WHAT IS GOOD GOVERNANCE?
WORLD BANK AND THE POWER OF NORMALIZATION

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INTRODUCTION

It is acknowledged that the use of governance concept is a relatively recent fashion (Hirst, 2000, p. 13) and the conceptualization of governance within the literature is slightly confusing (Pierre, 2000, p. 3). However, while there are various interpretations of the concept of governance, for the World Bank it is understood as 'good governance' (Rhodes, 2000, p. 57; OECD, 1996; see also World Bank 1992). In the words of Paul Hirst, this means that the popularity of the term of governance relates to the widespread advocacy given by international development agencies and western countries of 'good governance' as "a necessary component of effective economic modernization", underlining that it is the World Bank that has been "a leading advocate of promoting good governance," (2000, p.14).

This essay is aimed to provide a critical assessment of the World Bank's concept of good governance, arguing that it is best seen not only as a form of knowledge but also as a form of power. The meaning of good governance as a form of knowledge...
all be explored, in this essay, through an understanding of its origins and evolution, while the meaning of good governance as a power will be explained by analyzing how this knowledge relates to developmental states. A state is developmental, according to Manuel Castells, “when it established as its principle of legitimacy its ability to promote and sustain development, understanding by development the combination of steady high rates of economic growth and structural change in the productive system, both domestically and its relationship to the international economy” (2000, p. 283). As it is commonly held, Asian-style capitalism can be referred as a model of this developmental state. The relation between the two (the Bank’s concept of good governance and development state) may be ‘equal’ or ‘unequal’, demonstrating ‘patterns of domination’ or not, but one thing is certain, the Bank’s concept of good governance represents not only of a knowledge but also of a power. Indeed, according to Foucault, “there is neither knowledge nor truth that can be separated from power” (Brass, 2000, p. 306). It is for this reason that, in order to understand their relationships, Foucault’s distinctions between the formation of knowledge and the power of normalization will be employed in this essay.

In doing so, this essay will, firstly, discuss the origin and evolution of the concept of good governance. The aim is to provide an understanding of how the formation of knowledge of good governance occurs and to understand what “it is” according to the World Bank. Secondly, it will discuss how the Bank’s concept of good governance serves a function as the power of normalization, by considering how this concept is practiced in the developmental states, referring particularly to the models of Asian-style capitalism. A conclusion will end this essay.

“GOOD GOVERNANCE”: ITS ORIGIN AND EVOLUTION

Before understanding the relationship between good governance and developmental state and assessing the merit of the World Bank’s concept of good governance, an understanding of the background and condition under which good governance as a concept emerged seems to be necessary. The origins and evolution of the concept of good governance, according to Martin Doornbos (2001) can be traced back in the early 1990s. He argues that the concept of good governance as part of its conditionality became prominent.
within donor circles after the ending of the cold war in 1989-90. Before that time, among the aid agencies and other development institutions, there was no such thing as "habit of approaching their program relations with counterpart in terms of criteria 'good governance'" even according to Doornbos, "he had, for that matter, the term "governance" constitutes part of the vocabulary used in the political science course at Europe and American universities in the decades before" (2001, p. 93). There was indeed some kind of bodies in the forms of the governance of an estate or a philanthropic foundation and thus, the word of good governance had a dictionary existence even though carried seemingly only outdated logistically connotations. But, then, "all at once, the notion of 'good governance' was there, now to refer to the way in which whole countries, or cities or provinces for that matter, were being "governed", or to be "govern"ed. Contextually, rather than normatively, it soon transpired that any references that were made through it somehow pertained to states and other entities in the south, rather than in Europe or North America from where the concept was being (re-)launched. Moreover, with the adjective "good" added to it, it became unmistakably clear that the concept of "good governance" could be used to invite judgment about how the country, city or agency concerned was being "governed"; it enabled the raising of evaluative questions about proper procedures, transparency, the quality and the process of decision-making, and other such matters" (Doornbos, 2001, p. 91; 1993).

The question is, therefore, how to understand the emergence of the Bank's concept of good governance? More specifically, why it emerged at the time it did and how the term became a household word figuring on top of the list of concerns of aid agencies such as the World Bank? Two factors, first, the roles of the Bank in the world economic, and, second, the socio-political context that time may be important to be considered. Marx Beson describes the crucial roles of the World Bank and its ideological position as follows: As the key intergovernmental body charged with promoting economic development in the postwar era, the Bank was in an especially powerful position to influence the policy decisions of

1In these statements of Dupeux and Bowles, Foucault concluded: "In this central and centralized humanity, the efficacious instrument of complex power relations, bodies and forces submitted by multiple mechanisms of 'incorporation', objects for discourse that are in themselves elements for this strategy, we must hear the distant roar of battle. At this point I end a book that must serve as a historical background to various studies of the power of normalization and formation of knowledge, modern society (Foucault 1979: 30): see also Bren, 2000, p. 311)."
governments seeking its financial assistance. Bank officials used financial leverage to force "structural adjustment" package on borrowers designed to encourage specific economic, political and even social reforms in line with what it considered to be appropriate policy [...] It is important to recognize how transformative such reform programs were designed to be, and how reflective they were of an essentially ideological position toward economic development. In short, the Bank was intent on fundamentally transforming the established social order in parts of Africa and Asia, which was taken as anachronistic obstacle to effective governance and economic efficiency, and imposing a form of global liberalism in its place [...] (Beeson, 2001, p. 484)

It is understandable why the World Bank's report "Sub-Saharan Africa, From Crisis to Sustainable Growth: A Long-Term Perspective Study" of 1989 has stimulated an important discussion on "good governance" and has made "good governance" an important concept in international literature and policy on development cooperation (World Bank, 1992, p. 4-5). Even though, it is worth noting that at most commentators say, the so-called "Structural Adjustment Programs" were unsuccessful in bringing economic growth to developing countries, and sub-Saharan Africa in particular, and yet, this has become one of the reason of the increasing popularity of the World Bank's "good governance" (Tennikse, p.5). Thus, the impetus for a renewed interest in having a concept of "governance" did not, in a fact, first originate in any academic context, but from amongst the circles of those international donor agencies. As a consequence, since "the donor-directed and policy-oriented discourse on governance has rather been focused on state-market relations and more specifically on state structures designed to ensure accountability, due processes of law, and related safeguards", the discourse of good governance has been mainly "geared towards enhancing policy effectiveness and conceptually preparing the terrain for policy intervention" (Doomsbo, 2001, p. 96). This can be different from the concern of most academic streams, which largely interested in "developing a better understanding of different ways in which power and authority relations are structured in different context" (Doomsbo, 2001, p. 96).

A part from that, the second factor, the socio-political contexts in which the concept of good governance emerged are also worth considering. This was related to the densite of the cold war which also marked the end of the paramount urge
to organize the world in opposite camps in which "there no longer was much of a need to get the support from, or give support to, regimes with dubious track record in the handling of their own internal affairs, including human rights issues" (Doomsbo, 2001, p. 97). In the words of Tenwekes, the end of the cold war encouraged the popularity of this idea, because, it put aside geo-political reason to hold eyes "wide shut" while supporting "bad" governments in strategically important countries (2002, p. 5). This may also mean that the Bank's own ideas about development have evolved and reflect wider changes in international system, especially the overall security setting in which post development occurred, and, hence "as strategic imperatives have receded following the end of the Cold War, a less ideological constrained debate has developed about the content of economic policy in the contemporary era" (Beeson, 2001, p. 484).

More importantly, the end of the Cold War also means "the core economics in the global system have undergone profound economic restructuring, which resulted in a dramatic alteration in the form and organization of global capitalism" (Held and McGrew, 2002, p. 25). This has been followed by the emulation of the Western nation-state's array of policy instruments and objectives to many regions of the world. However, what is crucial is that much of this "emulation" has been more the result of necessity than of choice (Held and McGrew, 2002, p. 10). The end of the Cold War may be just reaffirmed the restricted nature of these choices in which, as is widely known, "the development programs of states in Sub-Saharan Africa, East Asia and Latin America appear to have acquired a uniform shape market liberalization, welfare cut-backs, minimal regulation of private capital flows, deregulation and labor markets" (Held and McGrew, 2002, p. 11). It is in this complex and broader context of the end of Cold War that the Bank's concept of 'good governance' become so crucial since, as many globalization's skeptics argue, this concept also serves as an instrument through which "its neo-liberal project the Washington consensus of deregulation, privatization, structural adjustment programs (SAPs) and limited government consolidation its hold" (Held and McGrew, 2002, p. 5).

In a nutshell, the origin and evolutions of the World Bank's concept of good governance may suggest couple of points:

Firstly, it is neither 'neutral' nor 'interest-free' concept, but it has been, from the very beginning, intended to serve "donor agencies in demanding..."
adherence from recipient governments to proper administrative processes in the handling of development assistance and expecting them to put in place efficient policy instruments towards that end" (Doornbos, 2001, p. 93). Up to this point, there is nothing peculiar with the concept of good governance, since aid conditionality should help increase the effectiveness of giving aid. But, the conditionality has been disputed especially since 1980s when the IMF and World Bank started to provide structural adjustment loans conditional on changes in government policies. The main reasons for these criticism, according to Niels Hermes and Robert Lensink, was the fact that the outcome of the structural lending programs were rather disappointing and, according to some observers, even harmful to economic development” (2001, p. 7)

Secondly, the exact meaning of good governance remained unclear, debatable and contested (Heyden, 2001, p. 13; Tennekes, p. 5; Beeson, 2001, p. 463; Jresiat, 2001, p. 2; Nuanenkamp, 1994, p. 458, Doornbos, 2001; Hermes and Lensink, 2001, p. 11). However, it is a fact that in various publications World Bank has shown that it has a broader set of objectives in mind when talking about good governance. In the Bank's [and IMF] views good governance should include transparency, political accountability, participation of civil society in political decision-making, effective rule of law, and increasing information flows between the government and civil society (Woods, 2000, cf. Hermes and Lensink, 2001, p. 10; see also World Bank, 1992). Thus, creating a version of the societal architecture of classical liberalism, that is, a clear separation between a limited state and a largely self-regulating civil society and market economy in non-western countries is perceived to be good governance strategy (Hirst, 2000, p. 15).

However, it is precisely because of the Bank's attempt to impose its knowledge of good governance to other sphere of 'knowledge' and power that has become part of problem. Critics say that the World Bank concept of good governance is actually 'contingent'; that is, it is not "equally applicable or efficacious in all circumstances" (Beeson, 2001, p. 487) and it is not universal either, since 'perceptions of good governance are different for different cultural contexts' (Doornbos, 2000, cited from Hermes and Lensink, 2001, p. 11). As we shall see, such concept of good governance, if implemented, will have profound implications for the political and
economic practices in the Asian developmental state. The next part of this essay will discuss this issue in order to show how and in what sense this concept serve a function as the power of normalization.

WORLD BANK AND THE POWER OF NORMALIZATION

It should be noted from the outset that discourse on good governance is not always dominated by the donor circles, and thanks to the roles of academics and intellectuals who have been working, in the words of Robert Cox, based on perspective of a critical theory rather than a problem solving theory, good governance has been reined from a tyranny of meaning. However, it is not a place to discuss the role of intellectuals in good governance. My point here is simply that what so-called the intellectuals or scholars can either in favor of or against the Bank' good governance, and this can be seen on how they create and use the various labels like neo-liberal, revisionist or culturalist, or statist or institutionalist.

However, to understand how and in what sense the Bank's good governance has served a function as the power of normalization, a certain degree of simplification seems to be unavoidable. Thus, I shall briefly describe first the notions of developmental state before discussing how the Bank's good governance (which is often understood as a representation of neo-liberalism) has been perceived by both revisionists and culturalists (who, prior to the Asia's economic crisis, supported developmental state). There has been lots of discussion about the developmental state and its key features are well known. Polidano (2001, p. 515) describes its main elements as follows:

1 According to Cox, theory can serve two distinct purposes. One is simple, direct response, to be a guide to help solve the problem. The other is more reflective upon the process of determining itself. Each of these purposes gives rise to a different kind of theory Cox notes: "...problem-solving theory, the world view it finds itself with, and the prevailing social and power relationships and the institutions into which they are organised, as the given framework for action. The general aim of problem-solving is to make these relationships and institutions work smoothly by dealing effectively with particular sources of trouble... critical theory... needs apart from the prevailing order of the world and asks what order came about. Critical theory, unlike problem solving theory, does not take institutions and social and power relations for granted but calls them into question by contrasting itself with their exigencies and how and whether they may be in the process of changing. It is directed towards an appraisal of the very framework for action, or problematic, which problem-solving theory accepts as its parameters." (Cox, 1981, pp. 125)

2 These terms have been widely used in relation to the Asian Financial crisis in the end of 1990s. For discussion about the 'neo-liberal', 'revisionist' and 'culturalist' see Rigg (2002 pp. 137-156); For 'statist' and 'institutionalist' see Polidano (2001, pp. 515-525)

JICAP Volume 8, Number 2 (November 2004)
- the government stakes its legitimacy on the achievement of rapid economic development (defined as export-oriented industrialization), which it elevates to the highest national priority;
- the state does not directly supply to the role of private enterprise (though it may invest heavily in its own right), but it does seek to guide private investment into priority areas identified by the state;
- the government exerts leverage over private capital through instruments such as credit control, import protection linked to export targets, and a variety of discretionary investment incentives;
- the government has an economic policy bureaucracy consisting of qualified professionals recruited on merit and insulated from political pressures; within this bureaucracy a single, highly prestigious agency is paramount;
- the economic bureaucracy is linked to a network of public-private research institutes, private industry associations (often set up on the state's initiatives), and private firms

It is this developmental state, as Castells put it, that has been the main actor in the successful development process of the Asia such as Japan, South Korea, Taiwan and Singapore, Malaysia and Thailand, saying that this "has been the driving force in the extraordinary process of economic growth and technological modernization of the Asia in the past half-century" (2000, p. 335). In reality, however, that model of developmental state does not apply evenly within the Asian region, and even, there are important variations within this group; thus, for instance, while Singapore relied on foreign investment to a much greater extent than the other countries and exercise less direct control over private capital, Taiwan relied less on conglomerates and more on public enterprises that did Japan and South Korea; in Japan policy makers kept at arm's length from economic and industrial policy making, whereas the President played a direct leadership role in Korea and Taiwan (Polidano, 2001, p. 516; Castells, 2000, pp. 212-337).

It is worth noting that with the coming of the crises that plagued East Asia in late 1997, there has been transformation in the popular perception of the Asia's developmental state, in which, the East Asia's "political practices and economic structures that had formerly been sources of admiration and wonder rapidly become object of criticism, if not design" (Bessen, 2001, p. 481). Nonetheless, while the economic crisis that gripped East Asia in late 1997 undoubtedly dealt a
further blow to the developmental state model, some hold that the governmental state will remain endure (Beeson, 2001; Polidano, 2001).

The thing is that prior to the Asian economic crises, there had been a sharp contrast between the 'knowledge' of the Bank that supported neo-liberalism, on the one hand, and the 'knowledge' of the revisionist and the culturalist who supported the Asian developmental state, on the other hand (Rigg, 2001, pp. 42-43). The Bank, shared the same opinion with the neo-liberals, sometimes termed the Washington consensus in identify the 'magical Asia's growth', listing several factors like market-friendly oriented policies, investment promotion and export-oriented policies. The revisionist rejected the Bank's and the neo-liberals view, saying that what is more matter for the economic growth of Asia before crisis is the presence of a developmental state, that is "a state whose policies have concentrated sufficient power, autonomy and capacity at the center to shape, pursue and encourage the achievements of explicit developmental objectives." Revisionist may accept the important role of market, but the market must be mediated, regulated, and guided by the state and this is what is called by Wade as "governing the market". The culturalist, unlike the revisionist, espoused what is known the Asian Way, in accounting the Asian success. Lee Kuan Yew, former prime minister of Singapore, was noted as criticizing the Bank's report on 'East-Asian Miracle: Economic Growth and Public Policy' by saying that "the report shortcoming was its failure to address the issue of culture in economic development".

With the wake of the financial crisis in East Asia, the room for the Bank's (and of course other neo-liberals elements) to exert its power of normalization may find its most strong expression. As Beeson notes, "the coming crises in East Asia were accompanied by detailed critiques of the supposed shortcoming of Asian developmental state and various suggestion about what was required to rectify them" (2001, p. 480). In the words of managing director of the International Monetary Fund (IMF), countries in the region need to 'develop the institutional framework and human capital on which well-developed market economy depends' (Camdessus 1997). Commenting on this, Mitchell Dean notes, "This [...] type of arguments can be used to justify or maintain rule by liberal elites over a majority of the inhabitants of these societies yet to achieve political maturity and the quasi-imperial rule of the dominant groups within post-colonial federations. The character of such rule is often
though paradoxically to exhibit a commitment to non-Western values (Dean, 2002, p. 48).

That is precisely the starting point for the power of normalization. Good governance means well-developed markets, and it is this "knowledge" that the IMF, World Bank and other neo-liberal agents attempt to direct the conduct of Asia states, and other non-liberal followers. The Bank's "knowledge" of good governance then represents a rival power to other spheres of "knowledge" such as that of developmental mantra. However, the desire to normalize other rival power was based on clear consideration. The rationale was that Asian model of development are outmoded, and in need of reform, as they are contributing to, rather than alleviating, the region's problem. However, it may result in the domination or homogenization of the Bank's "knowledge" to other's; at the expense of the marginalization or extinction of other alternative modes of development.

This may have something to do with globalization, since "governmental" perception of economic globalization provides the rationale for a range of remarkable similar remedies to be prescribed for the ills of the institutions and the populations in established liberal democracies and for those outside them in "developing countries". (Dean, 2002, p. 54). Globalization, according to Andrew J. Bacevich, also "opens up the world and bring it together... removes division and soften differences... established clear-cut rules... globalization... become the preferred medium through which America conveys Wilson's message to the world: "come: be like us" (Bacevich, p. 79). This clearly suggests that globalization is an ideological construction; a "convenient myth which, in part, help justify and legitimize the neo-liberal global project, that is, the creation of a global free market and the consolidation of Anglo-American capitalism within the world's major economic regions" and, it also operates as a "necessary myth", through which politicians and government discipline their citizen to meet the requirements of the global markets. It is thus unsurprising that discussion of globalization become so widespread just at that juncture when the neo-liberal project the Washington consensus of deregulation, privatization, structural adjustment programs (SAPs) and limited government consolidated its hold (Held and McGrew, 2002, p. 5).

In order to ensure that the Bank's power of normalization has an effect, several mechanisms were created; imposing conditionality on aid or policy intervention is an example. A
report published by the World Bank in 1998 entitled *Assessing Aid: What Works, What Doesn’t, and Why* (World Bank, 1998) states that aid does help to increase growth, but only in countries with sound economic management, or 'good governance'. In the report, the term 'sound economic management or good governance' is generally defined as 'good' economic policies and building 'strong' institutions. The main conclusion of the report therefore that aid should be allocated by selecting recipient countries according to their policy environment. Explaining the rationale of this mechanism, Doornbos notes,

The guiding motive in this interventionism, some would say, has been towards the establishment of new global-institutional patterns of "hegemony", through a 'disciplining' in a Foucauldian sense including the governance of self of state and policy structures in individual countries to conform to the norms set by the global institutions. There are indeed intriguing overlaps, though also differences, between the notions of 'governance' and Foucault's governmentality. However, historically derived social and economic structures, or the specific needs and potential of particular countries, have not figured much as points of departure in the respective policy design. One of the key aims in this regard has been the creation of state-market mechanism in developing country contexts that have been characteristic for Western liberal-capitalist systems (2001, p. 96).

Even though, the power of normalization conducted by the Bank's and other neo-liberals may find its most strong expression in the wake of East Asian financial crisis, but it can be supposed that this practice was conducted long before that time. Certainly, the presence of that neo-liberal regime has added leverage to arguments for liberalization since the Bank itself have often made loans conditional on trade policy reform. However, some like Millet argues that, "these institutions [World Bank, IMF etc] have existed since 1940s, and thus their mere presence cannot explain the current move toward liberalization. The fact that many countries have been in severe economic crisis and needed external financing may help explain the added influence that these institutions have exerted since 1980s" (1999, p. 107)
CONCLUSION

What is good governance? It seems to be a form of knowledge about certain standards or practice of governing, determined or used by certain regime of power. This kind of knowledge is certainly not universal since, in principle, it is conceived differently by different socio-cultural and political contexts.

The Bank's good governance as a conceptual knowledge could not be perceived in a vacuum; to understand this would require an understanding of its formation as well as how it is practiced in the relations of power.

Good governance as a knowledge cannot function without power; thus, the Bank creates mechanism like aid conditionality or programs of structural adjustment. On the contrary, power cannot function without knowledge, and this is why the Bank's knowledge of good governance serves a function as the power of normalization.

REFERENCES


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