the one hand) universal arguments from rational choice first principles and (on the other) claims of absolute incommensurability. Comparative studies that derive general rules from the study of a number of particular cases provide one route to middle level theories about governance. Below are three examples: Robert Putnam's study of the performance of Italian regional governments (1993); Richard Rose's study of lesson drawing in public policy (1993); and Grindle and Thomas study of the implementation of policy reforms in developing countries (1991). Each positions itself between arguments from first principles, and arguments from irreducible difference. Each seems applicable beyond the particular universe of countries from which it was drawn.

DOES DESIGN MATTER?

Proponents of good governance have to believe that the design of institutions makes a difference. Consultancy reports regularly recommend the restructuring of government, the strengthening of old institutions, or the introduction of new ones. However, research on 'good government' in Italy suggests caution.

In his long-term study of decentralisation to regional government in Italy, Putnam (1993) identified various measures of regional government performance, including promptness

in budgeting, introduction of new legislation, and construction of clinics (these tended to cluster together). He then identified three types of explanation for government performance: institutional design, socioeconomic factors, and sociocultural factors. The first is the stuff of constitution-makers, and public sector reformers, but it did not apply in the Italian case, as all the new regional governments had the same design.

The second went some of the way to explaining performance. Putnam found a general association between performance and level of economic development (there was little link between performance and resources available to the government, which came as grants from the central government, and which compensated poorer regions). However, the causal flow was not clear: did economic development encourage performance, or vice versa? Or was a third factor driving both? In any case there was considerable variation in performance not explainable by level of economic development.

Putnam's originality was to show the significance of socio-cultural factors, particularly 'norms and networks of civic engagement' in explaining differences in government performance, and then showing how deeply rooted in history they were. He found membership in sports clubs, cooperatives, mutual aid societies, cultural associations and voluntary unions to be strongly correlated with government performance.⁹

He went on to show that this dense network of civic associations is 'path dependent' and can be traced back to a split in Italian government between self governing communes in the North, and feudal autocracy in the South. By disaggregating the influence of economic development and 'civic-ness' he also shows that civic-ness drives modernity, rather than the other way round. In doing so, Putnam contradicts several theories about economic development, including the Marxist idea that institutions are superstructural to economic forces (they interact), and Mancur Olson's idea that interest groups build up like barnacles around states, slowing their growth (they may facilitate

performance).

Putnam did not show that institutional design did not matter. It might be a necessary, but not sufficient condition for performance. But his work suggests attention to sociocultural factors in achieving performance from well-designed institutions, while his 'path dependent' explanation suggests that the roots of poor performance may be quite deep.

WHAT DETERMINES IF POLICIES ARE TRANSFERABLE?

Few contexts are unique, and state structures are themselves the result of borrowing, emulation and imposition. Lesson drawing from other countries has played an important role in development, for example in the industrialisation of Japan. The production of comparative league tables, and the urge to imitate 'best practice' encourage it. Richard Rose (1993) sought to identify the conditions under which 'lesson drawing' in public policy was successful. He found that programs (defined as 'the cause-and-effect mechanisms by which government actions are expected to produce a specific policy outcome') were more 'fungible' (i.e. transferable between contexts)

- the fewer unique elements they contained
- the more they could be carried out by different kinds of agency
- the more that similar resources were available
- the simpler their 'cause-effect structure'
- the smaller the changes they sought to bring about
- the more they were interdependent with programs in other jurisdictions
- the more the values of the program were consistent with those of the policymakers (1993:118-42).

He noted that the first three conditions were generally met in industrial countries, but the last three were more variable, and dependent on the character of the program, and context (1993:119). In developing countries, the 'similar resources' condition is more likely to be absent in North-



South transactions, than South-South ones. If Rose is right, the prospects for transferring complex, radical, free-standing public sector reforms are tricky, particularly if the program inconsistent with the values of receiving policymakers, and the resource context is different. More positively, his analysis suggests reformers look to transfer simpler, incremental programs, interdependent with other jurisdictions (e.g. customs, airlines, telecommunications) and consistent with policymakers' values.

WHAT DETERMINES IF THE RIGHT POLICIES WILL BE IMPLEMENTED?

A recent World Bank paper by Burnside and Dollar concludes from a comparison of data from 56 countries between 1970 and 1993 that 'on average, aid has had little impact on growth' except in conjunction with presence of good policies, particularly a combination of budget surplus, low inflation, and openness to trade (1997:33).

What determines whether good policies, if adopted, will be implemented? A huge literature on implementation has grown out of failure with 'Great Society' programs in the United States, inaugurated by Aaron Wildavsky's study of a job creation program in Oakland California (reviewed in Parsons 1995:461-91). His original 1974 approach was strongly 'top down,' seeing implementation as a process of establishing links between the various agencies involved to ensure the policy was implemented as planned. These were so many, that he wondered how anything ever got done. Later editions of his book took into account bottom up approaches, which incorporated the roles, perceptions and values of 'street level' officials. 'Policy' was only one of many day-to-day pressures that made them decide whether, or not, to act.

There are particular conditions in developing countries that may make models of implementation derived from advanced countries inappropriate. Grindle and Thomas' (1991) survey of policy reforms in developing

countries rejects a simple linear model (policy leading to implementation) in favour of an interactive approach, which recognises that policies may be reversed at any stage after formal adoption. For them, a key issue was whether this resistance took place in public, through riots and demonstrations, or within the bureaucracy. As implementation proceeds, the characteristics of the policy will determine whether it is resisted within the bureaucratic arena, or outside in the public arena. These characteristics include

- the degree to which costs and benefits are dispersed among the population, or concentrated in government
- the degree to which the policy requires administrative and technical skills to implement it
- the amount of participation required to implement
- the length of time needed (Grindle and Thomas 1991:135-50).

Policies that disperse costs among the public, or do not require skills to implement, or require participation, or act suddenly will tend to generate strong reactions, played out in public. Examples include currency devaluations, or the introduction of user charges. There the stakes are high, and popular resistance may threaten the survival of the regime itself—which backs away from reform. Policies without these characteristics tend to stay in the bureaucratic arena, where they may face different kinds of sustained resistance, or inaction. Examples include government reorganisation. Different strategies are required to succeed in public, rather than bureaucratic, arena. To succeed in the public arena, the regime may need strong legitimacy, and political skills. To succeed in the bureaucratic arena, the regime may need to concentrate on building the support of the bureaucracy. Reform packages, such as structural adjustment programs, tend to generate responses in both arenas. In either case, if the policy survives, it will need to be sustained by continuing flows of resources. Denying these gives opponents further opportunities to stall the policy.

CONCLUSIONS

Ideas about 'good governance' come from a variety of theoretical traditions, and are not necessarily consistent with each other.

Incorporation into policy discourse is likely to make them less precise and distinct. This incorporation has been a result of changes in ideas, interests and the environment, but also reflects an internal decay of earlier policies. Efforts are now being made to increase local demand for good governance, as well as strengthen institutions to provide it.

Good governance depends partly on context. Research on the South Pacific finds strong traditional organisations, political sensitivity to local pressures, the exclusion of women, and growing concerns about corruption. However, there are similarities as well as differences between states, and comparative studies suggest, first, that government performance may depend as much on civic associations, as on institutional design. Second, simple, incremental reforms that are consistent with policymakers' values are easier to transfer. Third, policies adopted by developing countries are vulnerable to reversal at many subsequent points, depending on whether resistance erupts into the public arena, or remains within the bureaucracy.

NOTES

¹This paper was presented as a Plenary Address to the Development Studies Network Conference, University of Auckland, 20 February 1998.

² For example, health services may be organised by markets, hierarchies or communities—usually a mix of all three. Drugs may be bought over the counter (market), prescribed by certified medical professionals (hierarchy), or concocted at home by according to custom, traditional wisdom, or 'old wives tales' (community). Where the drug is not dangerous, the illness not contagious, and patient capable of diagnosing herself, a decentralised, market driven, form of coordination is likely to be the most efficient.

People buy aspirin for headaches over the counter, for example. Where patients are unable to diagnose themselves, or where failure to treat may endanger third parties, markets 'fail'. Powers to prescribe may be limited to qualified doctors, who can vary the mix and dosage of drugs as their understanding of the patient's illness develops. Where there are externalities, doctors may be granted coercive powers to immunise. But hierarchy fails too. Patients may not take the drugs they are prescribed, or they may have religious or other objections to immunisation. If patients are members of small, face to face groups, in long term multiplex relations with each other, then peer pressure may make them conform. However, community coordination may fail in big cities where people live outside families (see Colebatch and Larmour 1993).

³ A careful study by Lane and Ersson (1996) finds few strong correlations between various measures of democracy and development. The strongest is a positive relationship between democracy and quality of life (Lane and Ersson 1996:66). All they can conclude is that democracy is 'not an obstacle to economic growth or fair income distribution' (ibid:67). In any case, it is not clear which causes the other. A study of democracy in the South Pacific concluded that existing democratic institutions were probably threatened by development (Larmour 1996:245). Leftwich concludes that the assertion that 'good governance' is a condition for development is 'virtuous but naive' (1993:619). Rather, he says, the historical record of developmental states shows that it is 'politics and the state' rather than 'governance or democracy' that explain developmental success.

⁴ Thus the chair of the Australian Parliament's Foreign Affairs Committee, Ian Sinclair, adopted an avuncular, commonsense, position on corruption and aid in Papua New Guinea

Its difficult in [sic.] determining what good governance is. It is not for us to lay down the form of government in a country. But I think we ought to encourage principles whereby those who are in power don't abuse the



responsibilities they have. And to the degree we can direct our aid program to achieve that end I think its worthwhile (Radio Australia News Summary 13.6.97).

⁵ The UNDP links 'Public Sector Management, Governance and Sustainable Human Development' (UNDP 1995). The OECD links 'Participatory Development and Good Governance' (OECD 1977). The Asian Development Bank links it to 'capacity building' (ADB 1997:1).

⁶ In his case, the success of policies of deregulation and privatisation in the 1980s can be explained externally in terms of new ideas (e.g. public choice theory), shifts in the relative power of interest groups (e.g. declining trade unionism), and changes in the environment (e.g. the spread of higher education). But he introduces a fourth factor: the build up of unwanted side effects from older policies, their capture by groups with a stake in them, and disillusion with how they have worked out in practice. Slum clearance and the construction of public housing in tower blocks would be good examples of an interventionist social policy with unexpected side effects.

⁷ Which included: achieving broad support; immediate and tangible benefits; benefiting a wider group than its original targets; consistency with traditional culture; not requiring significant changes in behaviour; developing existing skills; developing better community relations; motivating innovation.

⁸ The one woman author, for example, urged abandonment of official women's machinery in favour of the NGOs that better reflected the interests of ordinary women (Sepoe 1998:274-5).

⁹ However, membership of the Catholic church was not—
good government in Italy is a by product of singing groups and soccer clubs, not prayer (1993:176).

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