

## **COMMENTS BY THE DISCUSSANT**

**Mr. Heinrich Siedentopf**

**Professor**

**Deutsche Hochschule fuer Verwaltungswissenschaften Speyer**

**GERMANY**

## **Japan/ IAS Joint Panel on Public Administration**

**July 11, 2001**

**Athens, Greece**

### **Comment**

by Univ.-Prof. Dr. Dr. h.c. Heinrich Siedentopf

With great interest I have listened to the presentation of the papers by Professor Kosuke Oyama, Professor Mohammad Mohabbat Khan, and Professor Khai Leong Ho. Each of them has treated a different theme and has done so in a very deepening manner, so – naturally – it is not easy for me to make any general comments. Generally spoken, the papers deal with the central question of how new governance systems can be build in Asia and the authors seem to agree that these new systems include but also modify and reach farther than traditional government functions. The dramatic point of departure was the Asian Economic Crisis of 1997 that clearly stated the urgent need for reforms in many countries.

Unfortunately – and all three papers stress this fact – there is neither a generally accepted definition of governance nor a single reform model to be followed.<sup>1</sup> For this reason we should perhaps keep in mind that the governance-concept was first developed by the World Bank and use it as a reference point for further discussions.<sup>2</sup> The World Bank together with the International Monetary Fund is one of the most important International Organizations with a rather long experience in economic restructuring. Her mandate is to promote sustainable economic and social development and, therefore, does not include the interference with national polities. But the World Bank, that in the seventies and early eighties promoted the non-intervention of the State in the economic field and a lean administration, came to recognize that development depends very much on the performance of the State. In this sense we can conclude that State and public administration are not to be neglected and that institutions actually do matter.

---

<sup>1</sup> One interesting attempt to find an encompassing definition of governance was made by an international working group of IAS. See *Joan Corkery*, Introductory Report, in: *Joan Corkery* (ed.), *Governance: Concepts et Applications/ Governance: Concepts & Applications*, Brussels 1999, p. 9 (pp. 14-15).

<sup>2</sup> For the following see *World Bank*, *Governance and Development*, Washington 1992; and *World Bank*, *Governance: The World Bank's Experience*, Washington 1994.

With all necessary caution due to its limited mandate the World Bank tried to extend its mission to the crucial field of State and administration by stressing the close relationship between State performance and economic and social development. Her governance definition is well known to all of us: “Governance is the manner in which power is exercised in the management of a country’s economic and social resources for development.” This is a rather wide and unspecified definition but it has the advantage to include the relation between State and administration on the one hand and private sector, non-profit organizations and civil society on the other.

In very short time the governance discussion spread all over the world and was picked up by a multitude of individual scientists, national institutions and international organizations, each coming from different backgrounds and pursuing different goals.<sup>3</sup> Governance as a concept became multi-faceted, all-encompassing and in the last consequence almost meaningless.

But we should not forget that the World Bank initially had a clear idea what general elements were needed to build sound and efficient governance-systems. Her experience with very different national environments from all over the world allowed her to generalize about four key issues of effective governance that are central for a country’s development performance. Thus, the World Bank began to distinguish a normative connotation of governance, employing the term “good governance”. The four main elements of good governance are related to the economic field but they do also clearly aim at the political system itself.

1. *Public Sector Management* should increase the effectiveness of government and public administration by a lot of single measures such as a merit based selection and promotion systems for the civil service, sound financial management including planning and evaluation, etc. As you can easily see, all these elements collide with traditional structures found in many countries. But even in modern democracies party clientelism poses grave problems.
2. *Accountability* was described by the World Bank as being “at the heart of good governance and [having] to do with holding governments responsible for their actions.” Politically this means the “contestability of political power”, that is: democracy! But it

---

<sup>3</sup> For the International Organizations see the contributions in: *Klaus König/ Markus Adam* (eds.), *Governance als entwicklungspolitischer Ansatz*, Speyerer Forschungsberichte 219, Speyer 2001. On UN and UNDP see *Markus Adam*, *Governance als Ansatz der Vereinten Nationen*, pp. 11-33; on the World Bank see *Christian Theobald*, *Zehn Eckpunkte zu Good Governance*, pp. 35-65; and on OECD and SIGMA see *Benedikt Speer*, *Das SIGMA-Programm der OECD: Ein Governance-Ansatz für Mittel- und Osteuropa?*, pp. 67-87.

also means accountability of administrations to the political level as well as to the public. Here we can see that functioning control systems are central to well organized governance systems. This also relates to one of the most urgent problems many societies face. Corruption in the civil service can only be fought by control, accountability and regular independent auditing.

3. *Legal Framework* means clear laws and efficient legal institutions. Many countries that still have democratic deficiencies have opted for implementing the rule of law as the basic condition for sound economic development. This might be the single most important factor of good governance that will slowly introduce changes in the other fields, too. But we should realize that the functioning of the legal system greatly depends on the commitment of the political elite, which at the same moment will loose part of its power due to uniform legal restrictions.
4. *Transparency and Information* are complementary to accountability. From the World Bank's point of view transparency does not only apply to the State and public administration but also to the private sector. Transparent public budgets as well as accurate financial information on companies and banks help to assess economic risks. Again, functioning control mechanisms are central, but also a free and multifarious press.

If we concentrate on these four basic elements we have at least some common understanding about the role that governments should play in governance systems. Government normally is the main agent for change and experience tells us that it will be punished sooner or later if it fails to live up to its responsibility. But we also know that in complex modern societies governments are just one actor between others. Therefore, governments should try to design or – as a minimum – use actively the possibilities to interact with the private sector and civil society. Agenda setting and control may be the new key functions of government in much wider governance systems.

Before summarizing my comments I would like to draw your attention to a phrase in the formal invitation to this Japan-IIAS-Panel, to a phrase which seems to demonstrate a misunderstanding of the basic functioning of the European Union (EU). There it is said: “The European Union, a supranational organization, which has confiscated part of the national sovereignty from the member states, has been established to function toward further integration.” We should not forget that the European Union is by definition and from the very

beginning a legal community based on the autonomous decisions of the sovereign member states and on the voluntary transfer of sovereignty from the member states to the EU.<sup>4</sup>

On the other hand it is true that the EU exerts to an increasing extent an influence on administrative law and administrative actions of the member states. The administration and the civil service of a member state is not deemed to represent a “*domaine réservée*” or to remain unaffected by the development towards integration. Even the field of administrative organization is no longer wholly unaffected by Community rules and by an informal co-operation and co-ordination. Under the topic of the European Administrative Space (EAS) we nowadays can observe not only a constant contact among public servants of the member states and of the Commission but already the emergence of a Europe-wide system of administrative justice, of rule of law and of shared basic public administration values and principles – even some convergence amongst national administrations.<sup>5</sup> As a very practical and concrete example of this co-ordination let me mention the Common Assessment Framework (CAF). The CAF is used to evaluate and compare the performance of public administration units responsible for the same administrative functions in the different member states. To set it up the Deutsche Hochschule für Verwaltungswissenschaften Speyer (German University of Administrative Sciences Speyer) has made remarkable contributions.

In conclusion I want to underline my conviction that decentralization and deconcentration, out-sourcing and budgeting are only part of the reforms undertaken all over the world. If we forget that the rule of law, accountability inside and outside of public administration and – most importantly – functioning control mechanisms are central to these reforms, we will not only endanger the reform projects themselves but we may also find out that predominantly independent rowers have genuine interests not always compatible with the public good. The advantage of the governance-concept lies basically in recognizing the many dimensions and the complexity of government-environment-relations that go beyond the ideas of New Public Management.

---

<sup>4</sup> See *Heinrich Siedentopf*, Umsetzung und Anwendung des Gemeinschaftsrechts in den Mitgliedstaaten, in: *Siegfried Magiera/ Heinrich Siedentopf* (eds.), *Die Zukunft der Europäischen Union*, Berlin 1997, p. 105 (p. 108).

<sup>5</sup> On the European Administrative Space see *Heinrich Siedentopf/ Benedikt Speer*, *Der Europäische Verwaltungsraum: Eine Annäherung aus verwaltungswissenschaftlicher Sicht (forthcoming)*.