Multiple Trajectories and “Good Governance” in Asia: An Introduction

LINDA CHELAN LI
Department of Public Policy, City University of Hong Kong

ABSTRACT Conventional wisdom in the international aid community has been that governance systems and practices in developing countries require reform in order for aid catering to economic development or poverty alleviation to be successful. Despite criticisms, the good governance agenda has remained unscathed in international development policy until the recent economic crisis in the advanced economies. This feature section of this issue provides in-depth analysis of the nuances at the critical linkage between institutional reforms and development, based on empirical case studies of the logic of governance reforms in the Asian context. This introductory essay surveys the intellectual background of discussion over the concepts of governance, good governance and development, and the linkage between governance reforms as process and development as outcome. It highlights the significance of discussing Asian reform experiences for the ongoing reflection over the global institutional agenda. The message is not that we do not need governance reforms, or that international learning is impossible or counterproductive. Reform efforts in developing and advanced economies will benefit, however, from a better understanding of the linkage between reforms and the diverse historical conditions they are embedded in.

KEY WORDS: Good Governance, development, institutional reforms, historical conditions, Asia

Conventional wisdom in the international aid community has been that governance systems and practices in developing countries require reform in order for aid catering to economic development or poverty alleviation to be successful. The resultant good governance agenda was geared initially to sub-Saharan African countries in the late 1980s and 1990s, and later extended to countries in Asia and Latin America receiving international aid. This approach makes two basic, often implicit, assumptions in what Doornbos (1995) describes as “state formation” or “reform” processes. First, that it is theoretically possible and practically feasible to have external players initiate and influence the course of state reformation in societies suffering “bad governance.” Second, an identifiable set of “good governance” institutions is available for adoption. Adding to the assumed linkage between governance and development, the resultant position becomes as follows: with successful engineering of a more or less known “template” of reforms, monitored and assisted by the international donors, an “enabling environment” can be created in the recipient societies to lay the groundwork for sustained economic growth and social well-being (Gibbon 1993; Stokke 1995a). Drawing upon experiences in Asia, this feature section seeks to challenge some of the assumptions of this position. Specifically,
we shall focus on the complex interactions between the historical and institutional contexts of a society, governance reforms and development outcome through a number of in-depth case studies in the Asian context. The overall message is that there is no one single template of “good governance” institutions leading to development, and that this is a logical consequence of the heterogeneous historical landscape across societies, which demands differential developmental objectives and diverse institutional designs.

Indeed there has been a steady stream of critical reviews from various perspectives on the agenda of good governance since its inception (see, for example, Sørensen 1993; Demmers, Fernández Jilberto, and Hogenboom 2004; Rodan, Hewison, and Robison 2006). Nevertheless, institutional and capacity building programmes have become a regular feature in international lending agreements with developing countries, which by mid-2012 stood at over US$280 billion between the World Bank and the International Monetary Fund (IMF) alone. Recently, the institutional emphasis received a boost when international lenders looked for a strategy to respond to the unwinding economic crises first in America and then in Europe, which were trapping an increasing number of the advanced economies. In May 2012, an Institute of Capacity Development was established within IMF after merging the former IMF Institute and its Office of Technical Assistance to gear up institutional and capacity building efforts in the advanced economies during the Eurozone economic crisis (IMF 2012). The explicit faith in the role of institutions, as shown in the following remarks of the Director of the Institute of Capacity Development, spells strong continuity in the emphasis on fostering good governance institutions so as to enable development.

…without sound institutions, it’s very hard to achieve sustainable economic growth...The current crisis in the Eurozone also highlights the importance of coherent economic and political institutions at all levels of economic development. Weaknesses in national macroeconomic and statistical institutions in supposedly “advanced” countries were at the root of the crisis, especially in Greece. And the lack of supportive fiscal and regulatory institutions at the European level – which require making additional steps in political integration – is behind the markets’ continued anxiety surrounding the common European currency. The IMF takes institutions seriously. The lessons we draw from the experience of transition and the current crisis is that we neglect them at our peril (Coorey 2012).

Corollary to this emphasis on institutions is an unusual admission within the IMF that its knowledge on institutions is limited: it is not clear which institutions can be of help at times of economic crisis, not to mention how to put a desirable institution to work. In an internal, soul-searching conference, IMF Research Director Olivier Blanchard had these comments,

…we may have many policy instruments; but we are not sure how to use them...[For instance, we know that both] the relative roles of regulation and self-regulation is needed, but how we [should] combine them is extremely unclear (Blanchard 2011).

Amongst the nine “tentative conclusions” Blanchard drew for the future of macroeconomic policy in the context of the Eurozone economic crisis, there is this one:

…Things are harder on the policy front. Given we don’t quite know how to use the new tools and they can be misused, how should policymakers proceed? While we
have a good sense of where we want to get to, a step-by-step approach is the way to do it…Pragmatism is of the essence. This is a general theme that came up…[in] the adaptive Chinese growth model. We have to try things carefully and see how they work (Blanchard 2011, emphasis added).

It is apparent that the economic crisis in advanced Western economies has triggered a reflection amongst the rule-setters in the major international lending organisations on what was previously taken as the starting point. What is interesting is not the novelty of the questions raised, because they are not new – similar and indeed more penetrating queries have been advanced by critics of the good governance agenda geared to the developing economies for the past two decades – but that they are now surging to the forefront of considerations within the IMF leadership in the search for a strategy to address the fallout of economic crisis in the advanced economies. The question that arises is: why is there still the emphasis on institutions given the uncertainties of their use? Has the new-found scepticism amongst IMF advisers reduced the official position on institutional capacity building to little more than rhetoric? How may we interpret and explain the rhetoric?

Intriguing as these questions are regarding the politics and sociology of IMF operations, accounting for them is not the objective of the collection of papers here. The questions have, for the purpose of this feature section, vindicated at least some of the criticisms of the good governance agenda in existing literature, and the neoclassical technocratic view of development that underlines it, which the international lending organisations and governments of the donor countries in the West have persistently ignored. These papers centre on the issues of which specific institutions are really pertinent in relation to economic development and, even more importantly, how the institutions may be successfully introduced to work to the desired effect. Also of interest in Blanchard’s remarks above is the favourable reference to the pragmatic approach to growth in the so-called Chinese Growth Model. The Chinese development experience has previously been categorised with other “newly industrialised economies,” which is the subject of a rich literature on the “developmental state” (Johnson 1995; Evans 1995; Woo-Cumings 1999; Xia 1997). The developmental state thesis is, however, largely shunned by mainstream economic theorists, who attributed the remarkable economic growth in these economies since the 1960s and their apparently different development trajectory to the unique cultural and historical characteristics of those societies. This effectively minimises the threat of these alternative development experiences to the governance reform and macro structural adjustment agendas which the World Bank and IMF peruse across the board.

This feature section presses the case that the complex linkage between history, institutions and development requires further attention. Drawing on in-depth case studies of governance reform experiences in Asia, each of the five contributions dwells on a specific dimension in this linkage and special attention is paid to actors and their agency. In addition to the “what” and “how” questions asked in most analyses, a greater focus on actors and their role in shaping the “logics” of reform directs us to revisit the often forgotten “why” question. Why are the “right” institutions not introduced earlier? What accounts for the difficulties and obstacles to their adoption in developing economies? Here we blend the focus on interests and power relations in social conflict theory and the insights on the role of the historical and institutional contexts of the historical institutionalists. Before we preview the gist of the discussion and contribution of the papers, let us first define what we mean by governance, good governance and development in the
context of discussions in the literature, as well as the linkage between good governance institutional reforms and development.

**Governance and Good Governance**

The first major, and obvious, question in a discussion of good governance reforms is what “governance” and “good governance” mean. Despite its popularity the concept of “governance” is highly ambiguous and excessively broad, and has remained so today notwithstanding numerous attempts to clarify it. Indeed the elasticity of the concept is suggested as the key to its attraction, as Doornbos (2001, 95) traces the intellectual context of the emergence of “governance” in academic and policy discourse:

the notion of “governance” had an *a priori* attractiveness...as it could refer to complexities entailing a good deal more than [sound] administration or management, namely the element of political restructuring and the handling of this, while at the same time including the administrative-management dimension...It opened the window for a focus on how “politics” or the political process was conducted and embedded within larger structures.

The concept introduces the political dimension into an otherwise technocratic discourse of public issues but in such a way that allows more flexibility than an explicitly political approach. In practice, it enables the user to maintain a camouflage of political neutrality when necessary as governance discussions span the vast space between the political-technical continuum and may hence be adjusted more towards one end or the other as circumstances require. The expansiveness of the concept goes further as governance literally can mean many different things to different people. One attempt summarises the diverse meanings in the dimensions of substantive content and character (Hyden, Court, and Mease 2004, 12). Along the first are those who define governance as basically the *rules* of conducting public business on one end, and those who see governance as the activities of *steering* public affairs on the other. The second dimension contrasts those who emphasise governance as *process*, and those who see governance as *results or outcomes* of public decision-making. Each of the various meanings – rules, steering, process or outcome – consists of highly variable contents. For example, in their preferred definition of governance as “a meta-activity that influences outcomes,” Hyden, Court, and Mease (2004, 16) focus on rules and processes *vis-à-vis* activities and outcomes. It is however unclear what exactly is involved in the meta-activity of rule formation, apart from the formal and informal rules which feature prominently as intervening outputs. There should be, apparently, requirements of the style and character of the formation process of the rules, and even the substantive contents of the rules, but these remain undefined and are thus left to the imagination of the reader.

Governance is, by and large, taken as synonymous with “development policy management” in the discourse of international development assistance and as such denotes a kind of “steering activity” and has a strong administrative and managerial character (Gibbon 1993; Leftwich 1993; World Bank 1992, 1). When the adjective “good” was added to it, and the good governance agenda as a normative project emerged in the international aid regime in the aftermath of the World Bank 1989 Report on *Sustainable Growth*, the scope of conditions attached to development aid substantially extended from macro-economic
balances in the Structural Adjustment Programmes (SAP) of the 1980s to a whole range of socio-political institutions encompassing anti-poverty, greater transparency and democratisation. By the late 1980s it was apparent that the earlier SAPs put in place in African countries had failed, and there was pressure for a response. The dominant mood amongst the lenders was that SAPs had failed not because of problems with the SAPs *per se*, but because the institutional infrastructure in the host countries was often too weak to enable their effective execution (Stein and Nafziger 1991; Gibbon 1993). A “crisis in governance” underlined the crisis in economic development in Africa, it was argued (World Bank 1989). A subtle shift of paradigm has taken place, from a “less state, more market” formula towards a more political-institutionalist approach calling for a “better state” (Demmers, Fernández Jilberto, and Hogenboom 2004, 2). The good governance agenda would thus, through the grooming of appropriate institutions, foster an enabling environment and governance infrastructure in the aid-recipient countries to facilitate development.

The question is: which institutions will constitute an enabling environment for development in the developing economies? As it turns out, the template has largely adopted the clusters of Western governance institutions: an independent judiciary and rule of law, fiscal accountability and independent auditing, a representative legislature, respect for human rights, a pluralistic civil society and freedom of the press, and so on (World Bank 1989; Leftwich 1993, 610). This dominance of Western-conceived institutions as part of the political conditionality of international lending arrangements has been criticised as symbolising imperialism (Demmers, Fernández Jilberto, and Hogenboom 2004, 7). Despite the obvious emphasis on the political, a heavy technocratic screen has been employed to downplay its political character, and to represent the institutional efforts as essentially a matter of straightforward application of science.6 It has been said that international lenders, even more than academic analysts, have a need for a concept whose meaning is sufficiently flexible to serve their varied organisational purposes: “The attractiveness of the concept of Good Governance lies in its capacity to make complex issues seem manageable, to hide disagreement and to provide a practical answer to the disappointing results of the Structural Adjustment Programmes of the 1980s” (Demmers, Fernández Jilberto, and Hogenboom 2004, 2).

The critique on aid imperialism finds support in the work of the historical institutionalists, who have questioned the empirical rationale of the good governance template, pointing out that many of the institutions that developing countries are required to adopt as part of the loan agreements were not present at the time of economic growth and development in today’s advanced economies, but were only introduced *afterwards* (Goldsmith 2007). There is also no clear boundary of this essentially political conditionality (Sørensen 1993; Stokke 1995b), as the list of institutions contained in the package keeps expanding. In one count, the number of good governance “aspects” to be promoted through institutional reforms and capacity building programmes as reported in successive World Development Reports of the World Bank more than doubles from 45 in 1997 to 116 in 2002 (Grindle 2004, 527).

**Development**

Development is the *raison d’être* of all the discussions and efforts over governance and good governance, and not surprisingly the ambivalence of meanings in the latter has been
mirrored in definitions of development. Indeed, while the common-sense meaning of the concept may appear self-evident and straightforward, as denoting an improvement to the pre-existing situation for “betterment” of well-being or welfare, clarity fades as soon as more specificity is sought. Values and politics permeate the definition of “improvement,” the identification of constituent dimensions of “well-being” and the relative weights of each, as well as the choice of priority intervention. Development is essentially “a moving target,” varying across time and space (Hyden, Court, and Mease 2004, 7).

Sometimes clarity suffers from the way the literature addresses the concept: development as objective and outcome is often conflated with the approaches to development (Demmers, Fernández Jilberto, and Hogenboom 2004, 2–3). In this collection we see development as both objective and outcome, notwithstanding its close links with approaches to development. What defines development has been variable and a mixed bag, where the contents have changed and kept on changing over the years.

Amongst the various definitions is the one which sees development as, essentially, economic growth. Rooted in the neoclassical theory, this view of development was especially dominant during the 1950s, and still remains today the ultimate concern behind development policy (Leftwich 2000, 40–44). Closely related to this view is the modernisation theory, which sees development of all societies making the transition from “the traditional” towards “the modern” (Törnquist 1999). The approach to development is, accordingly, to supply additional resources of capital and skills to help the recipient economies remain “on track” in modernising. The specific socio-economic-political contexts of the host societies receiving aid are regarded as of minimal relevance to this process and to the impact of development assistance. Since all societies are assumed to undergo a similar trajectory towards modernity, the experiences of the more developed West are, by simple logic, directly relevant to the late-comers. Development assistance, in this view, becomes a non-political and straightforward process of resource provision and know-how transfer. Development policy management – a synonym for governance in international aid circles – is reduced, by and large, to a matter of good management and coordination of this resource allocation process within and between the donor and the aid recipient.

Such a view of development as economic growth and the corresponding technocratic and managerial approach to it was gradually seen to be inadequate. Beginning from the 1960s, failures of previous development programmes made it clear that recipient societies required assistance of a broader sort, and that the historical contexts and different baselines of various host societies had greater significance than earlier anticipated. Developing economy governments were often weak and lacked the technical capacity and incentives to achieve sustained economic growth. There was also a substantial gap between growth rates and the general well-being of the people at large, given distributional issues. Increasingly, there was recognition that development needed to be social as well as economic, and should encompass explicitly the substantive socio-economic values of poverty alleviation and a more equitable wealth distribution. Development assistance policy accordingly adjusted, and anti-poverty and structural adjustment measures emerged (World Bank 1981; Leftwich 2000, 42, 109). Conspicuously marking this broadening of the development agenda is the establishment of United Nations institutions, such as the United Nations Research Institute for Social Development (set up in 1963) and United Nations Development Programme (which commenced work in 1965).
Then there was politics. Emerging in the same way as the socio-economic interpretation above, a more political interpretation of development – and in this case a certain direction of development, namely towards democratisation, is a result of the failures of the pre-existing notions and development policy measures (Leftwich 1993). As noted previously, towards the end of the 1980s, the failure of adjustment programmes gave rise to the call for aid initiatives directed at the governance infrastructure of the host countries. The optimism for change was, then, encouraged by the end of the Cold War which on the one hand lent greater legitimacy to the globalisation of the Western-based institutions amongst the recipient countries whilst on the other required the Western governments, in the absence of security concerns, to justify to their electorates the continuation of aid to authoritarian governments.

The importance of the political in the concept of development, and in the approach to development, is especially emphasised by the social conflict theorists. Development is essentially political, to be explained as a function of the deep-rooted power relations in society over time (Rodan, Hewison, and Robison 2006; Leftwich 2000). What is required are questions of “why” rather than “how.” The former turns the analyst to issues of interest and power, the latter, matters of skills, timing, and contingency. The social conflict critics are also critical to the “institutional turn” of the international aid regime characterising the good governance agenda, lamenting that the emphasis on the role of the state leaves intact the neoliberal bias for a specific form of capitalist development. In other words, while politics, and the state, is said to have a large role in development, only a certain type of state – namely, neoliberal – has been considered conducive to a preferred genre of capitalist development. The broadening of the concept of development to include poverty alleviation and democratisation has not materially affected the dominance of the traditional technocratic stress premising efficiency and procedural propriety, with the socio-political approaches assuming largely a peripheral significance (Demmers, Fernández Jilberto, and Hogenboom 2004; Doornbos 2001, 95). The deep political questions of power relations that underline the difficulties of development in developing countries have continued to be swept aside in the governance reforms (Rodan, Hewison, and Robison 2006, 4). Indeed, structural adjustment programmes have been re-introduced alongside the new good governance initiatives, buttressing the view that the governance approach is to complement adjustment programmes to enable the idealised market to work better; it is not an alternative to a failed, superseded course (Stein and Nafziger 1991).

Critical Linkage? Roles of and Limits to Institutions

Given the predispositions of the various formulations of “governance” and “development,” this feature issue takes governance largely in its “process sense,” aiming at bringing about development as an outcome. Governance is sometimes also used in an output sense as governance practices that the institutional reform process is to bring about, like the rule of law, greater respect of transparency and accountability in government affairs, or an independent judiciary. Whilst it is where the boundaries between governance and development start to blur, as outputs and outcomes are by nature analytical distinctions, their process-outcome relationship has posed the most critical questions. Do governance institutions really affect development? Which institutions matter, or matter more? Can institutions be “put in place” from the outside?
Some of these questions have been addressed above. Here we shall focus on two issues. First is the susceptibility of institutions to deliberate efforts of “engineering.” Second is the practical feasibility of the good governance agenda being pursued by the international community in their development aid programmes. Towards the first, more fundamental, challenge institutionalists have cast doubt on whether, and how, institutions could play an independent role in economic growth and political development (Engerman and Sokoloff 2008; Acemoglu, Johnson, and Robinson 2005) as it is immensely difficult to distinguish the effects of an institution from those of its conditions and environment (Przeworski 2004). Glaeser and colleagues (2004) examine the indicators commonly employed to support the argument for the role of institutions in economic growth, and conclude that most are, in fact, methodologically flawed. The ambiguous relation between institution as cause and development as effect means that any institutional reform designed with such a causation relationship assumed or anticipated stands on slippery ground. Accordingly, there is a need to temper the ambitious claim of causation. In doing so, and to reduce the degree of “slippage” between institutional design and outcome in international development programmes, careful analysis of the actual conditions of each society needs to be applied to customise reform designs (Przeworski 2004, 540).

Practically speaking, the key concern is that even if development was a largely managerial and technical exercise, and the appropriateness of the standard package was not an issue, adopting the long list of good governance practices as demanded by international lenders – from transparency to human rights and to balanced terms of payments – would require so much support in the wider environment in developing societies that the development program would not be sustainable. Indeed, the failure of the SAPs in the 1980s serves as a reminder as the lack of support in the host countries has been said to be at least a partial factor (Painter 2002; Stein and Nafziger 1991).

A direct response to the expansive scope of prescriptions is to narrow it. This is the argument of Grindle (2004)’s “good enough governance” thesis: if a full template is not manageable, then limit its scope by focusing efforts on the core institutions. However, the problem of this approach surfaces immediately on execution. It is abundantly vague as to how one may justifiably delineate the subset of the template which constitutes the core, or “good enough,” institutions. Will the list vary across different host countries, how and why, or why not?

Matthew Andrews’ (2008) empirical analysis of the institutional mixes in a selection of “good” and “not so good” governments finds that even for countries commonly recognised as well governed, their institutions vary considerably over a number of core dimensions. Moreover, often the poorly governed countries, as a group, do not exhibit a significant difference in these institutional dimensions from the well-governed countries. These findings suggest that the linkage between institutional forms as we know them and development and governance as outcomes is more nuanced than the linear causation assumption the good governance agenda leads us to believe. The good governance institutions are, in practice, more like “a set of items on a long menu” from which countries pick and choose than definitive guides to good governance and development as outcome (Andrews 2008, 2). The “pick and choose” processes signify the presence and the role of other factors, including variable mixes of actors and their varied agency, the historical baseline of institutional and other conditions, working through a contingency framework (Andrews 2008, 31). To some extent this comes close to Przeworski (2004)’s emphasis on heeding the “actual conditions” when designing institutions.
Comparative empirical studies have questioned the assumed causality between the emergence of good governance institutions historically and the occurrence of economic development (Goldsmith 2007; Li 2009). The mixes of institutions that induce economic development are more varied than the standard template put forward by the international aid community, as “the roads to good governance are not paved in a linear or identical fashion” (Hyden, Court, and Mease 2004, 3). Indeed, if history is of any guide, past trajectories of contemporary democracies – which all developed from non-democratic or colonial regimes – suggest that economic growth and political change could take place, and have taken place, under conditions of “bad governance.” A key problem with Grindle’s (2004) “good enough governance” thesis is that it still requires the identification of a core bundle of institutions. Short of a clear articulation of the yardstick of inclusion of some and exclusion of others, and an answer to the question of variability, resorting to a reduced list of “good enough” institutions amounts to rationalising post hoc whatever is executed in practice, which is clearly unsatisfactory.

The message drawn from these critiques is that the removal of the more egregious features of bad governance, such as large-scale corruption, gross inequities and oppressive treatment of populations, is more complex than the application of a pre-specified package of good governance institutions can deliver. Achieving economic growth and social well-being is the outcome of a long historical process in which many factors are involved. Institutions are one of those factors, and likely an important one, but their endogenous nature means that effects of institutions are inevitably intertwined with other factors, like geography and human agency (Sachs 2003). It is nearly impossible to delineate any one mix of institutions as guide-posts to good governance and development across different countries, as countries vary in conditions (which mean those factors other than institutions) and history (which is the summation of conditions and institutions and their cumulative effects over time). The effects of an institution on development will similarly vary across countries, nullifying any global good governance and good institution agenda.

Ruling out the “one template” model might relieve the international aid community of the impossible mission of dealing with an ever-lengthening must-do list, as well as the demanding obligation of securing the right mix and sufficient amount of resources to establish the required institutions. However, it leaves open the next step: what may still be done to foster good, or better, governance in developing countries, if there is no one reform agenda to prescribe and work for. Despite all the criticisms against the one-template thesis, that some institutions do have a certain role in fostering growth and development is shared by critics and advocates alike of the good governance agenda. What sets apart the critics from the advocates is more about practical stance than cognitive conception. The critics have emphasised the intellectual fallacy of the model, whilst the advocates have stressed its practical value in the world of actions and realpolitik. The “good-enough” thesis seeks to rescue the good governance agenda by tempering its scope, but it stops short of satisfactorily specifying which institutions constitute the core subset of institutions. On the other hand, the emphasis placed by some historical institutionalists on the importance of contexts and designing institutions for different countries also has serious limits, as contextualism is almost a “truism” (King 1995). The abstract emphasis on context by historical institutionalists will not serve any meaningful purpose for developing countries badly in need of help. If a single, universal, template of governance reforms is inadequate, developing societies need manageable advice targeting their needs at their respective stages of development.
What is needed is specific information about the particular conditions of a country, and knowledge – or educated guesses – of how these conditions may be changed as a result of the introduction of a certain institution or policy. There is a need to go beyond the preponderant emphasis on abstract principles at both ends, namely the applicability of a fixed one-template model (full or abridged version) to all kinds of historical conditions across countries on the one hand, and varying institutional design in accordance with particularistic contexts on the other. Societies in need of advice, and these include the developing economies and the more advanced ones, require practical pointers regarding how to match their particular contexts and institutional designs. To meet this demand poses new challenges. For example, how should we approach the task of understanding particular historical contexts of societies? Given the varied expectations and definitions of development and varying baselines of the infrastructural base in different societies, how may we arrive at some practical suggestions on what and how to reform for the sake of better development?

All empirically based and drawn from rich case materials in Asia, the five contributions in this feature section seek to go some way in addressing these questions on linkages between governance institutional reforms, or governance as process, and governance and development as outcome. Whilst giving consideration to the conditions and histories of societies concerned, the contributions have paid explicit attention to delineating the specific logics of reform in the respective contexts, including the role of actors’ interests and interactions. The historical context is “disaggregated” to identify the specific aspects of institutional arrangements (for example, the territoriality and multi-tier governance dimension, and implementation) and historical conditions (stages of market development; level of public service provision) that are contingent to events, and their roles analysed (see Painter 2014; Cheng and Ngo 2014; Johnson 2014). Unintended consequences are captured and the context whereby they take place, often as a result of actors’ strategic interactions, is analysed, supplying the details of what is often glossed over as “contingency.” A comparative framework, whether between Asian states (Dressel 2014) or between the two largest economies in the developing and advanced worlds (Li and Wang 2014), further brings out the impacts of differential historical and institutional conditions for governance reforms – a strong judiciary and equitable education, respectively – in advancing development in these respective societies.

**Institutional Logics: No Template or Sequencing of Reform**

The contributions by Painter on governance reforms in China and Vietnam, and by Cheng and Ngo on China’s tobacco industry, turn on its head the neoclassical conception of good governance institutions by highlighting the diversity of reform contents and heterogeneity of development trajectories. Painter takes issue with the sequencing argument, popularised by major international donors, which assigns institutions to different stages of reform. In developing their public service infrastructure, it was said that developing countries should first introduce the rule-bound, Weberian-style bureaucracy, a first-stage type of institution, before they could safely introduce decentralised, market-mimicking models of service delivery in second-stage reforms. This advice was apparently ignored in China and Vietnam where extensive marketisation reforms of the second-stage genre unfolded when many first-stage reforms – like the development of rule of law and more participative and transparent government decision-making process – had yet to see their impacts.
In Painter’s analysis, these seemingly “bad governance” policies were not accidents, nor were they outcomes of mistakes or negligence by political elites. Rather, they have followed their own logic, and many policies were deliberately taken in view of the constraints of the broader conditions (market, administrative, political) to serve important developmental objectives. Despite the original expectations of government, some of these “bad governance” policies have subsequently led to the adoption of good governance measures. Seen in a longer temporal perspective, governance reforms in these transition economies might have “leapfrogged” and “retro-fitted” as they navigated through the circumstances of the specific historical conditions with “home-grown” rationales. What Painter has come to is, however, more than a re-ordering of the desired or presumed sequence of reform as depicted in the good governance discourse. By elaborating on the reform logics based on the evolving market-plan relations in China and Vietnam, Painter shows that the definition of development objectives is context- (including time-) specific. Development is largely a normative concept and its meaning changes in varying time and space, accordingly demanding also differential institutional arrangements. As Pierson (2004) stresses a temporal dimension for politics, so Painter calls into question the assumption that only certain institutions will work for economic development. Possibilities exist for both alternative sequencing of a given list of institutional reforms, as well as a different list altogether, in achieving good governance and development.

It is on the conceptualisation of good governance that Cheng and Ngo (2014) begin their analysis. They argue that the stylised categorisation of good-bad governance of the neoliberal paradigm cannot capture the full complexity of accountabilities in a large political system. The impact of “state scaling” is the highlight of the argument here. Whilst most studies on governance tend to focus on the national level, treating the local dimensions of governance mostly in passing, this study dissects the webs of institutional arrangements in China at the national, regional and local levels, focusing on tobacco regulation and production, and the changes over the past 20 years. In this multi-tier web, interests are shown to be diverse, goals often contradicted, and the strategic interactions of actors at “horizontal” tiers and “vertical” systems have brought about paradoxical governance outcomes. This finding drives home the risk of a blanket application of the good governance agenda, irrespective of actual conditions: the implementation of good governance institutions (higher level of transparency and accountability) could lead to bad governance outcomes (peasants’ welfare being impaired).

Similar to Painter, Cheng and Ngo stress the importance of the institutional environment in which the reform measures were introduced. The culprit for the paradoxical governance outcome was the multi-tiered fiscal-administrative governance framework and the way it crisscrossed with the vertical system of tobacco administration. The way revenues and expenditures were historically allocated in the state system mandated a conflict of interests between the national and local governments, as both were propelled to maximise their respective revenues to meet expenditure needs. In other words, to the extent that local government poses a chosen dilemma for public administrators (Stewart 1985, 24) so that the structural tension between local responsiveness and national equity can be contained but not resolved, the state-scaling institutions in China have produced contradictory incentives for the various actors involved that have served to magnify the tension. Consequently, reforms that were designed to improve the efficiency of national regulation of the tobacco industry subsequently turned against the benefits of the tobacco leaf peasants.
Like Painter, Cheng and Ngo draw attention back to the starting point of the good governance agenda: what makes some institutions “good” versus “bad” and justifies their inclusion or exclusion from the reform template? What does “good governance” ultimately mean and seek to achieve? The answer in these two papers highlights the historical embeddedness of governance institutions. It also identifies a mutation process between apparently bad and good governance institutions through the implementation of policy (Mahoney and Thelen 2010, 10). In large, multi-tier political systems, where inconsistencies and paradoxes between processes and outcomes are more commonplace, the implementation gaps and inconsistencies in policy interpretations expose the intermediary actors and operational mechanisms at work during the ongoing process of institutional reform. These actors, the characteristics of their interactions and the mechanisms whereby they interact constitute a new context as well as the driving force for the next reform move in an essentially dynamic and highly contested process towards development.

Heterogeneous Actors, Strategic Interactions, Unintended Consequences

These intermediary mechanisms and the actors therein are central pieces in Johnson’s analysis of the recent adoption of a more participatory environmental governance framework in China. Johnson (2014) starts with a puzzle which appears to be the opposite to that of Painter’s: why should an almighty authoritarian party-state opt for change that will apparently reduce their hold on power? Through his study of the implementation of a new environmental governance framework in China, his answer highlights the role of instrumentalism, strategic interactions and unintended consequences and, like Cheng and Ngo, highlights the implementation and state-scaling dimensions (Swyngedouw 1996). Johnson examines a new legal framework put in place by the central government to improve its capacity over local state and powerful societal actors in meeting central policy targets. Transparency and public participation – the formal objectives of the environmental governance reforms – were not to be fostered as an end, but tolerated in order to co-opt new societal players as allies of the central political executive as deemed necessary or expedient. With this background of the newly enshrined environmental governance framework, as an instrument to an old, traditional administrative problem – improving compliance by local state actors and reducing the implementation gap in policy – there is little surprise in witnessing the haphazard mixes of collaboration and tension between the central state, local agents and societal activists that have evolved subsequently.

By highlighting the instrumentalism of the “good governance program” in Chinese environmental policy, Johnson reminds us that the good governance discourse in Chinese policy circles is embedded in Chinese domestic concerns or, in Painter’s terms, “home-grown” rationales. While international learning and influence is apparent in the explicit use of the concept “good governance” (triggered by its translation into Chinese for the 1992 World Bank Report Governance and Development (World Bank 1992)), the emphasis has always been on elite domestic needs – how the concept might better serve domestic political objectives, rather than on abstract arguments as to the global applicability of a template of good governance institutions. The preoccupation has been to improve local environment bureau policy compliance. A new public supervisory mechanism was introduced to enlist interested public and groups as allies of the central government in checking local officials. The emerging environmental non-governmental
organisations (ENGOs) welcomed this “state-sponsored” role in order to extend the political space for civil society activism. The NIMBY (not-in-my-backyard) activists also made use of official promises on the public supervision mechanism to achieve their objectives to attack unpopular government decisions. Objectively, the instrumental good governance agenda of the Ministry of Environmental Protection (MEP) served three purposes: MEP used good governance rhetoric to achieve better oversight over local environment officials; NIMBYs sought to stop unwanted projects near their neighbourhoods; ENGOs were eager to extend the space for citizen activism and public participation in environmental policy.

Instability abounded in the interplay of these heterogeneous objectives and processes. The instrumental view of MEP dictates that the public participation reform it initiated was a half-baked one from the beginning, with ambivalent definitions to, say, the boundary of “the public” with whom the authorities should consult before making relevant decisions. The ENGOs’ interest in developing institutional propriety over the medium–long term made some ENGOs vulnerable to self-censorship, as they sought to maintain a dialogue with the government. While the NIMBYs employed the rhetoric of public participation in their campaigns, ironically they often did not trust the channels they were defending. The picture is a dynamic one as the ambiguity left in rules and cultivated by various actors for their respective purposes serves also as the platform for change, as each adapts their actions incrementally in response to those of others.

Courts and Education

A system of empowered courts with professional and impartial judges is usually seen as a core institutional fixture in the global good governance template. Also highly placed is the value of equity in the provision of important public goods such as school education, whether as an end and value in itself (education as part of social development), or as a means to economic well-being (education as conducive to economic development). Through comparative studies, Dressel’s (2014) study on courts and politics in Asia and Li and Wang’s (2014) on education equity in China and the United States add details and weight to the core message of this feature section: historical contexts vary as they define and shape the shifting dynamics in various governance reforms and development aspirations in different societies.

There are many faces of an empowered judiciary and multiple interpretations of equity in school education policy and practice. The nuances are found across societies and political systems and within each society at certain times and over time. Understanding the variations within a society is essential to a deeper appreciation of the character of the society and thus of the variations and similarities across societies.

Any effort to define a list of “necessary” or “good-enough” good governance institutions will likely rank an independent system of courts high. Courts and judges have long been said to be the necessary building blocks to the rule of law, which in turn is instrumental to bringing about an accountable and stable government. Dressel’s analysis of the growing prominence of courts in Asian polities problematises this widespread claim, and suggests that it is overly simplistic to assume any necessary linkage between the development of courts as an institution and the quality of governance generally.

What follows from the traditional confidence in the courts, logically, is that the development of an independent and professional judiciary will work, by and large, in favour of good governance as an outcome. In the case of transitional societies, the
development of a strong and active judiciary should, thus, always be beneficial. Dressel’s varied empirical cases suggest that characteristics in the broader political system and in particular the other branches of the government are crucial to understanding the significance of the courts. An apparently similar phenomenon, like the increase in “activeness” in the courts, may in fact involve widely different political processes and thus varied interpretations to its meaning for the power, and the role, of the courts in public affairs, as in the contrasting cases of Korea and Thailand. At the same time, the organisational practices and cultural norms within the judiciary can incur a major impact on the behaviour of judges irrespective of the character of the judiciary as an organisation, as in Japan where judges are conservative despite high institutional autonomy of the courts.

Pinning down causation links between the institutional characteristics and judicial actions is tricky, as developments in the courts cannot be analysed in isolation, nor understood as a static feature of a political system. The interaction between the court and its judges and political elites in other branches of the government is highly important to how the court performs in politics and governance. Affecting these interactions are the practice, culture and agency of the judges, as well as those of actors in the executive and legislative branches, and civil society. Dressel drives home the point that diversities abound even in a single arena. Understanding the diversity of the courts hinges upon our understanding of other institutions and of their interactions.

In comparing education reforms in China and the United States, Li and Wang (2014) return to a basic question: why should governments infamous for their “bad governance” adopt good governance institutions and practices? When they do, does an apparently similar institution mean the same, in terms of its impacts for governance, as that practiced in the advanced economies? The accounts of reforms given in this feature section have stressed the importance of understanding the micro-processes at the actors’ level and explaining the adoption of governance reforms from the perspective of the host, not donor, countries. Through the overview of reform processes in the United States and China, Li and Wang highlight the similarities as well as differences in their reform logics. In particular, the development of equity standards and practices in education is found to be, similarly, a product-in-the-making in both countries despite the large differences in their political systems and economies. Their reform processes also exhibit parallels. At the same time, obvious differences in history and institutions do matter. The courts played a more conspicuous role in the US vis-à-vis the political executive in China in the processes of education policy change. Major differences have also remained in the policy discourse in the two societies, with the theme of local control taking more of a back seat in discussions (but not in political practice) in China.

Education equity concerns in both countries first sprang from dissatisfaction over wide disparities in government funding in different territorial jurisdictions. Policy strategies were subsequently devised to reduce the funding gaps either through regulation or direct fiscal subsidies. The inter-governmental dimension has loomed large in this process. The states are the traditional players in the US reform, whilst the federal government is also increasingly drawn in; in China, the central and provincial governments have supplied additional funding to schools. Problems arise, however, as the quest for education equity brings new heat to old concerns over competing values, in this case the competition between equity and efficiency objectives. Local governments and schools welcome the new resources to address the equity gap, but they detest the additional strings and increased oversight that come with the resources. Difficulties in implementation (for
example, where and how to draw the line for capping) and stakeholders’ resistance have led both countries to turn to an absolute standard of adequacy in place of equalisation.

The meaning of equity in education and what constitutes an appropriate reform strategy have been in a constant flux, reflecting the results of the shifting concerns of equity and efficiency as they evolve, differentially, in the historical conditions in both countries. The larger message from this US-China comparison over school education equity responds to criticism of the good governance agenda: reforms are not only for the consumption of the developing societies. “Late developers” have been urged to emulate measures in advanced economies, and the underlying ahistorical view of development has been much criticised. Lately, as we noted earlier, this position is further weakened by economic crises in the advanced economies. By comparing the historical experience of US and China over several decades, Li and Wang (2014) press the point that the similar challenges we meet in seeking good governance and development, as outcome, in both the developing and advanced societies are more of a routine common experience. Recognising this fact is important: we all have a lot to learn from each other on our similar yet diverse trajectories to better governance and development.

Conclusion

We set out in this feature section to join an important discussion: how to interpret, and to improve, the international and domestic efforts on good governance institutional reforms geared towards development. This discussion has gained additional leverage as a result of the recent economic crisis in the advanced economies, which ironically highlighted how little we understand the role of institutions in development, not to say master the institutional reform process to further development. The five papers that follow this introductory essay seek to contribute to the discussion by telling a number of stories – where, in a number of Asian societies, actual institutional reforms have taken place with varied effects on development. We have stressed the importance of not assuming the relevance of a fixed template of institutions across societies, since actual conditions in these societies matter, and the conditions often vary immensely across societies, as well as within a society across time. However our objective is not to rule out international learning of any sort, as it might still be practically beneficial to start from some commonly used good practices, but to make use of any suggested best practice wisely. To achieve this goal, the key is to appreciate fully how actual conditions make a difference to the linkage between governance institutions and development, and that actual conditions in different societies align as well as differ.

Notes

1 Marking the onset of the agenda is the publication of the World Bank (1989) report, Sub-Saharan Africa: From Crisis to Sustainable Growth, in 1989, which attributes Africa’s development problems in the 1980s to a “crisis in governance” (see Leftwich 1993; Gibbon 1993).

2 In the case of World Bank/IMF loans, political conditionality is often indirectly effected through connectivity to bilateral aid, on which political conditionality can be imposed, given the explicit prohibition against political conditionality in their charters (Gibbon 1993, 55–56).

3 The IMF conference on “Macro and Growth Policies in the Wake of the Crisis” on 7–8 March 2011 (http://www.imf.org/external/np/seminars/eng/2011/res/index.htm) was hosted by four top economists, including two Nobel laureates: Michael Spence (Stanford), Joseph Stiglitz (Columbia, and former Chief Economist of World Bank), Olivier Blanchard (Director of Research at IMF), and David Romer (California, Berkeley). Attendees
included leading policy-makers and academics from both the advanced and emerging economies, and people from civil society and industry.

4 See Rodan, Hewison, and Robison (2006) for a critical review of the three theoretical approaches to political economy: neoclassical economics, historical institutionalism and social conflict theory. The Good Governance Agenda falls within the paradigm of the neoclassical approach.

5 See Gibbon (1993) for a telling account of the politics of aid in the World Bank up to the early 1990s.

6 One reason for the reluctance to embrace political conditionality outright in the World Bank and the IMF is organisational concern: their formal charters contain explicit references against an overt political role. The result is what Doornbos (2001, 95) describes as a “curious” situation: “while...in principle comprising a political dimension, in actuality the use of ‘governance’ on the donor front...seemed to imply a certain depoliticisation of political processes.”

7 This has led some to explicitly ascribe a “politicoo-ethical orientation” to the concept (Preston 1982, 17).

8 The pluralities of meanings of the concept is more readily recognised by those premising the political dimension of life in development, so that meanings will vary to reflect the shifting contours of politics across time and space (Leftwich 2000, 69). Chapters 2 and 3 of Leftwich (2000) concisely summarise the major strands of conceptions of development in recent decades.

9 See the papers in the special issue on “Neo-liberal Development Policy in Asia Beyond the Post-Washington Consensus,” Journal of Contemporary Asia 42(3) (2012), and especially the papers by Carroll (2012a, 2012b), Cammack (2012) for the rich literature on the neoliberal state.

10 The property rights institutions and contracting institutions are perhaps the two “essential” sets of institutions that most people would agree have a positive role on economic development, cutting across variations in other conditions in varying contexts (North 1981; Acemoglu and Johnson 2005).

References


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