

Reinventing Indonesia

Day-5

Class Discussion

**Graduate School of Asia-Pacific Studies
Waseda University, 17 February 2007**

Governance

- ❑ Questions:
 - Do governments know what they are doing?
 - Why should we trust them?
- ❑ The demand for good governance has a long history. But seldom have the forms of governance been under greater challenge.
- ❑ Dissatisfaction and disillusionment about political solutions are rife.

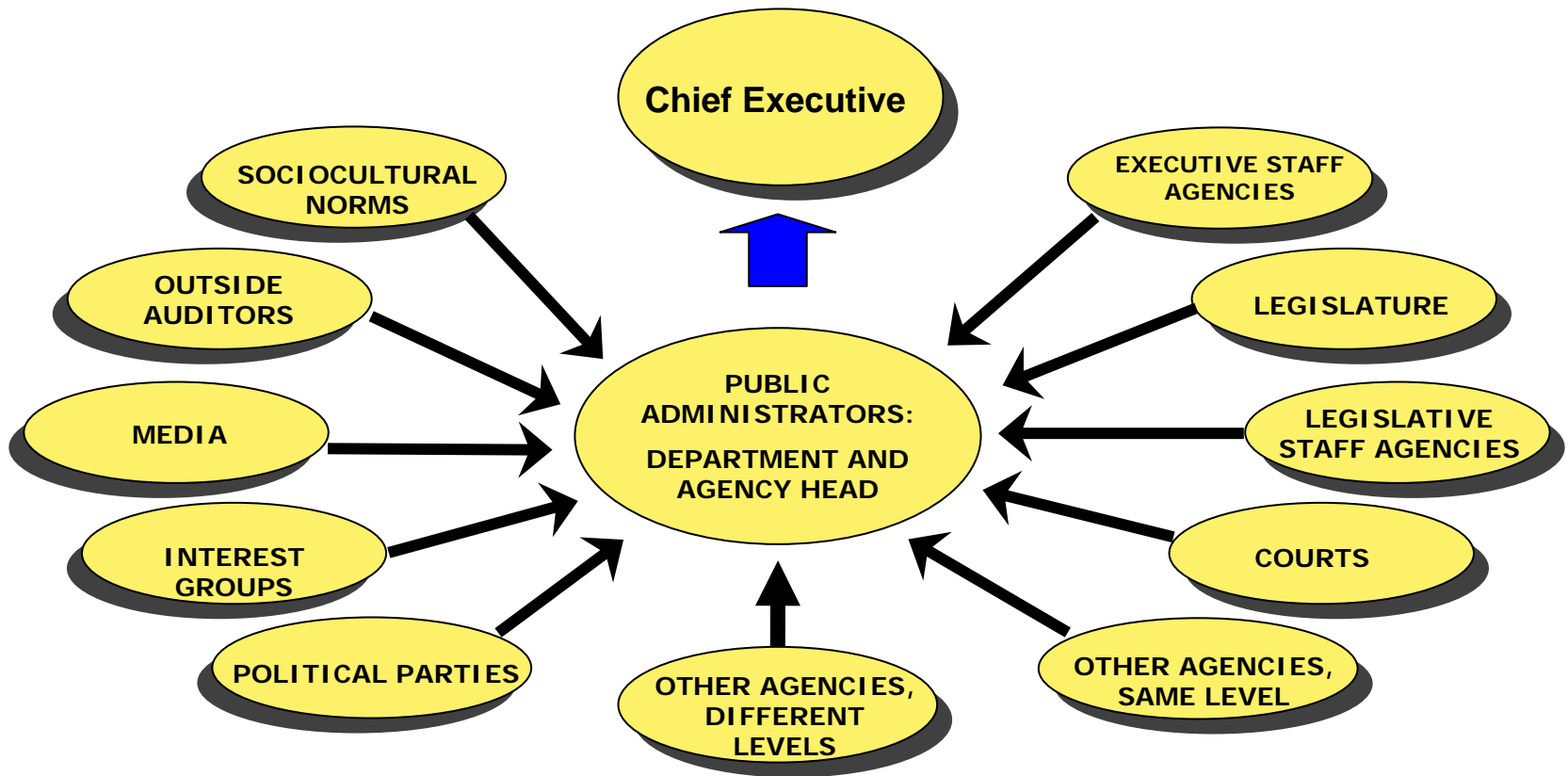
Governance . . .

- ❑ Problem of modern governance is not so much an insufficiency of instruments relative to the changing on objectives, but rather the degree of incompatibility between objectives .
- ❑ Why governance, and not merely government?
- ❑ Governance is a broader and more fundamental concept than that of government alone.
- ❑ The concern is with the links between parts of the political system as with the institutions themselves.

Governance . . .

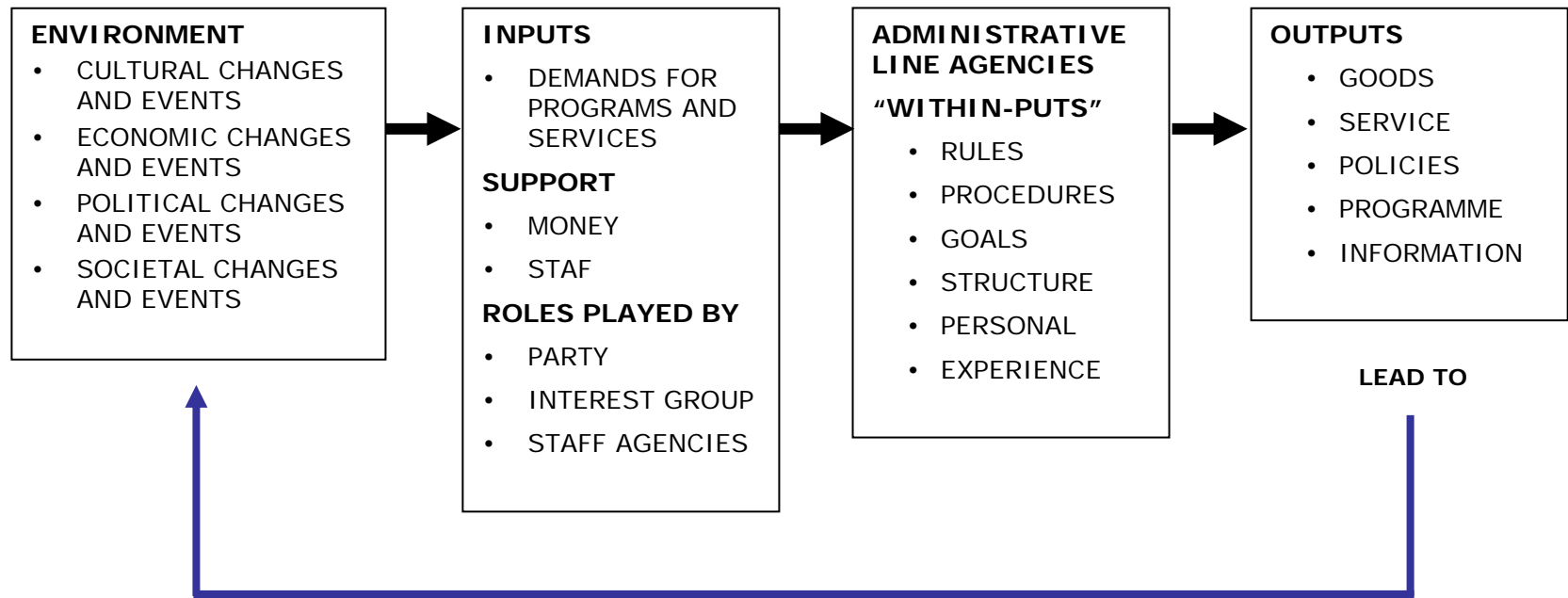
- ❑ The concept of governance is broader than government, covering non-state actors (Rhodes 1997).
- ❑ It accepts that the management of the nation's affairs might need more than government to ensure effectiveness; it sees parties, courts and interest groups not as problems that governments must overcome but as part of the broader process.
- ❑ *Governance is the exercise of political power to manage a nation's affairs* (The World Bank, 1992).

Governance in A Democracy



(Rosenbloom, Kravchuck, 2005)

Governance in A Democratic Political System: The Conversion Process



(Rosenbloom, Kravchuck, 2005)

Governance . . .

- ❑ Above figure presents a conceptual framework that sees public administration taking the central role or stage in a broader political system (the conversion process in the systems model).
- ❑ The model emphasizes the interrelated nature of the parts and how change in an external environment (cultural, economic, political, social) causes change in the structures and internal processes of public administration.
- ❑ These changes, in turn, influence the outputs of the bureaucracy; that is, what goods, services, policy programs, rules, and regulations are implemented by bureaucracy.

Governance . . .

- The current *Public Governance* debate places a new emphasis on ‘what matters is not what we do, but how people feel about what we do’ and that ‘processes matter’ or put differently, ‘the ends do not justify the means’.

Governance . . .

- ❑ Whereas the governance discussions in the public sectors is relatively recent, the term *governance* is much more common in the private sector where a debate about *Corporate Governance* has been going on for quite some time.
- ❑ *Corporate Governance* refers to issues of control and decision-making powers within the private (corporate) organizations.

Governance . . .

- 'Corporate Governance' is the watchword of those who wish to improve the accountability and transparency of the actions of management, but without fundamentally altering the basic structure of firms.

(Roe, 1994)

Governance . . .

- Another development is the globalization of the economy and the growing importance of transnational political institutions like the European Union (EU), World Trade Organization (WTO), Association of South East Asian Nations (ASEAN), and North American Free Trade Agreement (NAFTA).

Governance . . .

- ❑ The deregulations of capital in the 1980s set in train a massive restructuring of both domestic economies and the international economic system.
- ❑ What seems to be the main consequence of globalization in the present context is the erosion of traditional, domestic political authority.
- ❑ International forces appear to override the ability of national governments to solve their own problem.

Governance . . .

- ❑ New demands of accountability to international markets and standards may clash with the traditional lines of accountability.
- ❑ Some commentators (Rhodes 1994, 1997; Davis 1997) have characterized these trends as a '*hollowing out of the state*', in which the combined effects of globalization, international obligations, privatization and reduced regulation deplete the capacity of government to shape and organize society.

Governance . . .

- ❑ Pessimist suggest that globalization means that government everywhere have become powerless and that managing globalization is impossible, since globalization is shaped by markets, not by government.
- ❑ Some have suggested that this powerlessness is reinforced by the coming of the internet age –that there is no governance against the electronic herd (Friedman, 2000).
- ❑ *Global Governance* has then become very topical.
- ❑ In a nutshell, global governance is about how to cope with problems which transcend the borders (such as air pollution, narcotics, terrorism or the exploitation of child workers) given the lack of a world government.

Governance . . .

- As in any system, a feedback loop develops in which the outputs affect the environment, which causes further change and often new demands from the environment to continue, increase or decrease, modify, or occasionally even cease a public policy or program.

Good Governance

- ❑ In Indonesia Good Governance is very much a current topic, as part of the agenda of the reform movement.
- ❑ It is concerned with such issues as corruption, human rights violation, rule of law.

Good Governance . . .

- The characteristics of 'Good Governance':
 - 1) An efficient public service;
 - 2) An independent judicial system and legal framework to enforce contracts;
 - 3) The accountable administration of public funds;
 - 4) An independent public auditor, responsible to a representative legislature;
 - 5) Respect for law and human rights at all levels of government;
 - 6) A pluralistic institutional structure; and
 - 7) A free press

(Rhodes 1997).

Good Governance . . .

- Universally 'Good Governance' raises such issues as:
 - Stakeholders engagement;
 - Transparency;
 - The equalities agenda (gender, ethnic group, age, religion, etc);
 - Ethical and honest behavior;
 - Accountability;
 - Sustainability.

Good Governance . . .

Accountability and Ethics

- ❑ Accountability is the degree to which a person must answer to some higher authority for actions in the larger society or in the agency.
- ❑ Elected public officials are accountable to voters. Public agency managers are accountable to elected executives and legislatures.
- ❑ Agency leaders are held accountable to the political culture of society, which holds general values and ideas of democracy and public morality.

Good Governance . . .

- ❑ **Accountability** is determined both externally (by codes of ethics, legal mandates contained in a constitution and authorization laws, and professional codes or standards) and internally (by agency rules and regulations or personally internalized norms of behavior and moral ethics).
- ❑ Democracy requires a system of accountability: checks and balances on government structures, the security of regular audits, and the inquisitive eye of community and media watchdogs.

(Rosenbloom, Kravchuck, 2005)

Good Governance . . .

- ❑ ***Ethics*** concern with what is right and what is wrong.
(Frederickson, 1994)
- ❑ ***Ethics*** can be considered a form of self-accountability, or an “inner check” on public administrators conduct.
(Rosenbloom, Kravchuck, 2005)

Good Governance . . .

- ❑ Ethics are imbedded in the values and norms of society, and in an organization in its organizational culture.
- ❑ *Values* are any object or qualities desirable as means or ends themselves, such as life, justice, equality, honesty, efficiency, freedom. *Values* are beliefs, points of view, attitudes.

Good Governance . . .

- ❑ *Standards and norms* are defined as principles of right action binding upon the members of a group and serving to guide, control, or regulate proper and acceptable behavior.
- ❑ *Standards and norms* are the codification of group, organizational, community, or governmental values. Laws, regulations, codes of ethics.
- ❑ Rules are typical of standards and norms.

(Frederickson, 1994)

Good Governance . . .

- ❑ An organization's culture is composed of the ". . . *basic assumptions and beliefs* that are shared by members of the organization, that operate unconsciously, and that define in a basic taken-for-granted' fashion an organization's view of itself and its environment"
- ❑ Organizational culture is a social force that *controls patterns of organizational behavior by shaping members' cognitions and perceptions of meanings and realities, providing effective energy for mobilization and identifying who belongs and who does not.*

Good Governance . . .

- ❑ *Ethics is not only the heart of organizational culture, it is also the fulcrum for producing change.*
- ❑ *Since ethics is the fulcrum for changing culture, changing culture without ethics is akin to changing a tire without a jack“*

(Pastin,1986)

Good Governance . . .

The Ethical Dimensions of Decision Making

- ❑ When making decisions, public administrators inevitably pursue certain goals, whether personal, organizational, or some mixture of both.
- ❑ The pursuit of goals involves strategic and tactical choices to achieve them (means and ends).
- ❑ Such decisions raise questions about the propriety of the means used in implementing a course of action to deal with a public problem.

Good Governance . . .

Institutional Ethics

- ❑ When an institution of government pursues organizational goals and sets on a course of action toward reaching those goals, the end itself may be seen as so compelling as to seemingly justify any means.
- ❑ Organizations have often striven to clarify such dilemmas in decision making by articulating codes of ethics to guide the behavior of their members.

Good Governance . . .

Personal Ethics

- ❑ Often at issue in decision making are personal ethics.
- ❑ The temptation to divert some of public funds or resources to personal use can be great and the risk of exposure often small.
- ❑ The main reason for the worldwide presence of public administrative corruption is that public administrators have something to allocate that other people want.

Good Governance . . .

- ❑ The problem of corruption is endemic to politics and to government simply because its decisions involve so much power and wealth.
- ❑ It becomes commonplace at all levels of government--in the ways contracts are awarded, jobs are created and filled, people are hired, offices are sold, favored political allies are rewarded, power is exerted, and the needs or plight of others are ignored.

Good Governance . . .

- ❑ The demand for government's rewards frequently exceeds the supply, and routine decision-making processes are lengthy, costly, and uncertain in their outcome.
- ❑ For these reasons, legally sanctioned decision-making processes constitute a "bottleneck" between what people want and what they get.
- ❑ The temptation to get around the bottleneck—to speed things up and make favorable decisions more probable—is built into this relationship between government and society.
- ❑ To get around the bottleneck, one must use political influence—and corruption, which by definition cuts across established and legitimate processes, is a most effective form of influence.

(Michael Johnston, 1982)

Good Governance . . .

- ❑ Corruption, is a form of privilege indulged in by those in power. It concentrates power in the hands of a few who can make decisions based not on the good of the whole but on the interests of the few.
- ❑ Power tends to corrupt, and absolute power corrupts absolutely.

Administrative Reform

- A useful working definition of administrative reform is the *induced, permanent improvement in administration.*

(Wallis, 1993)

Administrative Reform . . .

- ❑ The word 'induced' indicates a form of administrative change which is deliberately brought about, not one which just happens by accident or without the making of any conscious effort.
- ❑ The word 'permanent' carries the connotation that the changes introduced will be long-term, not just temporary.
- ❑ Simply put to improve means 'to make better'.

Administrative Reform . . .

- The focus is on the national administrative system as the unit of analysis and it tends to concentrate on bureaucracy as a national institution as well as the bureaucracy's relations with the environment, particularly the political authority.

Administrative Reform . . .

- The meaning of 'reform' is quite distinct from the idea of 'revolution', which implies the total overthrow of old structures and system, and their replacement by new ones.

Administrative Reform . . .

The Difficulties

- ❑ Lack of awareness of how bad the administration's performances is, or how improvements might be undertaken.
- ❑ The change involved in administrative reform may meet considerable resistance. Bureaucracies themselves tend to dislike change, especially when their own interest are at stake.
- ❑ Proposals for change may be too vague or confused to be easily put into practice.

Administrative Reform . . .

- ❑ Those who are responsible for implementation may have very little understanding of what is supposed to be happening or of what has been proposed.
- ❑ What may work in one situation may be quite unworkable in another.

Administrative Reform . . .

Reform Agendas:

- Institutional building.
- Institutional empowerment.
- Skill and professional development --> capacity building.
- Decentralization.
- Debureaucratization.
- Privatization.

Debureaucratization

- ❑ In a climate of social values that stress participation and democracy, bureaucracies with their centralized structures of authority and control are anachronistic.

(Pfeffer and Salancik, 1978)

- ❑ Political democracy, societal transformations, and technological progress have modified the structures and values of public administration.

Debureaucratization . . .

- ❑ A complex process of functional and social differentiation has gradually eroded the rigidities of hierarchical authority structures and further mitigated the old perceived antinomy between structure and change.
- ❑ In many ways, debureaucratization is the many-sided outcome of this cumulative process.

Debureaucratization . . .

- ❑ The strains on modern government caused by the growing complexity and scale of operation have brought into sharp focus the problem of *capacity*: how much, a human organization can comprehend, absorb, process and accomplish effectively.
- ❑ Debureaucratization responds to a growing sense that several core values of public administration no longer correspond, sufficiently to the values and the needs of society at large.

Debureaucratization . . .

- ❑ Throughout the world today, there is a mounting challenge to centralized, hierarchical, control-oriented structures.
- ❑ Debureaucratization calls for greater devolution, decentralization, more freedom for differentiation, and experimentation, and greater participation of interested groups in public policy making.
- ❑ Debureaucratization describe a complex trend of change, —disaggregation and differentiation— in the process of *conversion of administrative systems from closed to open systems*.

Summary

- ❑ The objectives of this course was to discuss issues in order to enhance understanding of the political economy of changes set upon by economic crisis.
- ❑ We have discussed the causes and consequences, and the national responses to the economic crisis.
- ❑ We have analyzed the interaction between economic crises and political reforms.
- ❑ We have attempted to discover what lessons are to be learned from the crisis, and what are the prospect and challenges to the consolidation of democratic governance and sustainable growth.

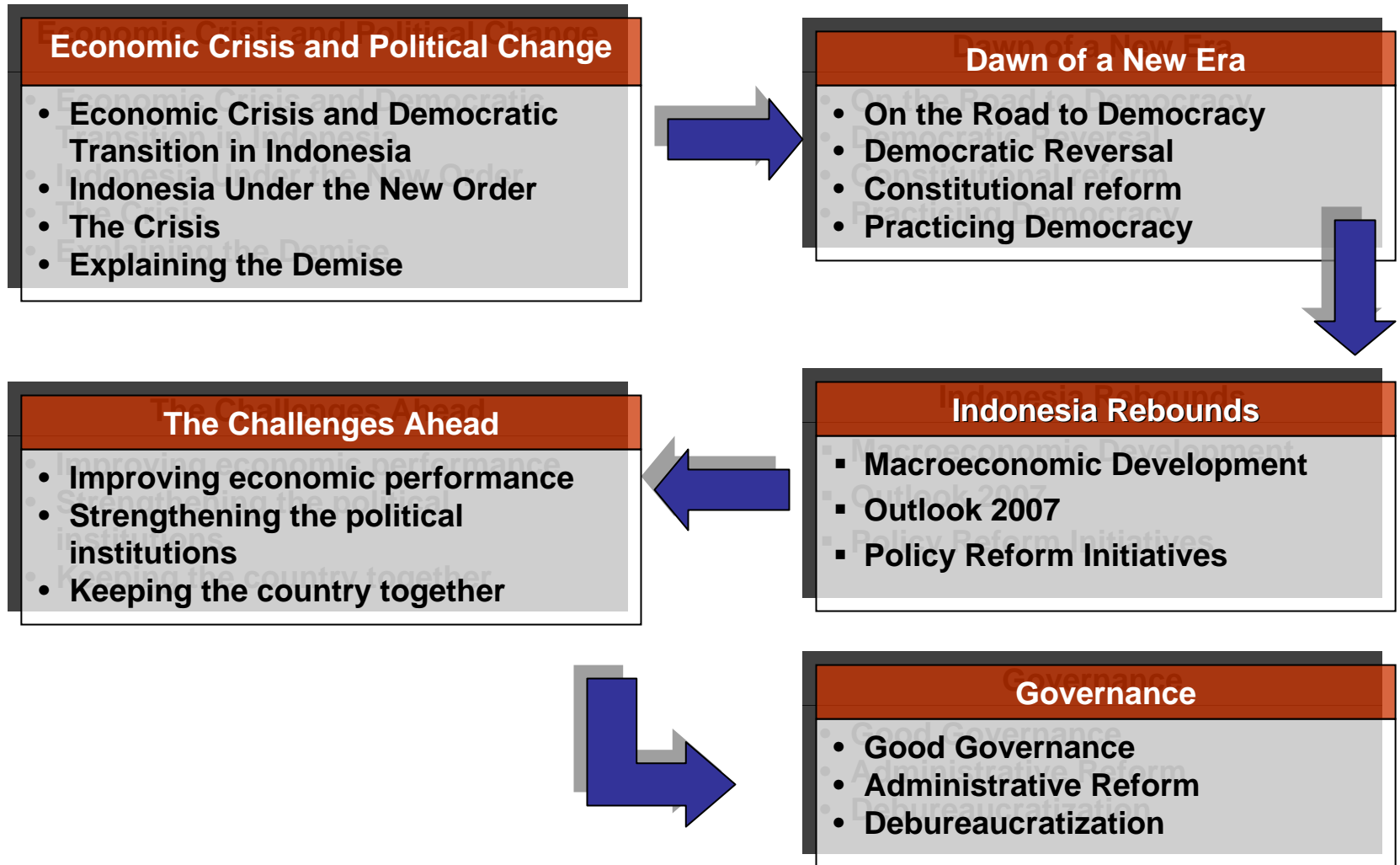
Summary...

- ❑ The country has moved from a closed, traditional and semi-authoritarian state, to an open and democratic one.
- ❑ We have learned that the seed of political process of change had already begun before the economic crisis hit.
- ❑ The collapse of the economy had served as a catalyst to accelerate the political transformation that was already underway, even if it was moving slowly.
- ❑ In our sessions the class has put an attempt to identify the non-economic factors that were moving the nation to a more open political society before the events of mid-1997.

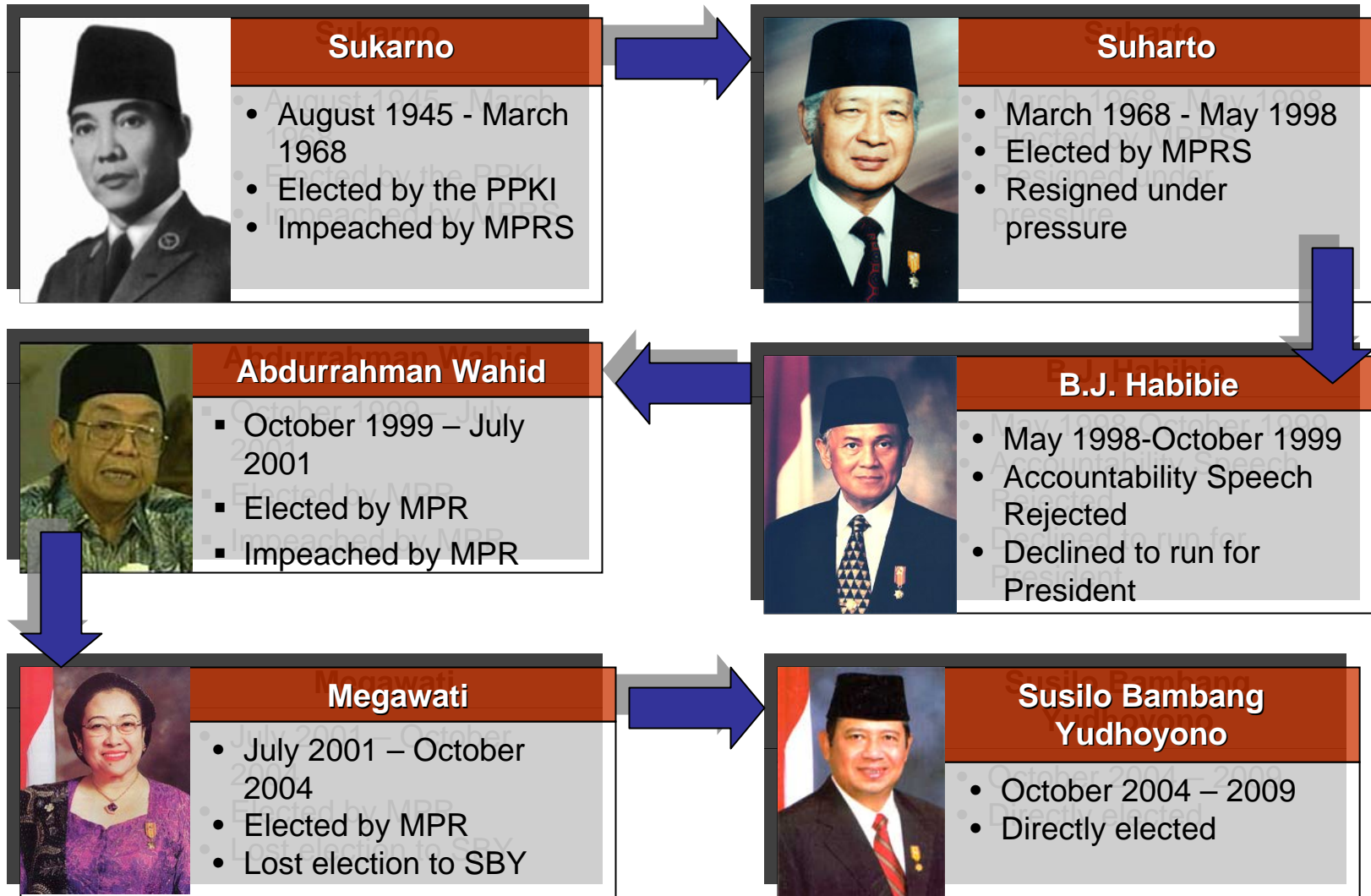
Summary...

- ❑ We have explored the subsequent interactions between the economic crisis and the move towards political change.
- ❑ We have also discussed the issues concerning governance and administrative reform.

The Theme



Regime Change in Indonesia



Summary...

- ❑ You have discussed in the class and among yourselves several policy issues confronted by a country that has just reinvented itself, paving the way towards a better future, with a, hopefully, better system of governance.
- ❑ You have discussed what are needed for the new democracy to be consolidated. This class has discussed the relevant issues surrounding the tasks of democratic deepening and political institution. In our group discussion, you have discussed the relevance of culture, the importance of leadership, and role of civil society in democracy.
- ❑ As many believed that democracy is only a way to achieve a higher objective of the state, i.e. the right of the people to have a better life, we also have discussed the desired performance of democracy to pursue economic stability, growth, and equity.

Summary...

- ❑ With to-day`s discussions the class has come to its final course.
- ❑ The guidance given in the lectures, the literatures made available to students as well suggested other reading materials, the students individual view and analyses as well the dynamics of class discussion will hopefully open up a new horizon to the students in their pursuit of knowledge in this graduate courses.

Summary...

- ❑ I hope that students will find the course to be useful in their studies, as well for their future carrier.
- ❑ The study on the case of Indonesia is just a way to open up understanding about economic and political event that have triggered a process of change which was fundamental in nature and far reaching in consequences.
- ❑ The knowledge hopefully could enhance in understanding of similar phenomena that may occur in other country or region and in other time.
- ❑ **Thank you, good luck in your study and wish you a bright and happy future.**

どうもありがとうございました

Terima Kasih