

LIMITS OF GOOD GOVERNANCE IN DEVELOPING COUNTRIES

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Edited by

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(2004-2005), the Fuji Xerox Setsutaro Kobayashi Memorial Fund (2005–2006), the Hori Information Science Promotion Foundation (2005–2006), and the Murata Foundation (2005–2006). He wrote several articles on governance and taxation and co-edited with Estu Budiarto *et al.*, a book on taxation: *Menuju Sistem dan Administrasi Perpajakan Berkelas Dunia: Studi Perpajakan Di Indonesia dengan Inspirasi Pengalaman Jepang* (Toward the World Class Tax System and Administration: Case Study in Indonesia, with Inspiration from Japanese Experience).

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PREFACE

This book is the first result of an international joint research project, Academic Network for the Development of Asia (ANDA). ANDA is sponsored by the Japan Society for the Promotion of Science (JSPS), and the Graduate School of International Development (GSID), Nagoya University, Japan took the initiative for the network. ANDA has had 12 research groups and one of them is the governance group.

Ten universities are at the core of ANDA which are as follows: Nagoya University, Korea University, Tsinghua University (China), Vietnam National University Ho Chi Min City, National University of Laos, Royal University of Phnom Penh, Chulalongkorn University (Thailand), University of the Philippines-Los Baños, Gadjah Mada University (Indonesia), National University of Singapore, Indian Institute of Technology-Bombay. There are 16 other universities participating in this project. Every year for the last three years, ANDA has organized annual international seminar at: Chulalongkorn University, Bangkok in January 2009; Royal University of Phnom Penh in January 2010; and Nagoya University, Japan in March 2011.

The governance group of ANDA consists of four-university member network delegates. They are Dr. Kimura, Hirotune, Professor of GSID, Nagoya University, Japan; Dr. Aser B. Javier, Associate Professor of the Institute of Development Management and Governance, College of Public Affairs, University of the Philippines Los Baños; Dr. Ake Tangsupvattana, Associate Professor of the Faculty of Political Science, Chulalongkorn University; and Dr. Suharko, Associate Professor of the Faculty of Social and Political Science, Gadjah Mada University. The governance group has been especially prominent among ANDA research groups because it had organized international joint research programs twice already and conducted two international seminars last 2001 and 2007, respectively. Moreover, two dozens of students in the field of governance have already been awarded and are currently undertaking the Ph.D. course to earn a degree from GSID, Nagoya University.

Other than the core four members, eleven contributors, all but one got Ph.D. or are Ph.D. candidates of GSID, Nagoya University, contributed articles for this book. They are from the Philippines, Indonesia, Myanmar, Uzbekistan, Brazil and Japan. Among them, Jose Elvinia, an Assistant Professor at Ateneo de Zamboanga University, Philippines, was invited to GSID as a research fellow and provided assistance in the preparation of this book.

During the March seminar of ANDA 2011, the core members discussed about the coming up of a book on Governance. We have agreed on the title, the composition of the table of contents, and the road map to publication, including all the chapter drafts to be blind refereed by 2-3 subject matter experts.

The central theme of the book is our cognizance on the rising importance of governance (or good governance) for addressing the poverty incidence and in attaining economic development of developing countries, and as an agenda that is getting the consensus among international organizations and donors. Our academic works and researches have produced a common understanding that good governance is weak in many developing countries when it comes to the actual implementation. We have witnessed in the last few decades that the economic development thesis of a “small government” ideology entails very limited understanding on the intricacies and priorities of government. Consequently, many governments have failed to achieve economic development and are in danger of losing its integrity and support of the people. As gradually unfolding, politics has distorted the sound economic development under the vested interests of elite influence. This understanding is the central theme of the book: *the limits of governance*.

Part 1 articles tackled the problem on why good governance cannot work at the national level in various developing countries for pursuing sound economic development. Such kind of hindrance for economic development by politics can be seen typically in the Philippines. The vested interest of business elite and the military is also the case in Thailand under the recent years’ political turmoil. The same reasons explained as to why deforestation cannot be stopped under “democratization” in Indonesia. In Brazil the government was partially able to overcome the problems by preparing government policy to invite high level foreign investments on major industries while leaving embedded structural problems. At the back of this problem setting lies the idea that “there was a little miracle in the ‘East Asian Miracle,’ but instead there was a fundamentally sound development

policy” (Mark Turner and David Hulme 1997: *Governance, Administration and Development*: 60).

Part 2 articles tackled the local problems for pursuing good governance and economic development under decentralization. For long years, decentralization in developing countries has been considered to be a pillar of democratization. But the reality points out otherwise. The limited devolution of power and finance continues to limit the process of local autonomy. On the other hand, decentralization sets the theater of rising local bossism. Indonesia, after democratization and decentralization, shows the typical example for that direction. The Philippines already had the feature of local bossism even before the introduction of decentralization by the Local Government Code of 1991. The LGC91 provided a big scale for decentralization in comparison with former trials of very tiny decentralization in the Philippine history. But it was still very tiny decentralization in comparison with decentralization in developed countries, including Japan where decentralization has been said to be 30% local autonomy. Another big issue in Part 2 is the weak setting of local economic development framework as the joint efforts between local government and local business in cooperation with central government’s supporting policies. Additionally, developing country administrations have deeply accustomed to centralization and cannot find out the new framework or new definition of central government ministries/departments for supporting a newly born local autonomy, like in the areas of consultancy, training, coordination for regional development planning over several local governments, etc.

Part 3 articles tackled sector-based problems that prevent good governance. The land reform in the Philippines, an example of good governance, gave tenant beneficiaries worsening living condition because of bad governance and low level of government support services. The example of the Ministry of Finance in Indonesia, on the other hand, shows the good governance promotion by recent institutional reforms detaching the ministry from structural corruption; though the ministry still suffers by repeated corruption cases. Civil Society Organizations (CSOs) represented by Indonesia have their own governance problems, too. Additionally, CSOs have been facing difficulty in promoting democratic governance being hindered by the low level of democratic governance. In the global governance setting, a typical example of issue on global scale is on international migration. Repeated international conferences and international organizations are still far from coping with the sufferings of international migrants.

The main problem we have identified in this book is in the actual implementation of good governance. Everywhere, there are huge structural political hindrances, vested interests and weak civil society organizations. In addition, the aid donors do not always face this political hindrance in the actual development implementation seriously. Our understanding is that the present thrust of governance is to show how difficult it is to actually implement good governance in various developing countries and in their locales. The declarations of governance by international organizations and donors are reasonable. However, the connection between these declarations and the political and economic reality in the developing countries is not well compared, analyzed and deepened to find out the best solutions.

As Leftwich insisted, “All development is inescapably political.” “Politics shapes states, and states shape development” (Leftwich 2000, *States of Development*: 5, 191). This book would therefore like to show that if we are to understand the real development in the developing world, it is necessary to start from the reality, especially from the political reality, without being distorted by any bias of the “principle of noninterference” international organizations and donor countries mandated to follow. It is imperative for academics and stakeholders to be wary of such kind of bias and continue to pursue independent analyses.