Chapter 1
THE CONCEPT OF GOVERNANCE

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Introduction

“Government” and “governance” are synonyms in most dictionaries, both denoting the exercise of authority in an organization, institution or state. “Government” is also the name given to the entity exercising that authority. In this light, the conference theme “From Government to Governance” appears to be at best a play on words, and at worst a confusion of the action with the actor. It has not escaped notice that “governance” has been a dormant term in public administration and political science for most of the century. It has been used primarily to describe decision making in organizations like universities and corporations, rather than in political and governmental circles. But in the last fifteen years, the term has been resurrected and has assumed a number of dimensions not encompassed by its erstwhile synonym. The World Conference on Governance (WorldCOG) may be viewed as a coming of age of this transformation, as government and governance became distinguished along the following dimensions:

- What activities are encompassed in the act of governing?
• What actors are involved in governance?
• What processes have made this redefinition necessary?
• What criteria are used to evaluate good governance?
• What capacities should be developed to achieve it?

The first chapter of this monograph will be devoted to the discussion of the content of these dimensions. Chapters 2 and 3 are the keynote addresses of Joseph Ejercito Estrada, President of the Philippines, and Louise Frechette, Deputy Secretary General of the United Nations, to the World Conference on Governance. Faithful to their role in the conference, these two speeches set the tone for its discussions as they focused the participants on the significance of governance, and especially, good governance in all societies today. Chapter 4 to 6 focus on the three sub-themes of the meeting, namely, Public Finance and Governance, Building Capacities for Governance, and Building Partnerships for Governance. The penultimate chapter discusses the results of the special session on Leadership. The last chapter attempts a synthesis of these discussions, through a catalogue of some of the major lessons learned from the Conference for the improvement of the study and practice of governance in the Eastern Regional Organization for Public Administration (EROPA) Region. It also suggests topics gleaned from the discussions and other developments in the field that may be the subject of future study and conferences of the EROPA.

The Art of Governing

To govern is to exercise power and authority over a territory, system or organization. This applies to both government and governance. The exercise of authority is uppermost in government and remains significant in governance, but is no longer its single focus. This is because the power in governance is not so much wielded as shared, and authority is defined not so much by the control of the ruler as by the consent and participation of the governed. Is a state then weak under a regime of governance? Not necessarily, for it can be stronger
than ever before, except that the acts expected of it are different from the role of the state as government. In traditional parlance, government rules and controls, but in a state of governance, it orchestrates and manages. These contrasts may seem overdrawn, but we will flesh out and qualify them as the discussion proceeds.

Ruling and orchestrating rest on different bases. To rule is to be the sole authority, for which the appropriate response is to obey. A government that rules relies on force to exact compliance, and we know from introductory political science that the state has the monopoly of legitimate violence. It enacts laws binding on all the inhabitants, and metes out sanctions according to these laws. It delivers services to passive recipients who have little influence in the definition of the programs or their eligibility requirements and methods.

By contrast, to orchestrate is to call on everyone to play a part in moving the society. Power rests on the trust the players have on the director and on each other. Because built on trust, transparency in the conduct of governing is essential. Laws still bind all, but they are laws they had a part in bringing about. Accountability is shared, and they who have the greatest power bear the greatest responsibility.

To control is not to manage, as Landau and Stout maintained in a classic article. We have not found a definition of governance that uses control instead of management. Note, for instance, the following:

Governance is the exercise of political, economic and administrative authority to manage a nation’s affairs. Governance embraces all of the methods — good and bad — that societies use to distribute power and manage public resources and problems (UNDP, 1997: 9).

Governance is the manner in which power is exercised in the management of a country’s social and economic resources for development (ADB, 2000: 1).
To control is to direct what each part of the system must do. It assumes that the controller knows the goals and is certain how an action it requires can lead to it. Deviation will be viewed as error in a context of full knowledge. This is how machines follow orders unwaveringly.

Controlling assumes a law (using the term in the scientific sense), but to manage is to act on a hypothesis. The manager works on incomplete information and tests if the hypothesis is borne out in a given situation. A manager then must be open to inputs from outside him/herself which might provide new information, and to methods other than those originally promulgated that could lead to the specified goal. Governance chooses management over control because its system is permeable, admits of outside influences, assumes no omnipotence or omniscience on the part of the decision maker, and subjects decisions to the evaluation and critique of all those with a stake in them.

All governing is an act of leadership, of moving a society towards a preferred direction. While government can have a connotation of being interested only in maintenance and in preserving peace and order, governance implies leadership toward societal development. This is shown by ADB’s definition above, and in the following passage from the International Institute of Administrative Sciences (1996: 6):

Governance is the process whereby elements in society wield power and authority, and influence and enact policies and decisions concerning public life, economic and social development (italics supplied).

This shows that the concept is indeed a product of the late twentieth century when development became a preoccupation of states and societies.

**The Actors in Governance**

The management of public affairs is not, and should not be treated as, the exclusive domain of government. The affairs
of government are the affairs of all. The problems of society are the problems of all.

In his keynote address to the World Conference on Governance, President Joseph Ejercito Estrada of the Republic of the Philippines underscored a key distinction between government and governance, the involvement of sectors beyond the state in the management of public affairs. This is based on their common interest and fate as sharers of the same patch of earth, bound by similar aspirations, committed to the same public concerns. Louise Frechette, Deputy Secretary General of the United Nations, continued that thread of thought:

Governance is not something the state does to society, but the way society itself, and the individuals who compose it, regulate all the different aspects of their collective life.

The state is the wielder of power, the principal actor in government. In governance, all of society are involved in managing public affairs. Yet the state does not shrink into nothingness with its advent. It continues to play the key roles of enabling and facilitating the participation of other elements of society. It is a strong entity that recognizes the significance and autonomy of the other sectors without overwhelming them. It works almost in the background, creating an environment that enables and facilitates the market and civil society to make their own creative and decisive contributions. The state as enabler provides the legal and regulatory framework and political order within which firms and organizations can plan and act. It can encourage citizens to act by liberating them from the fear of military reprisals when they criticize policies or serve marginalized groups. It can assure private firms that policies are fair and not subject to caprice or whim or the private interests of political officials. As David Korten emphasizes, there is “the important distinction between government acting to meet a need for people and government acting to create an enabling setting within which people can be more effective in meeting those needs for themselves” (1984: 302, italics in
original). “To enable” is to make changes in the law and incentive structure and to develop local capacity rather than to manage resources or to deliver services directly (Korten, 1984: 303).

The other major role of the state is to facilitate by providing resources to assist markets and communities. Such resources include information, technical expertise and advice, research and development programs, physical infrastructure as well as grants-in-aid or incentive schemes.

Two other actors participate in governance — civil society and the market. Civil society consists of the complex of citizens and groups outside government but working in the public arena. It is sometimes called by other names, such as non-government organizations (NGOs), or the non-profit or voluntary sector. Civil society organizations attempt to represent the interests of the inarticulate and the excluded even as they endeavor to organize them so that they may raise their own voices on social issues and exercise their own power over themselves and the collective life of the nation. They get involved in governance to the extent that they contest the power of the state or show alternative ways of service provision and policy formulation.

Some civil society organizations engage primarily in the critique of existing policy and the advocacy of what to them are more appropriate policies for the good of the nation. In authoritarian regimes which close avenues of citizen access to policy formulation, some groups may be forced to go underground and work for the ouster of the regime itself. But even in the most democratic states, there will be no lack of critics that press for regime change and drastic policy reversals. NGOs may also go beyond opposition and debate into competing with government’s own delivery system, demonstrating that the alternative schemes they advocate are capable of being implemented on the ground.

Other civil society organizations may extend the government’s delivery system by mobilizing people to prove
themselves eligible to receive government social services, or providing their own services in areas unreached by the public bureaucracy. The government may complement NGOs in turn by providing the needed scaling up and referral system for their relatively smaller programs.

Collaboration between the state and civil society is involvement by both in all phases of the policy process. NGOs may serve as the source of policy ideas all the way to being the evaluator of government schemes. The state is not the sole policy maker nor merely a fund provider, monitor or regulator of NGOs. Rather it is engaged with the voluntary sector in sharing information, personnel, and technologies through partnership and networking.

Under a regime of governance, the private sector takes up its role as the engine of society. As President Estrada stated, their role is "to create wealth for distribution, to harness the capabilities and resources of the strong." The state steps back from what may have been a primary role in the economy to enable the invisible hand of competition to control the actions of firms. Efficiency and economy are expected products of corporate governance. The state guarantees a level playing field for those able to compete, and turns its attention to the provision of safety nets for those unable to do so. The state's avowal of minimal intervention in the economy does not absolve it of the task of watching out for the public interest.

The participation of market and civil society in governance adds a new role to the state — that of building partnerships and linkages to the two sectors. Moreover, their engagement of the state shifts the social picture from elite control to active citizenship.

Processes Pushing for Governance

Where society is stable and has no great divisions, there would be no necessity to transform government into
governance. Government is sufficient where it needs only to maintain peace and order, and allow the hidden hand of the market to regulate the economy. However, such business as usual cannot be maintained where rapid social and technological change occurs in a situation of large inequality between rich and poor, and huge gaps between the genders, the generations and the cultural, ethnic and indigenous peoples of a territory. These have been the factors that push for good governance instead of just good government.

The Quest for Growth and Development

It may be said that a key factor for the push for governance is the interaction of the three sectors in the post-World War II quest for development. Since the Industrial Revolution, the market had the principal role in growth, with the state needed only to nurture the climate that would allow it to grow. However, the quarter century after World War II swung the pendulum to the state. In the West, John Maynard Keynes gave theoretical justification for the state to manipulate price signals and fight unemployment and business downswings. Meanwhile, the socialist states installed and consolidated central planning systems.

In the Third World, the state also reigned supreme as “the principal planner, energizer, promoter, and director of the accelerated development effort” (Lewis, 1964: 26). In the attempt to accelerate economic growth, the state not only had to assume a central role in planning for the whole economy and society, but also to create its own enterprises. However, at its best, the state had to saddle these economic institutions with social functions, making it difficult to compete on equal terms in the economy. At the other extreme, elite control of the enterprises or of the state itself made them subject to rent-seeking and corruption, leading to losses that were shouldered not by those responsible for them, but all taxpayers in a country. In many states where the taxation system was regressive, the losses were borne primarily by the poor.
Thus, a quarter-century of the interventionist state saw widespread dissatisfaction about it from all fronts. In the First World, the trigger was the burgeoning welfare bill, in the Second World, the failure of state planning symbolized by the collapse of the Soviet Union, and in the Third World, the inability of states, even when achieving some economic prosperity, to check the growth of inequality and poverty in their territories. Governmental rent-seeking, inefficiency and corruption led to demands for privatization, which pushed the state away from its central role. However, the private sector by itself could not consider the distributional questions that led to the rethinking of development as economic growth in the first place.

The inability of economic gains to produce acceptable levels of redistribution, poverty reduction and political freedoms woke up civil society. But they could criticize government and set up alternative delivery systems but could not provide nationwide coverage. Similarly, they decried the private sweatshops but could not set up the industries to take their place. Clearly, no one sector could manage society by itself but each had a role to play in making it move forward.

The Environmental Movement

The concept of development has changed from the exclusive focus on economic growth of the 1950s to the inclusion of distributional goals like the reduction of poverty and inequality during the UN Development Decades, to the current battlecry for "sustainable human development." Although SHD as a term is espoused primarily by the United Nations, its incorporation of concerns for people and nature not only for the present but also for later generations is now widely accepted by state, market and civil society worldwide. People-centeredness as an aspect of development recognized that growth alone may affect human lives adversely. Therefore the concern for people must be central and not just be a by-product or a trickling down of economic achievements. The incorporation of nature into the equation owes much to the
environmental movement which brought home the point that everyone is indeed only on one planet, and the depletion of resources in one area is felt in a real way in all areas. There is no dichotomy between people and nature, however, because the preservation of the environment is itself a pledge to care for generations of people yet unborn, who must also be allowed to enjoy and care for the bio-diversity, beauty and wealth of the planet as a proper habitat for all creation.

The environmental movement has provided to governance an urgency to deal with issues in a holistic manner, to include not only the sector at hand and the obvious stakeholders, but also others affected by them in other areas and in future times. It has forced a redefinition of the public interest with nature itself as a recognized stakeholder. It has pressured private firms to consider the ecological effects of their products — even goods as useful and popular as cars have come under close scrutiny for their lead emissions, for their greedy use of non-replaceable fuels, for the noise and traffic they cause that debase the quality of life. These have led civil society to set up monitors for each of these aspects, and firms both for-profit and nonprofit to race for alternative, ecologically acceptable solutions. The state has also been pressed to consider new regulatory laws and approaches, despite late twentieth century movements for deregulation of the economy. If nothing else, the ecological movement has underscored the point that no one sector can manage the demands of society — and the environment — all by itself.

Globalization

Trade across tribes and nations has taken place from pre-historic times and was an incipient form of globalization. Colonialism followed it, allowing for more regular contact across the globe on terms dictated by the colonial masters, where the subjugated became but sources of raw materials and cheap labor for the former’s needs. The independence movements of the nineteenth and twentieth centuries won political
sovereignty for the colonies but as new states, their growth still depended on the trade and exchange policies of their erstwhile masters and other economically developed countries of the West. The Cold War — the struggle of the First World of capitalist nations against the Soviet Union representing the Second — made it necessary for the two powers of these “Worlds” to court and give concessions to the Third World of less developed nations. These gave rise to mutual defense organizations, most favored nation treaties, common markets, and other political and economic agreements that provided room for established and new states to grow and develop and to seek new partners outside the old colonial trading network.

The collapse of the Soviet Union in 1989 may be regarded as a convenient time to reckon the beginning of the latest era of globalization as it marks the end of the Cold War international system and the groupings of nations by ideologies and alliances. For all their shortcomings, states were the main players of the last era. The new order focuses on the global marketplace and forces changes on the states. As Friedman (1999: xvii) asserts:

Under the pressure of globalization America would slash its defense budget, shrink its government, and shift more and more powers to the free market in ways that would prolong its status as a Great Power, not diminish it.

If globalization forces such changes on the one remaining Superpower, one can expect that all other societies would also have to change the way they do things. States have their forums in the International Monetary Fund, the World Trade Organization and the United Nations. A single product may get parts from several countries when a multinational deems it more efficient to do so. Markets are thus being tied internationally more than ever before. But citizens are also not confined to their own societies. Jody Williams, the Nobel Prize winner for her leading the effective protest against landmines, said that her international network was bound together by e-mail. It can be seen that science and technology are fueling the shrinking of the planet as information can be shared to other parts of the
world in seconds. Satellites, micro-chips and computers are making possible the access of even rural areas to news around the world.

How do these impinge on the governance of individual countries? Most countries find that they have no choice but to join the World Trade Organization even though they are aware of how opening up their markets could kill off their fledgling industries and exacerbate the low access of the poor not only to these products but also to basic goods like health care. They would then have to restructure their laws to provide safety nets, and their bureaucracies to overhaul their regulatory governance mechanisms. But they are also forced by the international system to keep a level playing field and make decisions transparent. This would be a big plus for business firms. But even for those in civil society who are against the headstrong rush towards globalization, the predictability and openness of decisions are valued advances.

Globalization is not unique to states and markets. Even voluntary sector organizations have international partners and can launch protests in more than one country at the same time. For instance, a mining company with a record of pollution and health hazards in one country cannot open another mine in another country clear across the globe, because the environmental groups in the first country shall have alerted their allies in the second before the company has established its base there.

To strengthen their economies vis-à-vis — sometimes with — the two powers, common markets were attempted by adjoining or culturally similar nations. Meanwhile, membership in such international organizations such as the United Nations provided a forum where their demands could be heard, and the UN’s espousal of Development Decades allowed for a worldwide discussion of the directions and mechanisms the poorer nations of the world could take. However, international organizations were not primarily for equality and the development of peoples.
Rather, organizations like the World Bank and the International Monetary Fund were oriented toward the maintenance of free markets and the flourishing of the international economy.

**Consolidating Peace**

Another force pressing for governance is the need to consolidate peace in war-torn nations. This issue is rarely recognized as among the processes pushing for governance. However, this unique perspective was brought to the fore dramatically by Hage Geingob, Prime Minister of Namibia, in his remarks to the WorldCOG. Countries that have undergone a civil war, secession movements or the creation of a new state out of the break-up of national territories have a specially strong imperative to get everyone involved in the process of building a nation or effecting a national reconciliation. In these situations, the coming together of state, market and civil society to manage societal affairs is not mere rhetoric but a national urgency. It requires bringing together former adversaries beyond the discussion table to the fields of service in the cities and farms, including those which were once battlegrounds.

This is not a lesson learned from the experience of Namibia alone. In a recent study, Mali, Uganda, Thailand, Guatemala and the Philippines, as countries emerging from internal conflict, all found that governance - particularly, decentralized governance - was necessary to make concrete the commitments of all protagonists for peace. It entailed capacity building not only for state agencies in dealing with former rebels, but also leadership and political skills training for those former combatants so that they may take up social responsibilities side by side with their military and civilian counterparts. It required the private sector to regard them with new eyes, as potential producers and consumers and therefore part of the market also (UNDP, 2000: 25-34). They were acknowledged as members of civil society even as other organizations of that sector also recognized their role in effecting changes in governance for all, and not only for former adversaries. As Prime Minister Geingob stated, the tasks of nationbuilding must be seen by all as their
responsibility, and the resulting peace and development their common ownership.

Criteria for Good Governance

Governance, like government, can be good or bad. One advantage of replacing governance with government is that it forces us to consider what are the qualities that separate good governance from bad. Bad government and bad governance have similar characteristics: corruption, whimsical and expedient decision making, shortsightedness, disregard for the concerns of the many, decisions to benefit the few. In the same vein, the criteria for good government would be the same as good governance and would be antonyms of the first list. They include accountability and ethics in decision making and implementation, transparency and predictability, rule-bound decision making and action, responsiveness, a long-term view of the public interest. The public should therefore have a right to expect just laws, a fair judicial system, politically accountable lawmaking and an effective and reform-minded bureaucracy.

In addition, good governance understands that this is not the responsibility of one sector alone. Thus it makes a virtue of decentralization, which does not only bring government closer to the people but also makes them participants in their own governance. Decentralization of power is not only decentralization of government; it also means breaking down the stranglehold of elite powerholders to give access to the views and involvement of the previously excluded and marginalized. At the same time, it does not close the doors on the private sector because as creators of wealth, they provide the jobs and products that add to the people’s quality of life. Nevertheless, ethical criteria are also increasingly applied to them, and social responsibility in business is as much a criterion of good governance as governmental accountability. Nor are civil society organizations immunized from such demands, as they, too, must be transparent in their actions and responsible not only to themselves but to the people whom they claim to represent.
Because participation is so important to governance, responsiveness to the will of the people must be recognized as a criterion for good governance. And as the whole spectrum of views is encouraged to be asserted, tolerance becomes a necessary qualification for all those who engage in the debate. As peace is consolidated through governance, so too should hearing out all views, and non-resort to violence be part of the methods for defending it.

**Capacities Needed for Good Governance**

The WorldCOG spent most of its sessions on spelling out the most needed capacities for governance. In public sector reform, it focused on developing public finance, building capacities for governance, and analyzing the demands of leadership for the twenty-first century. The lessons learned from discussions here are in Chapters 4, 5 and 7 of this volume. It also went beyond public sector reform to building the capacities for partnership with the private and voluntary sectors, at global, national and local levels, as will be discussed in Chapter 6. Together they will manifest how the transformation from government to governance can be effected for the long-term good of the people.

**References**


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